PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **SERIAL BONDS**

BOND RATING: Moody's: Underlying: "A1" / Enhanced "Aa3" **See "BOND RATING" herein**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$1,930,000

LIBERTY CENTRAL SCHOOL DISTRICT

SULLIVAN COUNTY, NEW YORK

GENERAL OBLIGATIONS

$1,930,000 Library (Serial) Bonds, 2019

(referred to herein as the "Bonds")

Dated: February 28, 2019 **Due: June 15, 2020-2035**

The Bonds are general obligations of the Liberty Central School District, Sullivan County, New York (the "School District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount. See "THE BONDS - Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Bonds are subject to redemption prior to maturity as described herein under the heading "THE BONDS - Optional Redemption".

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on June 15, 2019 and semi-annually thereafter on December 15 and June 15 in each year until maturity. Principal and interest will be paid by the School District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, principal and interest will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Proposals shall be for not less than $1,930,000 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on or about February 28, 2019.

ELECTRONIC BIDS for the Bonds must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on February 12, 2019 until 11:00 A.M., Eastern Time, pursuant to the Notice of Private Competitive Bond Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the School District, each bid will constitute an irrevocable offer to purchase the Bonds pursuant to the terms provided in the Notice of Bond Sale.

February 5, 2019

THE SCHOOL DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF PRIVATE COMPETITIVE BOND SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. FOR A DESCRIPTION OF THE SCHOOL DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AS DESCRIBED IN THE RULE, SEE "APPENDIX-C – FORM OF CONTINUING DISCLOSURE UNDERTAKING" HEREIN.

$1,930,000 Library (Serial) Bonds, 2019

(referred to herein as the "Bonds")

Dated: February 28, 2019 **Due: June 15, 2020-2035**

MATURITIES**

Year	Amount	Rate	Yield	CUSIP	Year	Amount	Rate	Yield	CUSIP
2020	$ 95,000				2028	$ 120,000 *			
2021	95,000				2029	125,000 *			
2022	100,000				2030	130,000 *			
2023	105,000				2031	135,000 *			
2024	105,000				2032	140,000 *			
2025	110,000				2033	145,000 *			
2026	115,000				2034	145,000 *			
2027	115,000 *				2035	150,000 *			

* The Bonds maturing in the years 2027 to 2035 are subject to redemption prior to maturity as described herein under the heading "THE BONDS - Optional Redemption."

** Subject to change pursuant to the accompanying Notice of Private Competitive Bond Sale in order to achieve substantially level or declining annual debt service.

LIBERTY CENTRAL SCHOOL DISTRICT
SULLIVAN COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2018-2019 BOARD OF EDUCATION

MATTHEW DEWITT
President

BARBARA A. KELLY
Vice President

KAREN HOOK
JOHN L. NICHOLS
PHILIP OLSEN
PETER RACETTE
ANTHONY R. SINACORE
JOYCE TEED
ROBERT TORRENS

* * * * * * * * * * *

DR. AUGUSTINE E. TORNATORE
Superintendent of Schools

GEORGIA GONZALEZ
Business Manager

TANIA DEFRANK
District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE, LLP
Bond Counsel

No person has been authorized by the Liberty Central School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Liberty Central School District.

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

LIBERTY CENTRAL SCHOOL DISTRICT
SULLIVAN COUNTY, NEW YORK

Relating To

$1,930,000 Library (Serial) Bonds, 2019

This Official Statement, which includes the cover page, has been prepared by the Liberty Central School District, Sullivan County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $1,930,000 Library (Serial) Bonds, 2019 (the "Bonds").

The factors affecting the District's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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

THE BONDS

Description of the Bonds

The Bonds are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount. See "THE BONDS - Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Bonds will be dated the date of delivery and will mature in the principal amounts and on the dates as set forth on the inside cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading "THE BONDS - Optional Redemption". The record date for the Bonds will be the last business day of the calendar month preceding each interest payment date. Interest on the Bonds will be calculated on a 30-day month and 360-day year basis.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on June 15, 2019 and semi-annually thereafter on December 15 and June 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, principal and interest will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Purpose of Issue

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and following approval of a bond proposition by a majority of the qualified voters of the District, a bond resolution of the Liberty Central School District dated September 13, 2016 authorizing the issuance of $1,930,000 bonds to finance the cost of construction of an addition to the Liberty Public Library (the "Library") building located at 189 North Main St. at a maximum estimated cost of $2,557,000 with a $627,000 portion to be paid with capital reserves and other monies of the Library. While the proposition authorized an increase in the tax levy levied on behalf of the Library to cover debt service in certain amounts annually, the Bonds are not debt of the Library. The Bonds are general obligations of the District. The proceeds of the Bonds will provide $1,930,000 in new money for the aforementioned purpose.

Optional Redemption

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

The Bonds maturing on or after June 15, 2026 will be redeemable prior to maturity upon the giving of notice which identifies the Bonds to be redeemed, by mailing such notice to the registered owner(s) thereof at their respective addresses as shown upon the registration books of the District or its designated fiscal agent at least 30 days prior to the date set for any such redemption. If notice of redemption shall have been given as aforesaid, the Bonds so called for redemption shall become due and payable at the applicable redemption price on the redemption date designated in such notice, and interest on such Bonds shall cease to accrue from and after such redemption date.

Nature of the Obligation

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

Holders of any series of notes or bonds of the District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, without limitation as to rate or amount.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law” or “Chapter 97”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District’s power to increase its annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “TAX INFORMATION - Tax Levy Limitation Law” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

> “A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean… So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted… While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds if selected by the purchaser. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered 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.

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

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

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued or the successful bidder elects to have the Bonds issued in registered certificated form, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the District upon termination of the book-entry-only system or by the successful bidder if the Bonds are issued in registered certificated form is chosen. Interest on the Bonds will be payable on June 15, 2019 and semi-annually thereafter on December 15 and June 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

THE SCHOOL DISTRICT

General Information

The Liberty Central School District, with an area of about 95 square miles and is located in the north-central portion of Sullivan County. The District is centered in the Village of Liberty and encompasses portions of six towns. The Village of Liberty comprises almost 85% of the District with the Towns of Bethel, Fallsburg, Neversink, Rockland and Thompson making up the balance.

The District is primarily rural in nature. Within the Town of Liberty, almost 75% of the land area is undeveloped forest and another 10% is devoted to various agricultural uses. Commercial enterprises are centered around the Village of Liberty and in various surrounding communities. Residential properties are mainly single-family homes, with some apartment complexes. Residents find employment within the District with resort-oriented businesses, commercial and light industrial enterprises, as well as in Monticello and Port Jervis.

Bus transportation is provided to New York City and Binghamton, both of which are approximately 100 miles from the District to the south and north, respectively. Highways include New York State Route 17 (the Quickway), as well as a network of local and county roads.

Source: District officials.

District Population

The 2017 population of the District is estimated to be 10,338. (Source: 2017 U.S. Census Bureau Estimate.)

Larger Employers

Name	Type	Employees
Center for Discovery (Sullivan Diagnostic Treatment Center)	Health Care Services	1,200+
Sullivan County	Government	1,200
Monticello Central School District	Public Education	772
Catskill Regional Medical Center	Health Care Services	737
Sullivan County ARC	Housing & Workshops	525

Source: Sullivan County.

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the towns and the County listed below. The figures set below with respect to such towns and County is included for information only. It should not be inferred from the inclusion of such data in this Official Statement that the towns or the County is necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
Towns of:						
Bethel	$ 25,335	$ 24,777	$ 35,110	$ 37,321	$ 57,780	$ 66,304
Fallsburg	16,744	16,614	20,424	39,216	48,684	48,110
Liberty	17,565	22,037	24,901	37,689	53,186	56,802
Neversink	19,260	25,076	31,445	55,075	64,231	79,639
Rockland	16,323	28,778	38,437	38,629	57,143	72,406
Thompson	18,668	19,439	24,711	41,043	45,514	60,536
County of:						
Sullivan	18,892	23,422	28,224	43,458	57,388	66,652
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

Note: 2014-2018 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2013-2017 American Community Survey data.

Unemployment Rate Statistics

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

Annual Average

	2012	2013	2014	2015	2016	2017	2018
Sullivan County	9.1%	8.1%	6.6%	5.4%	4.8%	4.9%	N/A
New York State	8.5%	7.7%	6.3%	5.3%	4.8%	4.7%	N/A

2018 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sullivan County	6.0%	5.8%	5.3%	4.7%	3.9%	3.9%	3.6%	3.6%	3.5%	3.3%	3.3%	3.7%
New York State	5.1%	5.1%	4.8%	4.3%	3.7%	4.2%	4.2%	4.1%	3.8%	3.6%	3.5%	3.8%

Note: Unemployment Rates for the month of January 2019 are unavailable as of the date of this Official Statement.

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

Form of School Government

The Board of Education, which is the policy-making body of the District, consists of nine members with overlapping three-year terms so that as nearly as possible an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District and no Board member may hold certain other District offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members. The administrative officers of the District implement the policies of the Board of Education and supervise the operation of the school system.

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the District. However, certain of the financial management functions of the District are the responsibility of the Superintendent of Schools and the School Business Manager.

Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the District for the ensuing fiscal year (tentative budget subject to various adjustments) and distributes that statement not less than seven days prior to the date on which the annual school election is conducted, at which the tentative budget is voted upon. Notice of the annual election is published as required by statute with a first publication not less than forty-five days prior to the day of election.

Pursuant to Chapter 97 of the Laws of 2011 ("Chapter 97"), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the "Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the District to exceed the Tax Cap also must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see "TAX LEVY LIMITATION Law" herein.

The State's 2018-19 Enacted Budget includes a school building-based budget approval review process. Beginning with the 2018-19 school year, any school district with at least four schools that receives at least 50% percent of its total revenue through State aid will be required to annually report its budgeted support for individual schools within the school district. The report must follow a format, to be developed by the State Division of Budget ("DOB") in consultation with SED. In 2019-20, this requirement will expand to all school districts with at least four schools, regardless of State aid. In 2020-21, the requirement will apply to all school districts in the State. This report will be due to the State by the beginning of the school year, and the State will have 30 days to respond. While DOB or SED will not formally approve a school district's school-based budget, DOB and SED will have authority to determine whether the information was provided in a timely and sufficient manner. The reporting must include demographic data, per pupil funding, source of funds and uniform decision rules regarding allocation of centralized spending to individual schools from all funding sources. Should either DOB or SED determine that a school district did not meet this requirement, the school district's State aid increase can be withheld for the applicable year until compliance is determined by DOB and SED. If either DOB or SED determines that a school district has not properly complied, the school district will have 30 days to "cure" the problem. In the event the problem is not cured in 30 days, the city comptroller or chief financial officer, and in the event a school district located outside a city, the chief financial officer in the municipality where the school district is most located, will be authorized, at his or her discretion, to gather information and submit on behalf of the school district. Under this newly enacted legislation, the District will be required to annually report its budgeted support for individual schools beginning with the 2020-21 fiscal year.

Recent Budget Vote Results

The budget for the 2017-18 fiscal year was approved by the qualified voters on May 16, 2017 by a vote of 324 to 111. The adopted budget called for a total tax levy increase of 0%, which was below the District's Tax Cap of 1.28%.

The budget for the 2018-19 fiscal year was approved by the qualified voters on May 15, 2018 by a vote of 224 to 99. The adopted budget called for a total tax levy increase of 2.71%, which was below the District's Tax Cap of 3.44%.

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The District's policy does not permit the District to invest in so-called derivatives or reverse repurchase agreements and the District has never invested in derivatives or reverse repurchase agreements.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2018-2019 fiscal year, approximately 56.9% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

Potential reductions in Federal aid received by the State.

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

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

The State's Enacted 2017-2018 Budget allowed, and the State's Enacted 2018-19 Budget allows, the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by $850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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

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

Building aid

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the District. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2019-20 preliminary building aid ratios, the District expects to receive State building aid of approximately 87.3% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

State aid history

State aid to school districts within the State has declined in some recent years before increasing again in more recent years.

School district fiscal year (2012-2013): The State Legislature adopted the State budget on March 30, 2012. The budget included an increase of $751 million in State aid for school districts.

The 2012-2013 State budget linked additional school aid to compliance with a new teacher evaluation process. A school district would not be eligible for an aid increase in 2012-2013 unless it had its teacher evaluation process reviewed and approved by the New York State Education Department by January 17, 2013. The New York State Education Department approved the District's most recent Annual Professional Performance Review Plan (APPR) on June 20, 2016.

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

School district fiscal year (2014-2015): The 2014-2015 State budget included a $1.1 billion or 5.3% increase in State aid to school districts for the 2014-2015 school year. High-need school districts received 70% of the school aid increase. The 2014-15 State budget restored $602 million of Gap Elimination Adjustment ("GEA") reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The 2014-2015 State budget invested $1.5 billion over five years to support the phase-in of a statewide universal full-day pre-kindergarten program.

The Smart Schools Bond Act was proposed as part of the 2014-2015 State budget and was subsequently approved by the voters of the State. The Smart Schools Bond Act authorized the issuance of $2 billion of general obligation bonds to financed improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds thereunder is $2,002,780.

School district fiscal year (2015-2016): The 2015-2016 State budget included a partial reduction in the Gap Elimination Adjustment with $603 million in GEA cuts being restored, and provided an additional $428 million in foundation aid and $268 million in expense base aids which reimbursed school districts for prior year expenses in school construction, transportation, BOCES and special education services.

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District received $141,704 in State aid to be used on community schools activities.

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $7.9 million. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

School district fiscal year (2017-2018): The State 2017-18 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-18 Enacted Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

School district fiscal year (2018-2019): The State's 2018-19 Enacted Budget includes nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at $26.03 billion statewide, a 3.4% increase over the last year. The State's 2018-19 Enacted Budget includes an increase of $618 million in Foundation Aid for school districts. Foundation Aid now totals nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase will be distributed using a one year, off formula methodology. The State's 2018-19 Enacted Budget guarantees that all school districts receive an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase will be "set aside" for certain school districts to fund community schools. The State's 2018-19 Enacted Budget fully funds all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government are less than what was expected.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date.

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein.

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

Fiscal Year	Total Revenues (1)	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2013-2014	$ 41,239,890	$ 20,270,448	49.15%
2014-2015	42,641,069	21,329,549	50.02
2015-2016	44,252,306	22,972,345	51.91
2016-2017	45,785,323	25,094,864	54.81
2017-2018	46,820,443	25,777,550	55.06
2018-2019 (Budgeted)	48,849,113	27,792,002	56.89

(1) General fund only, includes inter-fund transfers and use of reserve funds.

Source: 2014 through 2018 audited financial statements and 2018-19 budget of the District. This table is not audited.

School District Facilities

Name	Grades	Capacity	Date of Construction	Date of last Addition or Alteration
Main Street Elementary	PK-3	829	1912	2010
Liberty Middle School	5-7	561	1991	1991
Junior / Senior High School	8-12	530	1962	2017
WSS Elementary	Rental	130	1928	1985

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2014-2015	1,608	2019-2020	1,470
2015-2016	1,584	2020-2021	1,475
2016-2017	1,624	2021-2022	1,475
2017-2018	1,643	2022-2023	1,475
2018-2019	1,478	2023-2024	1,475

Source: District officials.

Employees

The District employs approximately 306 full-time and 32 part-time employees. The number of employees represented by unions, the names of the collective bargaining agents and the contract expiration dates are as follows:

Number	Union	Contract Expiration Date
168	Liberty Faculty Association (NYSUT)	June 30, 2021
60	Liberty School Employees' Association (NYSUT)	June 30, 2013 (1)
66	Liberty School Administrators' Association (SAANYS)	June 30, 2022
8	Liberty Aides, Monitors & Assistants (NYSUT)	June 30, 2015 (2)

(1) There have been Memorandums of Agreement in place for the 2013-14 through 2018-19 fiscal years. The District continues to negotiate with the Association.
(2) Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. 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 Systems offer 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 ten years of credited service. The Retirement System Law generally provides that all participating employers in each 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 Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2018-2019 fiscal years are as follows:

Fiscal Year	ERS	TRS
2013-2014	$ 620,687	$ 2,250,172
2014-2015	542,002	2,452,930
2015-2016	453,241	1,910,102
2016-2017	431,740	1,732,099
2017-2018	453,755	1,496,044
2018-2019 (Budgeted)	448,327	1,526,193

Source: District officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District currently has an ongoing retirement incentive program for its employees that are a part of the Teachers' Association that produces estimated savings of $30,000 to $50,000 per year.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2015 to 2020) is shown below:

Fiscal Year	ERS	TRS
2014-15	20.1%	17.53%
2015-16	18.2	13.26
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	N/A*

* The range for the TRS rate for 2019-20 fiscal year is estimated to be between 8.50% and 9.50%. An Administrative Bulletin will be provided in February 2019 with a more precise estimate of this rate.

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The annual required pension contribution is due annually February 1 with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually.

The District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that authorized local governments, including the District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS (the "Stable Rate Pension Contribution Option"). For 2016-17 the stable contribution option rate is 15.1% for ERS and 14.13% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The District did not participate in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District's employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, 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.

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

Summary of Changes from the Last Valuation. The District contracted with an actuarial firm to calculate its first actuarial valuation under GASB 75 for the fiscal year ending June 30, 2018. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

Balance at June 30, 2017:	$ 76,262,144
Changes for the year:	
Service cost	2,482,066
Interest	2,226,864
Differences between expected and actual experience	0
Changes of benefit terms	0
Changes in assumptions	(10,671,559)
Benefit payments	(1,225,859)
Net Changes	(7,188,488)
Balance at June 30, 2018:	$ 69,073,656

Source: Audited financial statements of the District. The above tables are not audited. For additional information see "APPENDIX - C" attached hereto.

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45"), required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") was determined for each municipality or school district. 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 or school district 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 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The District contracted with an actuarial firm, to calculate its OPEB in accordance with GASB 45. Based on the most recent actuarial valuation and financial data dated as of June 30, 2017, the following tables show the components of the District's annual OPEB cost, the amount actuarially contributed to the plan, changes in the District's net OPEB obligation and funding status for the fiscal years ending June 30, 2016 and June 30, 2017:

Annual OPEB Cost and Net OPEB Obligation:	**2016**	**2017**
Annual required contribution (ARC)	$ 7,869,827	$ 5,053,090
Interest on net OPEB obligation	782,043	1,060,378
Adjustment to ARC	(1,066,908))	(1,446,627)
Annual OPEB cost (expense)	7,584,962	4,666,841
Contributions made	(1,399,754)	(1,225,859)
Increase in net OPEB obligation	6,185,208	3,440,982
Net OPEB obligation - beginning of year	17,378,744	23,563,952
Net OPEB obligation - end of year	$ 23,563,952	$ 27,004,934
Percentage of annual OPEB cost contributed	18.5%	26.3%
Funding Status:		
Actuarial Accrued Liability (AAL)	$ 80,942,292	$ 54,477,433
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 80,942,292	$ 54,477,433
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 4,666,841	26.3%	$ 27,004,934
2016	7,584,962	18.5	23,563,952
2015	7,175,850	18.5	17,378,744

Source: 2016 and 2017 Audited financial statements of the District. The above tables are not audited.

The aforementioned liability and ARC were recognized and disclosed in accordance with GASB 45 standards in the District's past audited financial statements.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved $0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in the last two legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

Financial Statements

The District retains independent certified public accountants. The last audit report covers the period ending June 30, 2018 and may be found attached hereto as "APPENDIX – E" to this Official Statement. Certain summary financial information of the District can also be found attached as Appendices to this Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the past five fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2018	No Designation	0.0%
2017	No Designation	0.0%
2016	No Designation	6.7%
2015	No Designation	0.0%
2014	No Designation	0.0%

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

State Comptroller Reports of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released a report of the District on March 25, 2013. The purpose of the audit was to determine whether the significant revenue and expenditure projections in the District's tentative budget for the 2013-14 fiscal year are reasonable.

The State Comptroller's office released a report of the District on April 11, 2014. The purpose of the audit was to determine whether the significant revenue and expenditure projections in the District's tentative budget for the 2014-15 fiscal year are reasonable.

The State Comptroller's office released its most recent report of the District on April 1, 2016. The purpose of the audit was to was to evaluate the District's financial operations for the period July 1, 2014 through November 30, 2015. Key findings and recommendations are summarized below:

Key Findings:

- The unemployment insurance and retirement contribution reserves were overfunded by $1.6 million.
- The school lunch fund is not yet financially self-sufficient.

Key Recommendations:

- Review all reserve balances and transfer excess funds to other needed reserves or unrestricted fund balance, where allowed by law, or use the reserve funds for their designated purposes.
- Monitor cost-effectiveness of participation in the National School Lunch Program Community Eligibility Provision and make changes to operations as needed.

A copy of the complete reports can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no State Comptrollers audits of the District that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Bonds are to be issued is the Education Law and the Local Finance Law.

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Bonds as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the District is past due.

The fiscal year of the District is July 1 to June 30.

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness" this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Towns of:					
Bethel	$ 53,095,020	$ 53,658,036	$ 53,405,603	$ 54,140,482	$ 53,708,232
Fallsburg	6,250,895	8,013,221	8,611,875	8,610,873	9,010,204
Liberty	455,358,163	456,138,997	451,214,041	450,938,659	451,177,058
Neversink	202,555	201,677	208,170	210,816	212,016
Rockland	3,129,075	3,244,253	3,306,732	3,307,710	3,304,125
Thompson	3,110,600	3,051,033	2,823,331	2,852,463	2,850,400
Total Assessed Values	$ 521,146,308	$ 524,307,217	$ 519,569,752	$ 520,061,003	$ 520,262,035
State Equalization Rates					
Towns of:					
Bethel	72.50%	73.00%	73.24%	69.75%	68.00%
Fallsburg	65.00%	62.00%	63.50%	64.00%	59.50%
Liberty	83.69%	83.13%	77.80%	78.50%	75.00%
Neversink	3.80%	3.80%	3.80%	3.80%	3.80%
Rockland	73.00%	74.25%	70.75%	73.50%	68.65%
Thompson	87.00%	88.00%	88.00%	88.00%	86.00%
Total Taxable Full Valuation	$ 640,144,516	$ 648,278,084	$ 679,807,584	$ 678,808,914	$ 709,402,093

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Towns of:					
Bethel	$ 41.28	$ 40.49	$ 37.49	$ 39.43	$ 38.89
Fallsburg	46.04	47.68	43.24	42.97	44.45
Liberty	35.76	35.56	35.29	35.03	35.26
Neversink	787.65	777.92	722.60	723.67	695.92
Rockland	41.00	39.81	38.81	37.41	38.52
Thompson	34.40	33.59	31.20	31.25	30.75

Tax Collection Procedure

School taxes are due September 1. If paid by September 30, no penalty is imposed. There is a 2% penalty if paid by the end of October and a 3% penalty from November 1 to November 15. On November 15, a list of all unpaid taxes is given to the County for relevy on County/Town tax rolls. The District is reimbursed by the County for all unpaid taxes the first week of April in each year and is thus assured of 100% collection of its annual law.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Total Tax Levy	$ 19,166,828	$ 19,163,768	$ 18,669,415	$ 18,666,828	$ 18,760,162
STAR Program	1,588,446	1,600,122	1,565,977	1,536,011	1,503,014
Net Taxes After STAR	$ 17,578,382	$ 17,563,646	$ 17,103,438	$ 17,130,817	$ 17,257,148
Amount Uncollected (1)	3,232,498	3,248,603	2,636,081	2,738,700	2,463,921
% Uncollected	18.39%	18.50%	15.41%	15.99%	14.28%

(1) The District receives 100% of its tax levy each year. See "Tax Collection Procedures" herein.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted figures comprised of Real Property Taxes.

Fiscal Year	Total Revenues [(1)]	Total Real Property Taxes and Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2013-2014	$ 41,239,890	$ 19,705,344	47.78%
2014-2015	42,641,069	19,822,054	46.49
2015-2016	44,252,306	19,746,578	44.62
2016-2017	45,785,323	19,201,161	41.94
2017-2018	48,849,113	19,685,100	40.30
2018-2019 (Budgeted)	48,099,113	19,685,100	40.93

(1) General fund only, includes inter-fund transfers and use of reserve funds.

Source: 2014 through 2018 audited financial statements and 2018-19 budget of the District. This table is not audited.

Ten Largest Taxpayers – 2018 Assessment Roll for 2018-19 District Tax Roll

Name	Type	Taxable Full Valuation
New York State Electric& Gas Corporation	Utility	$ 18,740,147
Liberty Mall Association	Retail	9,177,835
Sullivan Resorts	Golf Course	8,631,508
170 Lake St LLC	Utility	5,149,299
Bluestone Assets	Offices	4,167,516
Verizon New York, Inc	Utility	3,804,850
Liberty Luxury LLC	Housing Development	3,536,815
Swan Lake Golf & Country Club	Golf Course	3,434,743
Robin-Ann Realty	Real Estate	3,214,650
Hillcrest Estates Owners Corporation	Housing Development	2,734,268

The ten larger taxpayers listed above have a total full valuation of $62,591,631, which represents 8.8% of the 2018-19 tax base of the District.

The District experiences the impact of tax certiorari filings on a regular basis for which the District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings are within the range previously experienced and it is not anticipated at this time that same will have a material impact on the District's finances.

Source: District officials.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program. Chapter 60 of the Laws of 2016 has "converted" STAR to a personal income tax credit instead of a property tax exemption for all new homeowners who purchased their home after August 1, 2015.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of $86,000 for 2018, or less, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of $500,000 are eligible for a "basic" exemption on their primary residence.

The below table lists the basic and enhanced exemption amounts that will apply to the 2018-19 school district tax roll for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Bethel	$ 46,590	$ 20,930	4/9/2018
Fallsburg	42,750	19,200	4/9/2018
Liberty	52,440	23,550	4/9/2018
Nerversink	2,540	1,140	4/9/2018
Rockland	49,100	22,050	4/9/2018
Thompson	58,780	26,400	4/9/2018

$1,536,011 of the District's $18,666,828 school tax levy for 2017-18 was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January, 2018.

$1,503,014 of the District's $18,760,162 school tax levy for 2018-19 was exempted by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State by January, 2019.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor ("Chapter 97" or the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective City.)

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

Chapter 97 requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support

"Capital Local Expenditures" is defined as the "Capital Tax Levy", and is an exclusion from the tax levy limitation, applicable to the Bonds.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution and the Equal Protection and Due Process clauses and the First Amendment of the United States Constitution. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015. The program applies in the years 2016 through 2019 and includes continued tax cap compliance.

See "THE SCHOOL DISTRICT – Budgetary Procedures and Recent Budget Votes" herein for additional information regarding the District's Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid 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 expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is authorized by the Board of Education and utilized, no installment may be more than fifty percent in excess of the smallest prior installment. 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 and such required annual installments on its notes.

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds.

Debt Limit. 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 principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the equalization rate which such assessed valuation bears to the full valuation; such rate is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such rate shall be determined.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

(1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations

and an action contesting such validity, is commenced within twenty days after the date of such publication or,

(3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board of Education, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

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; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. (See "TAX LEVY LIMITATION LAW" herein)

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2014	2015	2016	2017	2018
Bonds [1]	$ 24,295,000	$ 22,070,000	$ 19,815,000	$ 17,710,000	$ 16,815,753
Bond Anticipation Notes	0	0	0	0	0
Revenue/Tax Anticipation Notes	0	0	0	0	0
Energy Performance Contract	328,551	297,606	262,435	3,947,254	3,693,113
Total Debt Outstanding	$ 24,623,551	$ 22,367,606	$ 20,077,435	$ 21,657,254	$ 20,508,866

[1] Excludes advance refunded bonds outstanding where applicable.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of January 30, 2019.

Type of Indebtedness	Maturity		Amount
Bonds	2019-2025		$ 15,910,753
Bond Anticipation Notes	--		0
		Total Indebtedness:	$ 15,910,753

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of January 30, 2019:

Full Valuation of Taxable Real Property			$ 709,402,093
Debt Limit 10% thereof			70,940,209
Inclusions:			
Bonds	$ 15,910,753		
Bond Anticipation Notes	0		
Current issuance of the Bonds	1,930,000		
Total Inclusions		$ 17,840,753	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 17,840,753
Net Debt-Contracting Margin			$ 53,099,456
The percent of debt contracting power exhausted is			25.15%

[1] Based on preliminary 2019-20 building aid estimates, the District anticipates State Building aid of 87.3% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building aid Estimate.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

Bonded Debt Service

A schedule of bonded debt service may be found in "APPENDIX – B" to this Official Statement.

Cash Flow and Operational Borrowings

The District, historically, has not issued Tax Anticipation Notes or Revenue Anticipation Notes, and does not expect to issue such notes in the foreseeable future.

Capital Project Plans and Remaining Bond Authorizations

Other than for the purpose of the current issuance of the bonds, the District has no additional plans at this time for capital project work.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The estimated outstanding indebtedness of such political subdivisions is as follows:

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Sullivan	4/16/2018	$ 118,090,000	$ 6,460,000	$ 111,630,000	9.07%	$ 10,124,841
Town of:						
Bethel	12/31/2016	5,773,723	-	5,773,723	12.35%	713,055
Fallsburg	12/31/2016	11,000,571	-	11,000,571	1.59%	174,909
Liberty	12/31/2016	4,162,257	-	4,162,257	99.15%	4,126,878
Neversink	12/31/2016	400,000	-	400,000	0.68%	2,720
Rockland	12/31/2016	5,707,846	-	5,707,846	1.29%	73,631
Thompson	12/31/2016	5,914,828	-	5,914,828	0.24%	14,196
Village of:						
Liberty	5/31/2017	6,201,967	4,121,967	2,080,000	100.00%	2,080,000
					Total:	$ 17,310,229

Notes:

[1] Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.

[2] Water and sewer debt and / or appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Source: Most recent available State Comptroller's Special Report for the respective fiscal year of the municipality.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of January 30, 2019:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 17,840,753	$ 1,725.67	2.25%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	35,150,982	3,400.17	4.96

(a) The 2017 estimated population of the District is 10,338. (See "THE SCHOOL DISTRICT - Population" herein.)
(b) The District's full value of taxable real estate for the 2018-19 fiscal year is $709,402,093. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $17,310,229. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept for School Districts. In the event of a default in the payment of the principal of and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, 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 issued by a school district for school purposes shall file with the State Comptroller a verified statement describing such bond 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. Such investigation by the State Comptroller shall cover the current status with respect to the payment of principal of and interest on all outstanding bonds of such school district issued for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such bonds 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 of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds 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 in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds 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 pursuant to said Section 99-b.

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon 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 political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

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

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial condition of the District as well as the market for the Bonds 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 or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT - State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District could have an impact upon the market price of the Bonds. See “TAX LEVY LIMITATION LAW” herein.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Bonds, or the tax status of interest on the Bonds. See “TAX MATTERS” herein.

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into an Undertaking to Provide Notice of Certain Material Events, the description of which is attached hereto as “APPENDIX – C”.

Historical Continuing Disclosure Compliance

Except as noted below, the District is in compliance, in all material respects within the last five years, with all previous undertakings made pursuant to Rule 15c2-12, however,

The District was 2 days late in filing its audited financial statement for the fiscal year ended June 30, 2018 and 7 days late in filing its annual financial information and operating data (“AFIOD”) for the fiscal year ended June 30, 2018. Such audit and AFIOD were due to be filed to the Electronic Municipal Market Access Website (“EMMA”) no later than December 31, 2018 but were not filed to EMMA until January 2, 2019 and January 7, 2019 respectively.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – D”.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to the in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. Legislative proposals have been made which would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver such opinion at the time of issuance of the Bonds substantially in the form set forth in "APPENDIX – D" hereto.

LITIGATION

The District is subject to a number of lawsuits in the ordinary conduct of Its affairs. The District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the bonds or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the bonds or contesting the corporate existence or boundaries of the District.

On or around August 15, 2017, the District received notice that James Edwards, a cleaner who is employed by the District, had filed a discrimination charge with the New York State Division of Human Rights. Mr. Edwards alleges that he has been harassed and discriminated against on the basis of his alleged disability, and retaliated against from a prior internal complaint of discrimination and harassment. The District has insurance coverage through NYSIR for this matter. NYSIR has assigned Gregg Johnson at Lemire, Johnson & Higgins, LLC to defend the District in this matter. Mr. Johnson has submitted an answer to the charge on behalf of the District.

Source: District officials.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to Fiscal Advisors are partially contingent on the successful closing of the Bonds.

BOND RATING

Moody's Investors Service ("Moody's") has assigned its underlying rating of "A1" and its enhanced rating of "Aa3" to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. Such rating reflects only the view of Moody's and an explanation of the significance of such rating may be obtained from Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007, Phone: (212) 553-1653.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "A+/stable outlook" to the certain outstanding bonds of the District. S&P has not rated the Bonds. Such rating reflects only the view of the rating S&P and any desired explanation of the significance of such rating should be obtained from S&P Global Ratings, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds and the Bonds.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

Orrick, Herrington & Sutcliffe, LLP, New York, New York, Bond Counsel to the District, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did 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, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

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

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. 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. Fiscal Advisors & Marketing, Inc. 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 Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. 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. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District's contact information is as follows: Ms. Georgia Gonzalez, School Business Manager, Liberty Central School District, 115 Buckley Street, Liberty, New York 12754, Phone: (845) 292-6171, Fax: (845) 292-1164, Email: ggonzalez@libertyk12.org.

Additional information may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com

LIBERTY CENTRAL SCHOOL DISTRICT

Dated: February 5, 2019

MATTHEW DEWITT
PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
ASSETS					
Unrestricted Cash	$ 4,818,102	$ 4,971,416	$ 4,655,948	$ 4,400,068	$ 2,739,881
Restricted Cash	7,118,965	8,959,053	7,996,494	6,268,988	6,286,814
State and Federal Aid Receivable	553,136	561,426	608,836	622,959	535,504
Due from Other Governments	1,220,947	789,592	907,302	1,080,776	1,047,173
Due from Other Funds	934,667	950,514	829,467	1,069,116	1,365,208
Due from Fiduciary Funds	27,893	48,283	79,790	102,144	27,633
Other Receivables, Net	300,080	292,774	303,162	244,910	344,563
Prepaid Expenditures	313,551	340,832	354,715	415,877	457,766
TOTAL ASSETS	$ 15,287,341	$ 16,913,890	$ 15,735,714	$ 14,204,838	$ 12,804,542
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 786,040	$ 1,004,246	$ 925,560	$ 1,191,805	$ 674,654
Accrued Liabilities	55,674	43,226	111,393	252,974	246,191
Due to Other Governments	-	-	336	-	-
Due to Other Funds	38,849	38,849	38,850	38,849	38,849
Due to Teachers' Retirement System	2,341,699	2,539,490	2,001,964	1,840,498	1,624,361
Due to Employees' Retirement System	129,058	158,365	129,198	116,719	109,437
Unearned Revenues	2,084	-	-	-	-
Deferred Revenues	285,556	282,145	299,605	240,271	255,063
TOTAL LIABILITIES	3,638,960	4,066,321	3,506,906	3,681,116	2,948,555
FUND EQUITY					
Nonspendable	$ 313,551	$ 340,832	$ 354,715	$ 415,877	$ 457,766
Restricted	7,118,965	8,959,053	7,996,494	6,268,988	6,286,814
Assigned	2,527,752	1,828,416	1,641,174	1,674,547	1,321,366
Unassigned	1,688,113	1,719,268	2,236,425	2,164,310	1,790,041
TOTAL FUND EQUITY	11,648,381	12,847,569	12,228,808	10,523,722	9,855,987
TOTAL LIABILITIES and FUND EQUITY	$ 15,287,341	$ 16,913,890	$ 15,735,714	$ 14,204,838	$ 12,804,542

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
REVENUES					
Real Property Taxes	$ 17,558,461	$ 17,530,923	$ 17,566,701	$ 17,096,644	$ 17,130,416
Other Tax Items	2,146,883	2,291,131	2,179,877	2,104,517	2,083,044
Charges for Services	157,427	348,136	281,847	312,965	146,783
Use of Money & Property	343,814	216,073	226,306	237,308	185,214
Sale of Property and Compensation for Loss	11,666	32,420	27,055	603	127,072
Miscellaneous	704,748	879,238	892,583	814,509	1,083,859
Revenues from State Sources	20,270,448	21,329,549	22,972,345	25,094,864	25,777,550
Revenues from Federal Sources	42,393	13,599	105,592	123,913	286,505
Total Revenues	$ 41,235,840	$ 42,641,069	$ 44,252,306	$ 45,785,323	$ 46,820,443
Other Sources:					
Operating Transfers (in)	4,050	-	-	-	-
Total Revenues and Other Sources	$ 41,239,890	$ 42,641,069	$ 44,252,306	$ 45,785,323	$ 46,820,443
EXPENDITURES					
General Support	$ 4,927,985	$ 4,533,885	$ 4,547,943	$ 4,382,211	$ 4,565,430
Instruction	20,475,937	21,484,427	22,494,587	23,989,170	24,248,414
Pupil Transportation	2,401,565	2,483,958	2,603,683	2,855,072	3,142,561
Community Services	25,739	25,000	23,580	138,441	145,564
Employee Benefits	8,976,597	9,940,544	9,580,180	9,589,126	10,511,555
Debt Service	2,884,933	2,724,067	2,713,493	2,770,966	3,035,291
Total Expenditures	$ 39,692,756	$ 41,191,881	$ 41,963,466	$ 43,724,986	$ 45,648,815
Other Uses:					
Operating Transfers (out)	260,000	250,000	2,907,601	3,765,423	1,996,714
Total Expenditures and Other Uses	$ 39,952,756	$ 41,441,881	$ 44,871,067	$ 47,490,409	$ 47,645,529
Excess (Deficit) Revenues Over Expenditures	1,287,134	1,199,188	(618,761)	(1,705,086)	(825,086)
FUND BALANCE					
Fund Balance - Beginning of Year	10,361,247	11,648,381	12,847,569	12,228,808	10,681,073
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 11,648,381	$ 12,847,569	$ 12,228,808	$ 10,523,722	$ 9,855,987

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2018 Adopted Budget	2018 Modified Budget	2018 Actual	2019 Adopted Budget
REVENUES				
Real Property Taxes	$ 18,666,828	$ 17,135,157	$ 17,130,416	$ 19,172,136
Other Tax Items	477,309	2,008,980	2,083,044	512,964
Charges for Services	70,000	70,000	146,783	150,000
Use of Money & Property	167,811	167,811	185,214	170,811
Sale of Property and Compensation for Loss	1,200	1,200	127,072	1,200
Miscellaneous	240,000	240,000	1,083,859	240,000
Revenues from State Sources	26,128,973	26,128,973	25,777,550	27,792,002
Revenues from Federal Sources	40,000	40,000	286,505	60,000
Total Revenues	$ 45,792,121	$ 45,792,121	$ 46,820,443	$ 48,099,113
Other Sources:				
Operating Transfers (in)	-	-	-	-
Total Revenues and Other Sources	$ 45,792,121	$ 45,792,121	$ 46,820,443	$ 48,099,113
EXPENDITURES				
General Support	$ 4,482,031	$ 4,857,413	$ 4,565,430	$ 4,587,908
Instruction	25,408,397	25,155,690	24,248,414	25,561,419
Pupil Transportation	2,846,937	3,310,511	3,142,561	3,380,237
Community Services	173,829	149,983	145,564	134,000
Employee Benefits	11,217,400	10,597,780	10,511,555	11,262,958
Debt Service	2,978,074	3,035,291	3,035,291	3,647,591
Total Expenditures	$ 47,106,668	$ 47,106,668	$ 45,648,815	$ 48,574,113
Other Uses:				
Operating Transfers (out)	360,000	2,010,000	1,996,714	275,000
Total Expenditures and Other Uses	$ 47,466,668	$ 49,116,668	$ 47,645,529	$ 48,849,113
Excess (Deficit) Revenues Over Expenditures	(1,674,547)	(3,324,547)	(825,086)	(750,000)
FUND BALANCE				
Fund Balance - Beginning of Year	1,674,547	3,324,547	10,681,073	750,000
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 9,855,987	$ -

Source: Audited financial report and budgets of the School District. This Appendix is not itself audited.

CHANGES IN REMAINING FUND BALANCES

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
SPECIAL AID FUND					
Fund Balance - Beginning of Year	$ 30,374	$ 660	$ 611	$ (111,553)	$ (30,070)
Revenues	1,527,159	1,528,852	1,627,221	1,933,528	1,953,610
Expenses	1,556,873	1,528,901	1,739,385	1,852,045	1,979,531
Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 660	$ 611	$ (111,553)	$ (30,070)	$ (55,991)
SCHOOL LUNCH FUND					
Fund Balance - Beginning of Year	$ (25,507)	$ 59,891	$ 61,411	$ 1,755	$ (65,255)
Revenues	1,190,197	1,222,357	1,235,144	1,203,702	1,396,066
Expenses	1,104,799	1,220,837	1,294,800	1,270,712	1,240,772
Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 59,891	$ 61,411	$ 1,755	$ (65,255)	$ 90,039
CAPITAL PROJECTS FUND (1)					
Fund Balance - Beginning of Year	$ 269	$ -	$ (1,787)	$ 1,858,797	$ 3,694,198
Revenues	-	-	2,667,601	7,148,664	3,212,467
Expenses	269	1,787	807,017	5,313,263	6,662,594
Adjustments (net)	-	-	-	-	(157,351)
Fund Balance - End of Year	$ -	$ (1,787)	$ 1,858,797	$ 3,694,198	$ 86,720
DEBT SERVICE FUND					
Fund Balance - Beginning of Year	$ 38,491	$ 38,894	$ 38,849	$ 39,027	$ 40,148
Revenues	358	-	178	4,846,551	29,435
Expenses	-	-	-	4,845,430	
Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 38,849	$ 38,894	$ 39,027	$ 40,148	$ 69,583

(1) The Governmental Accounting Standards Boards NCGA Interpretation #9 requires proceeds of short-term obligations (including bond anticipation notes) to be recorded as a “liability” on the balance sheet. Revenue may only be recognized as subsequent principal reductions are made to the short-term liability. Consequently, capital projects financed with short-term obligations appear to be overspent until permanent bonds are sold or the short-term obligation is liquidated

Source: Audited financial reports of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Excluding the Bonds Principal	Interest	Total	Principal of This Issue	Total Principal All Issues
2019	$ 2,775,753	$ 379,955	$ 3,155,708	$ -	$ 2,775,753
2020	3,085,000	322,228	3,407,228	95,000	3,180,000
2021	3,140,000	264,590	3,404,590	95,000	3,235,000
2022	3,190,000	208,442	3,398,442	100,000	3,290,000
2023	3,175,000	149,321	3,324,321	105,000	3,280,000
2024	3,025,000	90,147	3,115,147	105,000	3,130,000
2025	2,845,000	33,698	2,878,698	110,000	2,955,000
2026	-	-	-	115,000	115,000
2027	-	-	-	115,000	115,000
2028	-	-	-	120,000	120,000
2029	-	-	-	125,000	125,000
2030	-	-	-	130,000	130,000
2031	-	-	-	135,000	135,000
2032	-	-	-	140,000	140,000
2033	-	-	-	145,000	145,000
2034	-	-	-	145,000	145,000
2035	-	-	-	150,000	150,000
TOTALS	$ 21,235,753	$ 1,448,380	$ 22,684,133	$ 1,930,000	$ 23,165,753

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2009 Additions/Reconstruction - QZAB			2010 Additions/Reconstruction - QZAB			2010* Additions/Reconstruction		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	$ 245,000	$ 7,275	$ 252,275	$ 1,165,000	$ 66,760	$ 1,231,760	$ 640,000	$ 169,388	$ 809,388
2020	245,000	6,050	251,050	1,175,000	57,440	1,232,440	660,000	147,850	807,850
2021	245,000	4,825	249,825	1,185,000	48,040	1,233,040	690,000	125,069	815,069
2022	240,000	3,600	243,600	1,190,000	38,560	1,228,560	715,000	100,913	815,913
2023	240,000	2,400	242,400	1,200,000	29,040	1,229,040	750,000	74,806	824,806
2024	240,000	1,200	241,200	1,210,000	19,440	1,229,440	785,000	46,494	831,494
2025	-	-	-	1,220,000	9,760	1,229,760	820,000	15,888	835,888
TOTALS	$ 1,455,000	$ 25,350	$ 1,480,350	$ 8,345,000	$ 269,040	$ 8,614,040	$ 5,060,000	$ 680,408	$ 5,740,408

* The School District has completed an advance refunding on this bond issue. This bond was called and paid in full on December 1, 2018.

Fiscal Year Ending June 30th	2012A DASNY Refunding			2012B DASNY Refunding			2016 Refunding of 2010 Series Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	$ 110,000	$ 3,300	$ 113,300	$ 225,000	$ 5,625	$ 230,625	$ 40,000	$ 95,825	$ 135,825
2020	-	-	-	-	-	-	700,000	85,025	785,025
2021	-	-	-	-	-	-	725,000	67,275	792,275
2022	-	-	-	-	-	-	740,000	52,625	792,625
2023	-	-	-	-	-	-	765,000	37,575	802,575
2024	-	-	-	-	-	-	790,000	23,013	813,013
2025	-	-	-	-	-	-	805,000	8,050	813,050
TOTALS	$ 110,000	$ 3,300	$ 113,300	$ 225,000	$ 5,625	$ 230,625	$ 4,565,000	$ 369,388	$ 4,934,388

Fiscal Year Ending June 30th	2018 Additions/Reconstruction		
	Principal	Interest	Total
2019	$ 350,753	$ 31,782	$ 382,535
2020	305,000	25,863	330,863
2021	295,000	19,381	314,381
2022	305,000	12,744	317,744
2023	220,000	5,500	225,500
TOTALS	$ 1,475,753	$ 95,269	$ 1,571,022

FORM OF CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the District has agreed to provide, or cause to be provided,

(i) In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the District has agreed to provide, or cause to be provided, to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Official Statement dated February 12, 2019 of the District relating to the Bonds under the headings “THE SCHOOL DISTRICT”, “TAX INFORMATION”, “STATUS OF INDEBTEDNESS”, “LITIGATION” and all Appendices (other than Appendix C & D and any other Appendix related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending June 30, 2019, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2019; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the District of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the District of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the securities, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the securities

(g) modifications to rights of securityholders, if material

(h) Bond calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the securities

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the District

(m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

(o) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Bonds.

With respect to event (d) the District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

For the purposes of the event identified in (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The District may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the District determines that any such other event is material with respect to the Bonds; 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.

(iii) in a timely manner to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The District reserves the right to terminate its obligations to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the District no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the District's obligations under its continuing disclosure undertaking and any failure by the District to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the District, provided that, the District agrees that any such modification will be done in a manner consistent with the Rule.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

APPENDIX – D

FORM OF BOND COUNSEL'S OPINION

February 28, 2019

Liberty Central School District
Sullivan County
State of New York

Re: Liberty Central School District, Sullivan County, New York
$1,930,000 Library (Serial) Bonds, 2019

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $1,930,000 Library (Serial) Bonds, 2019 (the "Obligations"), of the Liberty Central School District, Sullivan County, New York (the "Obligor"), dated February 28, 2019, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ________________ per centum (__________%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, payable on June 15, 2019 and semi-annually thereafter on December 15 and June 15 , and maturing in the amount of $___,000 on June 15, 2020, $___,000 on June 15, 2021, $___,000 on June 15, 2022, $___,000 on June 15, 2023, $___,000 on June 15, 2024, $___,000 on June 15, 2025, $___,000 on June 15, 2026, $___,000 on June 15, 2027, $___,000 on June 15, 2028, $___,000 on June 15, 2029, $___,000 on June 15, 2030, $___,000 on June 15, 2031, $___,000 on June 15, 2032, $___,000 on June 15, 2033, $___,000 on June 15, 2034, and $___,000 on June 15, 2035.

The Obligations maturing on or before June 15, 2026 shall not be subject to redemption prior to maturity. The Obligations maturing on or after June 15, 2027 will be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the Obligor on June 15, 2026 or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

(a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

LIBERTY CENTRAL SCHOOL DISTRICT
SULLIVAN COUNTY, NEW YORK

AUDITED FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Preliminary Official Statement.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
JUNE 30, 2018
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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Liberty Central School District
Liberty, New York 12754

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Liberty Central School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Liberty Central School District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, management has adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 14 and 62 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Liberty Central School District's basic financial statements. The supplemental schedules on pages 67 through 70 are required by the New York State Education Department and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, on our consideration of the Liberty Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the Liberty Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Liberty Central School District's internal control over financial reporting and compliance.

Nugent + Haeussler, P.C.

Montgomery, New York
October 15, 2018

Management Discussion and Analysis

Introductory Section

The following is a discussion and analysis of Liberty Central School District's financial performance for the fiscal year ended June 30, 2018. The section is a summary of the Liberty Central School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's overall financial status.

- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.

- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Management Discussion and Analysis
(Continued)

Figure A-1 Major Features of the District-Wide and Fund Financial Statements			
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Management Discussion and Analysis
(Continued)

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are shown as *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Management Discussion and Analysis
(Continued)

Financial Analysis of the District as a Whole

For the year ended June 30, 2018, the District restated its beginning of year net position as a requirement of implementing GASB Statement No. 75. Beginning of year net position was decreased by $48,031,351 from $15,057,780 to a deficit of $32,973,571 as a result of this change in accounting principle. For more information, see Note 16. For the year ended June 30, 2018, net position decreased by $973,729. The District's net position at June 30, 2018 is a deficit of $33,947,300. The following table provides a summary of the District's net position:

Summary of Net Position

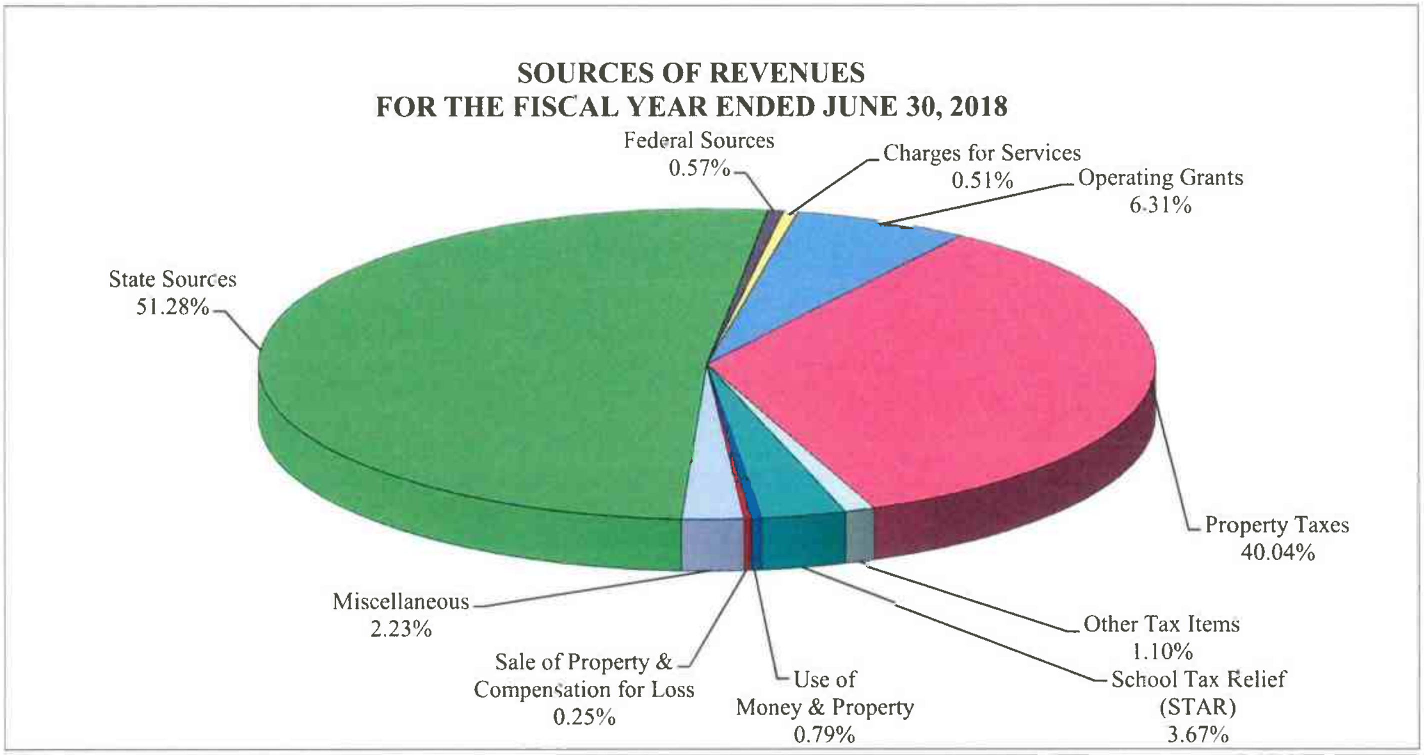
	School District Activities		
		RESTATED	
	June 30, 2018	June 30, 2017	% Change
Current Assets	$ 13,033,295	$ 17,978,833	-27.51%
Pension Asset	709,588	-	n/a
Capital Assets, Net	46,970,476	42,738,467	9.90%
Total Assets	60,713,359	60,717,300	
Deferred Outflows	11,969,870	12,063,703	-0.78%
Current Liabilities	5,846,484	6,297,331	-7.16%
Pension Liability	384,510	2,051,332	-81.26%
Long-Term Debt Outstanding	88,118,663	96,860,989	-9.03%
Total Liabilities	94,349,657	105,209,652	
Deferred Inflows	12,280,872	544,922	2153.69%
Net Position:			
Net Investment in Capital Assets	26,568,116	21,175,654	25.47%
Restricted	6,479,589	10,003,334	-35.23%
Unrestricted	(66,995,005)	(64,152,559)	4.43%
Total Net Position	$ (33,947,300)	$ (32,973,571)	2.95%

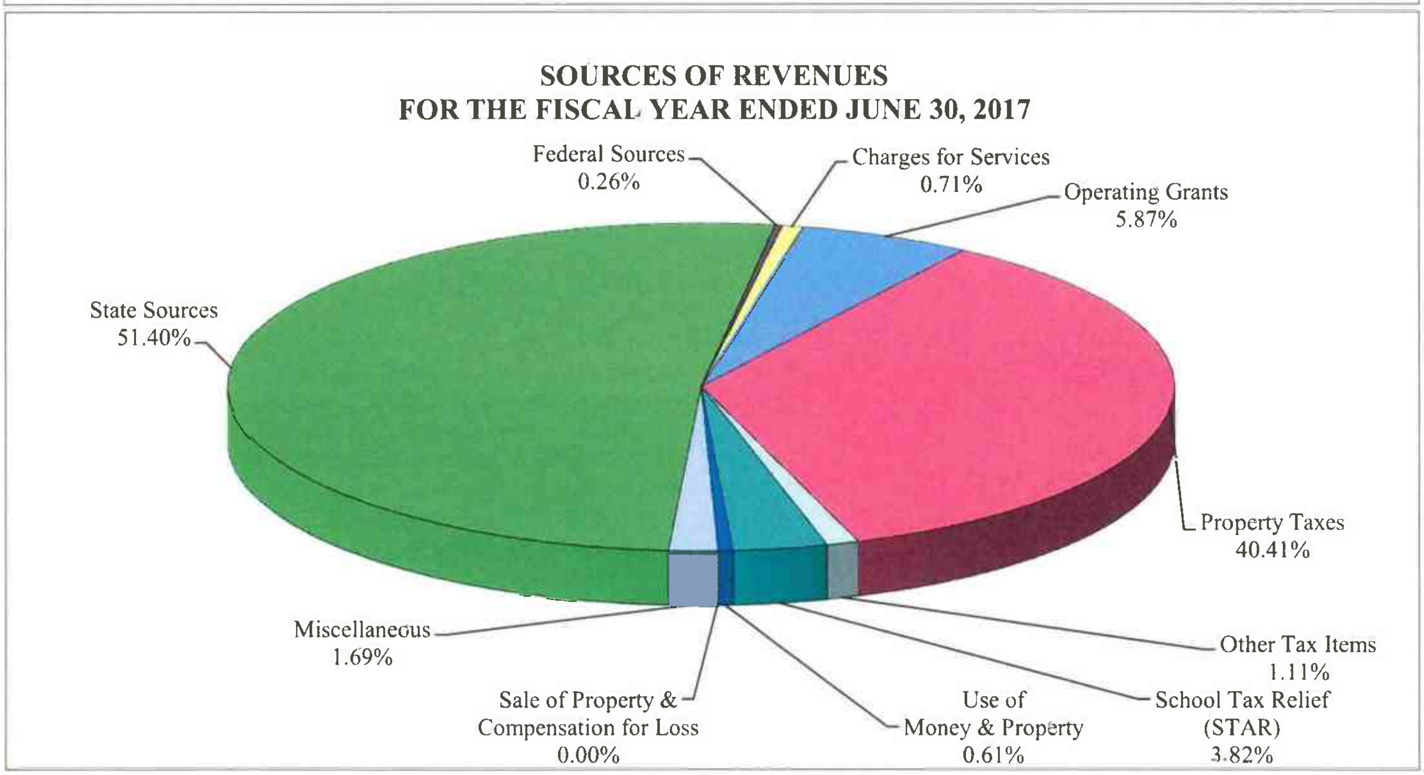
The prior year information provided above has been adjusted to include the restatement of net position to provide a more meaningful comparison of net position.

The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the year ended June 30, 2018:

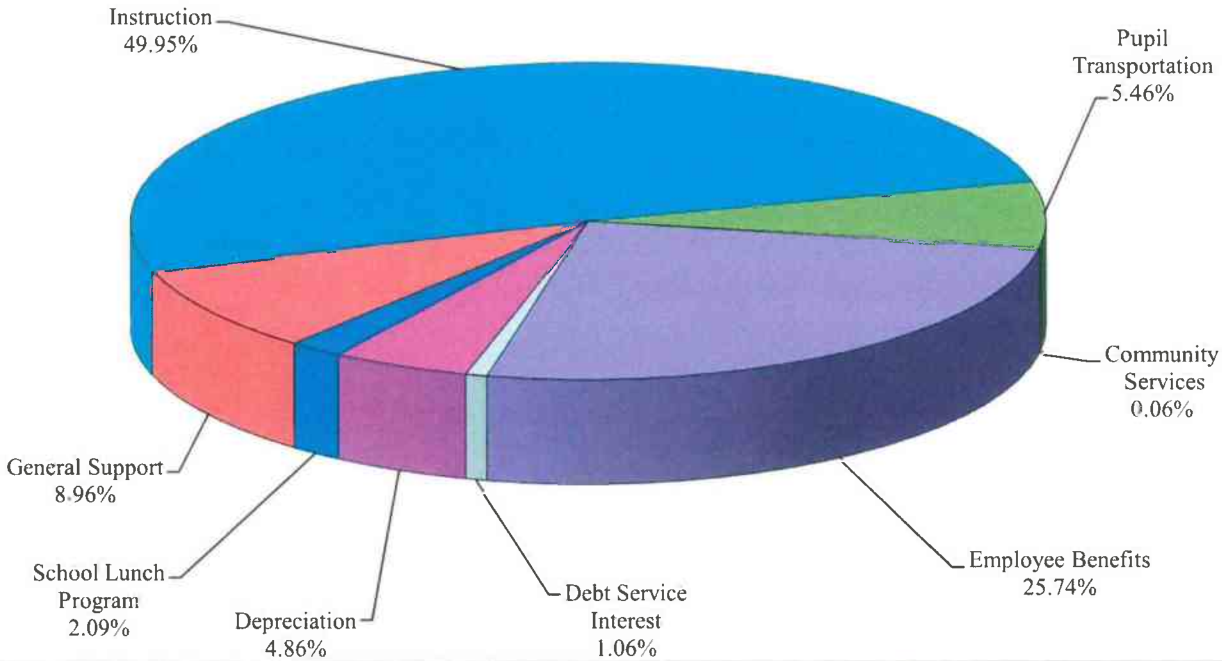
LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION

	JUNE 30, 2018	%	JUNE 30, 2017	%	$ Change	% Change
REVENUES						
PROGRAM REVENUES:						
Charges for Services	$ 256,159	0.51%	$ 346,701	0.71%	$ (90,542)	-26.12%
Operating Grants	3,151,205	6.31%	2,849,603	5.87%	301,602	10.58%
GENERAL REVENUES:						
Property Taxes	17,130,416	34.31%	17,096,644	35.24%	33,772	0.20%
Other Tax Items	547,033	1.10%	538,540	1.11%	8,493	1.58%
School Tax Relief (STAR)	1,536,011	3.07%	1,565,977	3.23%	(29,966)	-1.91%
Use of Money & Property	186,751	0.37%	238,409	0.49%	(51,658)	-21.67%
Sale of Property & Compensation for Loss	127,072	0.25%	603	0.00%	126,469	20973.30%
Miscellaneous	1,114,342	2.23%	821,700	1.69%	292,642	35.61%
State Sources	25,618,852	51.28%	24,940,678	51.40%	678,174	2.72%
Federal Sources	286,505	0.57%	123,913	0.26%	162,592	131.21%
TOTAL REVENUES	49,954,346	100.00%	48,522,768	100.00%	1,431,578	2.95%
EXPENSES						
General Support	4,562,466	8.96%	4,424,039	8.80%	138,427	3.13%
Instruction	25,969,539	51.00%	25,638,412	50.96%	331,127	1.29%
Pupil Transportation	3,296,742	6.47%	2,855,071	5.68%	441,671	15.47%
Community Services	145,565	0.29%	138,442	0.28%	7,123	5.15%
Employee Benefits	13,110,807	25.74%	13,497,476	26.84%	(386,669)	-2.86%
Debt Service Interest	388,145	0.76%	335,306	0.67%	52,839	15.76%
Depreciation	2,476,828	4.86%	2,347,754	4.67%	129,074	5.50%
School Lunch Program	977,983	1.92%	1,054,507	2.10%	(76,524)	-7.26%
TOTAL EXPENSES	50,928,075	100.00%	50,291,007	100.00%	637,068	1.27%
INCREASE (DECREASE) IN NET POSITION	$ (973,729)		$ (1,768,239)		$ 794,510	

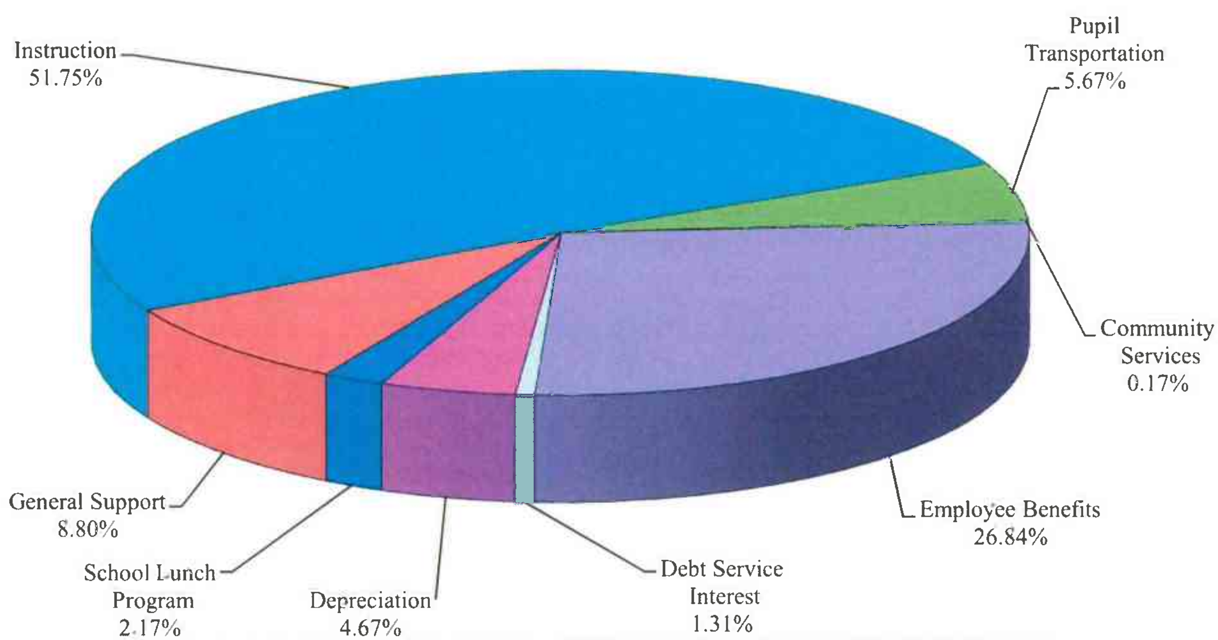

SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
Federal Sources 0.57%
Charges for Services 0.51%
Operating Grants 6.31%
State Sources 51.28%
Property Taxes 40.04%
Miscellaneous 2.23%
Other Tax Items 1.10%
Sale of Property & Compensation for Loss 0.25%
Use of Money & Property 0.79%
School Tax Relief (STAR) 3.67%


SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
Federal Sources 0.26%
Charges for Services 0.71%
Operating Grants 5.87%
State Sources 51.40%
Property Taxes 40.41%
Miscellaneous 1.69%
Other Tax Items 1.11%
Sale of Property & Compensation for Loss 0.00%
Use of Money & Property 0.61%
School Tax Relief (STAR) 3.82%

EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2018



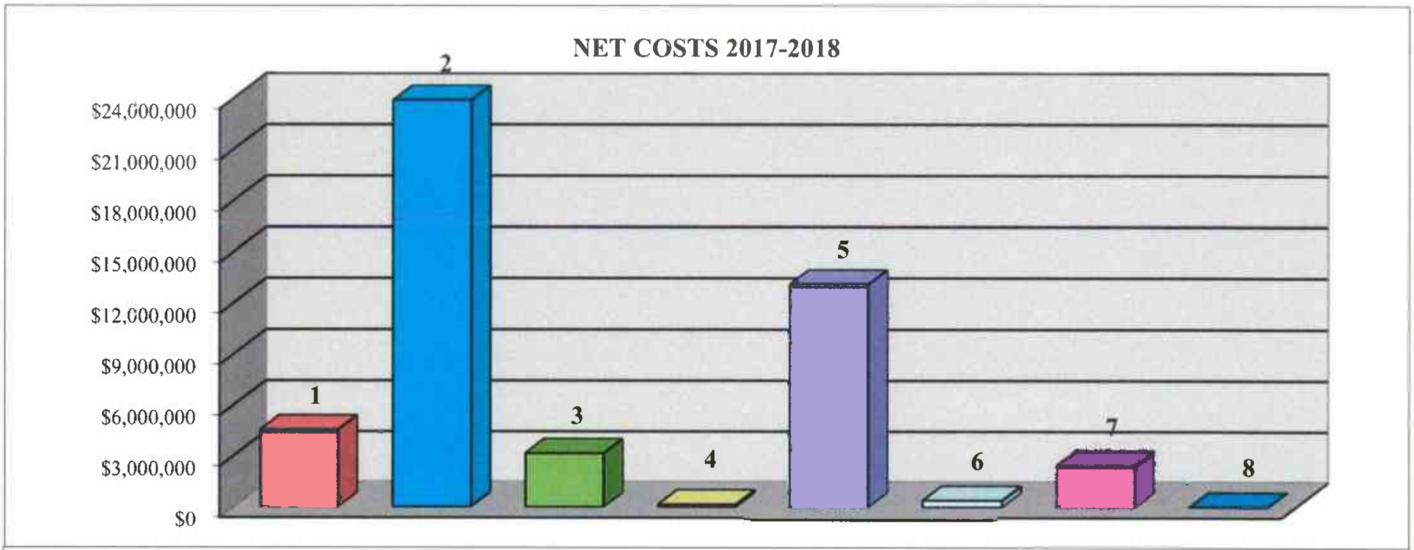
EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2017

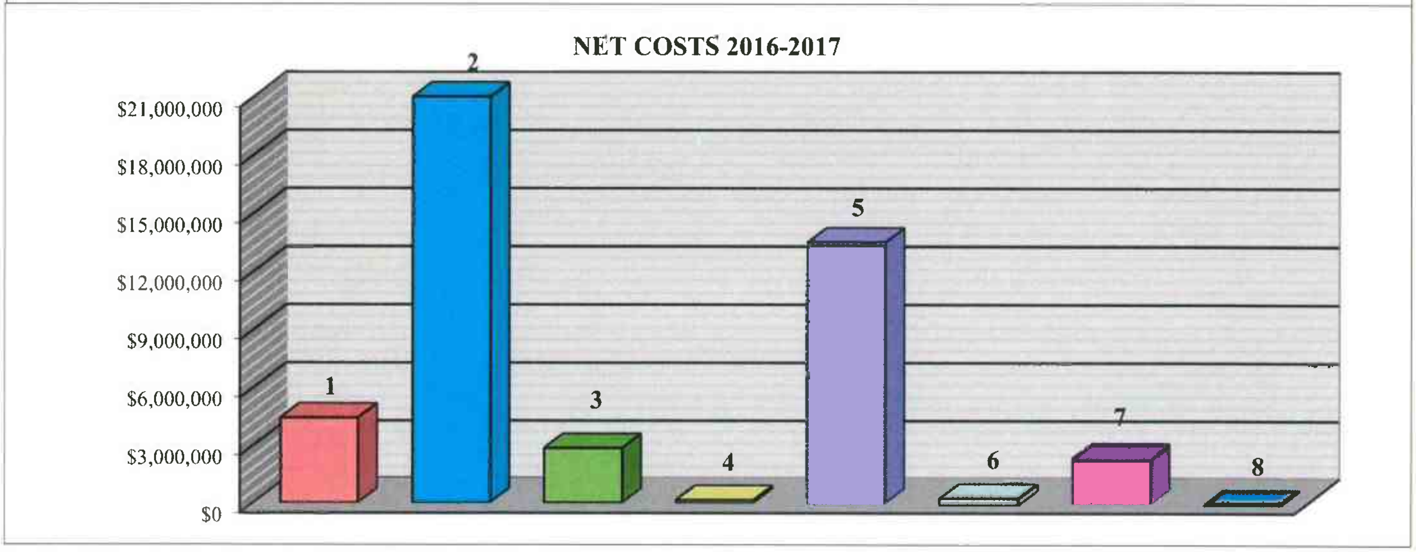


LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2017-2018	NET COST OF SERVICES 2017-2018	TOTAL COST OF SERVICES 2016-2017	NET COST OF SERVICES 2016-2017
General Support	1	$ 4,562,466	$ 4,562,466	$ 4,424,039	$ 4,424,039
Instruction	2	25,969,539	23,894,001	25,638,412	23,473,619
Pupil Transportation	3	3,296,742	3,173,397	2,855,071	2,855,071
Community Services	4	145,565	145,565	138,442	138,442
Employee Benefits	5	13,110,807	13,110,807	13,497,476	13,497,476
Debt Service – Interest	6	388,145	388,145	335,306	335,306
Depreciation	7	2,476,828	2,476,828	2,347,754	2,347,754
School Lunch Program	8	977,983	(230,498)	1,054,507	22,996
		$ 50,928,075	$ 47,520,711	$ 50,291,007	$ 47,094,703





Management Discussion and Analysis
(Continued)

Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund and Capital Projects Fund. The total fund balances allocated between nonspendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

	June 30, 2018				
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	$ 457,766	$ 6,286,814	$ 1,321,366	1,790,041	$ 9,855,987
Special Aid	0	0	100	(56,091)	(55,991)
School Lunch	53,367	36,472	200	0	90,039
Capital Projects	0	86,720	0	0	86,720
Debt Service	0	69,583	0	0	69,583
	$ 511,133	$ 6,479,589	$ 1,321,666	$ 1,733,950	$ 10,046,338

	June 30, 2017 - RESTATED				
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	$ 415,877	$ 6,268,988	$ 1,674,547	$ 2,321,661	10,681,073
Special Aid	0	0	0	(30,070)	(30,070)
School Lunch	50,276	0	0	(115,531)	(65,255)
Capital Projects	0	3,536,847	0	0	3,536,847
Debt Service	0	40,148	0	0	40,148
	$ 466,153	$ 9,845,983	$ 1,674,547	$ 2,176,060	$ 14,162,743

General Fund Budgetary Highlights

The original budget for the General Fund was revised by $1,650,000 during the 2017-2018 fiscal year. The supplemental appropriations consisted of transfers to the capital fund for the voter approved High School Renovation and Reconstruction Project.

In the General Fund for the fiscal year ended June 30, 2018, actual revenues were greater than revised budgeted revenues by $1,028,322 (2.09%). Revenue sources significantly in excess of budget were noted in the miscellaneous category. Actual expenditures and encumbrances were less than the revised budgeted expenditures by $899,773 (1.83%). The District also utilized effective oversight and close monitoring to manage appropriations.

As of June 30, 2018, the District had appropriated $750,000 of unassigned fund balance to reduce the tax levy for fiscal year 2018-2019.

Factors that continue to affect the budget process are as follows:

- New York State Aid revenues may be impacted due to state wide budget constraints.
- Employee benefits continue to rise significantly and teachers and employees retirement may as well.
- Changes in legislation regarding school finance and educational standards.

The current economic conditions require significant focus to manage spending and maximize revenues.

Management Discussion and Analysis
(Continued)

Management believes that the budget adopted for 2018-2019 is reasonably adaptable to any adverse changes that may arise based on the above factors.

New York State Legislature contains legislation, Chapter 97 of the Laws of 2011 that established a "property tax cap" on the amount that a school district's property tax levy can increase each year. This legislation specifies that property taxes levied by a school district generally cannot increase by more than two percent, or the rate of inflation, whichever is less. The law does allow school districts to levy an additional amount for certain excludable expenditures. School districts can adopt a tax levy that exceeds the statutory limit, if the budget that is presented to the public is approved by sixty percent of the votes cast.

Other Fund Highlights

The Special Aid Fund ended the year with a deficit fund balance of $55,991, which is primarily due to un-reimbursable summer special education costs.

The School Lunch Program Fund ended the year with fund balance of $90,039. This was a $155,294 improvement from the funds deficit fund balance of $65,255 in the prior year. The change is primarily the result of a change in Federal reimbursement due to the District's Community Eligibility Provision.

The Capital Projects Fund ended the year with a fund balance of $86,720. This is a decrease of $3,450,127 from the prior year due primarily to expenditures associated with the voter approved $9,597,050 High School Renovation and Reconstruction Project.

Debt Service Fund ended the year with a fund balance of $69,583. This fund balance will be appropriated in future years to offset principal and interest payments on the District's outstanding debt obligations.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2018 was $46,970,476. The total increase in this net investment was 9.90%, due to an excess of capital assets acquisitions over depreciation for the District as a whole (see schedule below). The District's investment in capital assets, net of accumulated depreciation as of June 30, 2017, was $42,738,466. The District expended $6,708,837 to acquire and construct capital assets during the fiscal year ended June 30, 2018, and depreciation expense for the fiscal year was $2,476,828.

CAPITAL ASSETS
Net of Accumulated Depreciation

	School District Activities		
	June 30, 2018	June 30, 2017	% Change
Non-Depreciable Assets:			
Land	$ 38,000	$ 38,000	0.00%
Construction in Progress	8,929,267	2,397,274	272.48%
Depreciable Assets:			
Land Improvements	143,807	123,367	16.57%
Building and Improvements	37,503,254	39,913,496	-6.04%
Furniture and Equipment	342,678	248,818	37.72%
Vehicles	13,470	17,511	-23.08%
TOTALS	$ 46,970,476	$ 42,738,466	9.90%

Management Discussion and Analysis
(Continued)

Long-Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding of $16,815,753. This amount is backed by the full faith and credit of the Liberty Central School District with debt service fully funded by voter approved property taxes. Activity in bonded debt outstanding during the fiscal year was as follows:

	Beginning Balance	Issued	Paid	Ending Balance
Serial Bond – 9/15/2009	$ 1,700,000	$ 0	$ 245,000	$ 1,455,000
Serial Bond – 4/26/2010	9,500,000	0	1,155,000	8,345,000
Serial Bond – 12/22/2010	1,255,000	0	615,000	640,000
Serial Bond – 10/31/2012	215,000	0	105,000	110,000
Serial Bond – 10/31/2012	435,000	0	210,000	225,000
Serial Bond – 10/13/2016	4,605,000	0	40,000	4,565,000
Serial Bond - 6/27/2018	0	1,475,753	0	1,475,753
Total Bonded Debt Outstanding	$ 17,710,000	$ 1,475,753	$ 2,370,000	$ 16,815,753

The balances reflected above do not include the balance of unamortized premiums. The unamortized bond premiums are, however, included in the bonds payable figures shown on Schedule #1.

Bond Ratings

S & P Global Ratings ("Standard & Poor's") has assigned a rating of "A+" to outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from S & P Global Ratings ("Standard & Poor's"). There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Standard & Poor's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Georgia Gonzalez, Business Manager at the District's business offices at 115 Buckley Street, Liberty, New York 12754.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

ASSETS	
Unrestricted Cash	$ 3,087,159
Restricted Cash	6,410,006
State & Federal Aid Receivable	1,570,420
Due from Other Governments	1,047,173
Due from Fiduciary Funds	57,621
Other Receivables, Net	349,783
Prepaid Expenditures	474,099
Inventories	37,034
Net Pension Asset, Proportionate Share (TRS)	709,588
Capital Assets, Net	46,970,476
TOTAL ASSETS	60,713,359
DEFERRED OUTFLOWS OF RESOURCES	
Pension Plans (ERS & TRS)	10,429,530
Other Postemployment Benefits	1,282,556
Refunding	257,784
DEFERRED OUTFLOWS OF RESOURCES	11,969,870
LIABILITIES	
Accounts Payable	696,745
Accrued Liabilities	305,773
Due to Other Governments	28,766
Due to Teachers' Retirement System	1,624,361
Due to Employees' Retirement System	109,437
Unearned Revenues	1,518
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (includes Unamortized Premiums of $38,704)	2,814,457
Installment Purchase Debt	265,427
Due and Payable In More Than One Year:	
Bonds Payable (includes Unamortized Premiums of $112,574)	14,152,574
Installment Purchase Debt	3,427,686
Compensated Absences	1,464,747
Other Postemployment Benefits	69,073,656
Net Pension Liability, Proportionate Share (ERS)	384,510
TOTAL LIABILITIES	94,349,657
DEFERRED INFLOWS OF RESOURCES	
Pension Plans (ERS & TRS)	3,211,649
Other Postemployment Benefits	9,069,223
TOTAL DEFERRED INFLOWS OF RESOURCES	12,280,872
NET POSITION	
Net Investment in Capital Assets	26,568,116
Restricted (See Note 1)	6,479,589
Unrestricted	(66,995,005)
TOTAL NET POSITION	$ (33,947,300)

See notes to financial statements.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		PROGRAM REVENUES		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE & CHANGES IN NET POSITION
FUNCTIONS & PROGRAMS				
General Support	$ (7,981,186)	$ 0	$ 0	$ (7,981,186)
Instruction	(37,783,790)	161,575	1,913,963	(35,708,252)
Pupil Transportation	(3,331,935)	0	123,345	(3,208,590)
Community Services	(145,564)	0	0	(145,564)
Debt Service – Interest	(388,145)	0	0	(388,145)
School Lunch Program	(1,297,455)	94,584	1,113,897	(88,974)
TOTAL FUNCTIONS & PROGRAMS	$ (50,928,075)	$ 256,159	$ 3,151,205	(47,520,711)
GENERAL REVENUES				
Real Property Taxes				17,130,416
Other Tax Items				2,083,044
Non Property Taxes				0
Use of Money & Property				186,751
Sale of Property & Compensation for Loss				127,072
Miscellaneous				1,114,342
State Sources				25,618,852
Federal Sources				286,505
TOTAL GENERAL REVENUES				46,546,982
CHANGE IN NET POSITION				(973,729)
NET POSITION, BEGINNING OF YEAR, AS RESTATED				(32,973,571)
NET POSITION, END OF YEAR				$ (33,947,300)

See notes to financial statements.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Unrestricted Cash	$ 2,739,881	$ 206,316	$ 137,739	$ 3,223	$0	$ 3,087,159
Restricted Cash	6,286,814	0	36,472	86,720	0	6,410,006
State & Federal Aid Receivable	535,504	960,227	74,689	0	0	1,570,420
Due from Other Governments	1,047,173	0	0	0	0	1,047,173
Due from Other Funds	1,365,208	0	0	0	69,583	1,434,791
Due from Fiduciary Funds	27,633	0	473	29,515	0	57,621
Other Receivables, Net	344,563	0	5,220	0	0	349,783
Prepaid Expenditures	457,766	0	16,333	0	0	474,099
Inventories	0	0	37,034	0	0	37,034
TOTAL ASSETS	$ 12,804,542	$ 1,166,543	$ 307,960	$ 119,458	$ 69,583	$ 14,468,086
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES						
LIABILITIES						
Accounts Payable	674,654	18,487	1,722	1,882	0	696,745
Accrued Liabilities	246,191	952	23,924	0	0	271,067
Due to Other Governments	0	28,364	402	0	0	28,766
Due to Other Funds	38,849	1,173,213	191,873	30,856	0	1,434,791
Due to Teachers' Retirement System	1,624,361	0	0	0	0	1,624,361
Due to Employees' Retirement System	109,437	0	0	0	0	109,437
Unearned Revenues	0	1,518	0	0	0	1,518
TOTAL LIABILITIES	2,693,492	1,222,534	217,921	32,738	0	4,166,685
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	255,063	0	0	0	0	255,063
TOTAL DEFERRED INFLOWS OF RESOURCES	255,063	0	0	0	0	255,063
FUND BALANCES						
Fund Balance:						
Nonspendable	457,766	0	53,367	0	0	511,133
Restricted	6,286,814	0	36,472	86,720	69,583	6,479,589
Assigned	1,321,366	100	200	0	0	1,321,666
Unassigned	1,790,041	(56,091)	0	0	0	1,733,950
TOTAL FUND BALANCES	9,855,987	(55,991)	90,039	86,720	69,583	10,046,338
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	$ 12,804,542	$ 1,166,543	$ 307,960	$ 119,458	$ 69,583	$ 14,468,086

See notes to financial statements.

SCHEDULE #4

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
ASSETS				
Unrestricted Cash	$ 3,123,631	$ 0	$ 0	$ 3,123,631
Restricted Cash	6,373,534	0	0	6,373,534
State & Federal Aid Receivable	1,570,420	0	0	1,570,420
Due from Other Governments	1,047,173	0	0	1,047,173
Due from Other Funds	1,434,791	0	(1,434,791)	0
Due from Fiduciary Funds	57,621	0	0	57,621
Other Receivables, Net	349,783	0	0	349,783
Prepaid Expenditures	474,099	0	0	474,099
Inventories	37,034	0	0	37,034
Net Pension Asset, Proportionate Share (TRS)	0	709,588	0	709,588
Capital Assets, Net	0	46,970,476	0	46,970,476
TOTAL ASSETS	$ 14,468,086	$ 47,680,064	$ (1,434,791)	$ 60,713,359
DEFERRED OUTFLOWS OF RESOURCES				
Pension Plans (ERS & TRS)	0	10,429,530	0	10,429,530
Other Postemployment Benefits	0	1,282,556	0	1,282,556
Deferred Charges - Refunding	0	257,784	0	257,784
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$ 14,468,086	$ 59,649,934	$ (1,434,791)	$ 72,683,229
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES / NET POSITION				
LIABILITIES				
Accounts Payable	696,745	0	0	696,745
Accrued Liabilities	271,067	34,706	0	305,773
Due to Other Governments	28,766	0	0	28,766
Due to Other Funds	1,434,791	0	(1,434,791)	0
Due to Teachers' Retirement System	1,624,361	0	0	1,624,361
Due to Employees' Retirement System	109,437	0	0	109,437
Compensated Absences	0	1,464,747	0	1,464,747
Bonds Payable	0	16,967,031	0	16,967,031
Installment Purchase Debt	0	3,693,113	0	3,693,113
Other Postemployment Benefits	0	69,073,656	0	69,073,656
Unearned Revenues	1,518	0	0	1,518
Net Pension Liability, Proportionate Share (ERS)	0	384,510	0	384,510
TOTAL LIABILITIES	4,166,685	91,617,763	(1,434,791)	94,349,657
DEFERRED INFLOWS OF RESOURCES				
Pension Plans (ERS & TRS)	0	3,211,649	0	3,211,649
Other Postemployment Benefits	0	9,069,223	0	9,069,223
Unavailable Revenues	255,063	(255,063)	0	0
TOTAL DEFERRED INFLOWS OF RESOURCES	255,063	12,025,809	0	12,280,872
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	4,421,748	103,643,572	(1,434,791)	106,630,529
FUND BALANCES / NET POSITION	10,046,338	(43,993,638)	0	(33,947,300)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES / NET POSITION	$ 14,468,086	$ 59,649,934	$ (1,434,791)	$ 72,683,229

See notes to financial statements.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Real Property Taxes	$ 17,130,416	$ 0	$ 0	$ 0	$ 0	$ 17,130,416
Other Tax Items	2,083,044	0	0	0	0	2,083,044
Charges for Services	146,783	0	94,584	0	0	241,367
Use of Money & Property	185,214	0	0	0	1,537	186,751
Sale of Property & Compensation for Loss	127,072	0	0	0	0	127,072
Miscellaneous	1,083,859	0	2,585	0	27,898	1,114,342
State Sources	25,777,550	679,317	49,082	0	0	26,505,949
Federal Sources	286,505	1,199,293	1,064,815	0	0	2,550,613
TOTAL REVENUES	46,820,443	1,878,610	1,211,066	0	29,435	49,939,554
EXPENDITURES						
General Support	4,565,430	0	0	0	0	4,565,430
Instruction	24,248,414	1,668,020	0	0	0	25,916,434
Pupil Transportation	3,142,561	154,181	0	0	0	3,296,742
Community Services	145,564	0	0	0	0	145,564
Employee Benefits	10,511,555	157,330	216,696	0	0	10,885,581
Debt Service:						
Principal	2,624,141	0	0	0	0	2,624,141
Interest	411,150	0	0	0	0	411,150
Cost of Sales	0	0	1,024,076	0	0	1,024,076
Capital Outlay	0	0	0	6,662,594	0	6,662,594
TOTAL EXPENDITURES	45,648,815	1,979,531	1,240,772	6,662,594	0	55,531,712
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	1,171,628	(100,921)	(29,706)	(6,662,594)	29,435	(5,592,158)
OTHER SOURCES & USES						
Proceeds from Debt	0	0	0	1,475,753	0	1,475,753
Operating Transfers In	0	75,000	185,000	1,736,714	0	1,996,714
Operating Transfers Out	(1,996,714)	0	0	0	0	(1,996,714)
TOTAL OTHER SOURCES & USES	(1,996,714)	75,000	185,000	3,212,467	0	1,475,753
EXCESS (DEFICIENCY) REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	(825,086)	(25,921)	155,294	(3,450,127)	29,435	(4,116,405)
FUND BALANCES, BEGINNING OF YEAR (RESTATED)	10,681,073	(30,070)	(65,255)	3,536,847	40,148	14,162,743
FUND BALANCES, END OF YEAR	$ 9,855,987	$ (55,991)	$ 90,039	$ 86,720	$ 69,583	$ 10,046,338

See notes to financial statements.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
REVENUES						
Real Property Taxes	$ 17,130,416	$ 0	$ 0	$ 0	$ 0	$ 17,130,416
Other Tax Items	2,083,044	0	0	0	0	2,083,044
Charges for Services	241,367	14,792	0	0	0	256,159
Use of Money & Property	186,751	0	0	0	0	186,751
Sale of Property & Compensation for Loss	127,072	0	0	0	0	127,072
Miscellaneous	1,114,342	0	0	0	0	1,114,342
State Sources	26,505,949	0	0	0	0	26,505,949
Federal Sources	2,550,613	0	0	0	0	2,550,613
TOTAL REVENUES	49,939,554	14,792	0	0	0	49,954,346
EXPENDITURES						
General Support	4,565,430	(2,963)	2,199,574	0	1,219,145	7,981,186
Instruction	25,916,434	53,105	259,925	0	11,554,326	37,783,790
Pupil Transportation	3,296,742	0	4,975	0	30,218	3,331,935
Community Services	145,564	0	0	0	0	145,564
Employee Benefits	10,885,581	2,225,226	0	0	(13,110,807)	0
Debt Service:						
Principal	2,624,141	0	0	(2,624,141)	0	0
Interest	411,150	(10,937)	0	(12,068)	0	388,145
Cost of Sales	1,024,076	150	12,354	0	260,875	1,297,455
Capital Outlay	6,662,594	0	(6,708,837)	0	46,243	0
TOTAL EXPENDITURES	55,531,712	2,264,581	(4,232,009)	(2,636,209)	0	50,928,075
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(5,592,158)	(2,249,789)	4,232,009	2,636,209	0	(973,729)
OTHER SOURCES & USES						
Proceeds from Debt	1,475,753	0	0	(1,475,753)	0	0
Payment to Escrow Agent – Bond Refunding	0	0	0	0	0	0
Operating Transfers In	1,996,714	0	0	0	(1,996,714)	0
Operating Transfers (Out)	(1,996,714)	0	0	0	1,996,714	0
TOTAL OTHER SOURCES & USES	1,475,753	0	0	(1,475,753)	0	0
NET CHANGE FOR THE YEAR	$ (4,116,405)	$ (2,249,789)	$ 4,232,009	$ 1,160,456	$ 0	$ (973,729)

See notes to financial statements.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	PRIVATE PURPOSE TRUSTS	AGENCY
ASSETS		
Cash	$ 623	$ 154,942
TOTAL ASSETS	$ 623	$ 154,942
LIABILITIES & NET POSITION		
LIABILITIES		
Due to Other Funds	$ 0	$ 57,621
Extraclassroom Activity Balances	0	97,321
TOTAL LIABILITIES	0	$ 154,942
NET POSITION		
Reserved for Endowment, Scholarship and Gift Funds	623	
TOTAL LIABILITIES & NET POSITION	$ 623	

See notes to financial statements.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
Gifts and Contributions	$ 0
Investment Earnings	0
TOTAL ADDITIONS	0
DEDUCTIONS	
Scholarships & Awards	0
Other Expenses	0
TOTAL DEDUCTIONS	0
CHANGE IN NET POSITION	0
NET POSITION, BEGINNING OF YEAR	623
NET POSITION, END OF YEAR	$ 623

See notes to financial statements.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of the Liberty Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Where comparative amounts are presented, certain reclassifications may have been made to the prior year amounts so that they would be in conformity with the current year's presentation. Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The Liberty Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds have been included in this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Joint Venture

The District is a component district in the Sullivan County BOCES. A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2018, the Liberty Central School District was billed $7,178,462 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $2,453,716. Financial statements for BOCES are available from the BOCES administrative office at 52 Ferndale Loomis Road, Liberty, NY 12754.

C. Basis of Presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities and Changes in Net Position present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities and Changes in Net Position presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended in those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Basis of Presentation (Continued)

2. Fund Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the school lunch operations. The school lunch operation is supported by federal and state grants and charges participants for its services.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

The District reports the following fiduciary funds:

Fiduciary Fund: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

D. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and became a lien on August 23, 2017. Taxes were collected during the period September 1, 2017 through November 1, 2017.

Uncollected real property taxes are subsequently enforced by Sullivan County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of United States and its agencies and obligations of the State and its municipalities and Districts.

J. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first - in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

L. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

M. Capital Assets

Capital assets are reported at cost for acquisitions. For assets acquired prior to June 30, 2002, estimated historical costs based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction-in-process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land Improvements	$ 5,000	Straight Line	50 years
Buildings and Improvements	5,000	Straight Line	50 years
Furniture and Equipment	5,000	Straight Line	5 – 20 years
Vehicles	5,000	Straight Line	5 – 20 years

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is deferred charges on refunding reported in the government – wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense, see Note 8. The third deferred outflow is related to other postemployment benefits reported in the Statement of Net Position, see Note 10.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district – wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, see Note 8. The third is related to other postemployment benefits reported in the Statement of Net Position, see Note 10.

O. Unavailable/Unearned Revenue

Unavailable revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned/unavailable revenues is removed and revenues are recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Unavailable revenues recorded in governmental funds are typically adjusted and not included in the district-wide statements.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

P. Vested Employee Benefits

1. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical/personal time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken in varying time periods.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

2. Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's full-time employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Q. Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Q. Short-Term Debt (Continued)

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes are converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

R. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

S. Equity Classifications

1. District-wide Statements

In the district-wide statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position – reports net position when constraints placed on the position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Fund Statements

In the governmental fund statements, there are five classifications of fund balance:

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance in the General Fund includes prepaid items of $457,766 and in the School Lunch Fund includes prepaid items of $16,333 and inventory of $37,034.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Fund Statements (Continued)

Property Loss Reserve and Liability Reserve

Property Loss Reserve and Liability Reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts, with a population greater than 125,000. These reserves are accounted for in the General Fund.

Tax Certiorari Reserve

Tax Certiorari Reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve is accounted for in the General Fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Fund Statements (Continued)

Restricted fund balance at June 30, 2018 consisted of:

General Fund:	
Capital Reserve	$ 1,726,439
Unemployment Insurance Reserve	134,034
Property Loss and Liability Reserve	149,018
Tax Certiorari Reserve	1,136,833
Employee Benefit Accrued Liability Reserve	1,472,278
Retirement Contribution Reserve	1,668,212
School Lunch Fund	36,472
Capital Fund	86,720
Debt Service Fund	69,583
Total Restricted Fund Balance	$ 6,479,589

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The District did not classify any of its fund balances as committed as of June 30, 2018.

Assigned: Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose. By reporting particular amounts that are not restricted or committed in the governmental funds other than the General Fund, the District has assigned those amounts to the purposes of the respective funds. Assigned fund balance in the General Fund includes $571,366 assigned for specific purposes through the issuance of purchase orders that encumbered the budget for the year ended June 30, 2018. This assignment is made when purchase orders are approved by the Purchasing Agent who is designated each year by the Board of Education at its annual reorganizational meeting pursuant to the District's purchasing policy. Assigned fund balance in the General Fund also includes $750,000 assigned to be used to reduce the tax levy for the year ending June 30, 2019. This assignment is made when the tax levy is set by the Board of Education pursuant to the District's annual budget policy.

Encumbrances	$ 571,366
Appropriated to Reduce Subsequent Year's Tax Levy	750,000
Total Assigned Fund Balance	$ 1,321,366

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Fund Statements (Continued)

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

Order of Use of Fund Balance:

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Limitation on Unexpended Surplus Funds:

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's General Fund budget for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

T. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2018, the District implemented the following new standards issued by GASB:

- GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* effective for the year ending June 30, 2018.
- GASB Statement 81, *Irrevocable Split-Interest Agreements*, effective for the year ending June 30, 2018.
- GASB Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ending June 30, 2018.
- GASB Statement 85, *Omnibus 2017*, effective for the year ending June 30, 2018.
- GASB Statement 86, *Certain Debt Extinguishment Issues*, effective for the year ending June 30, 2018.

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves the information provided by state and local governmental employers about support for OPEB that is provided by other entities. The District has implemented Statement 75, as required.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

T. New Accounting Standards (Continued)

GASB has issued Statement 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District has implemented Statement 81, as required.

GASB has issued Statement 82, *Pension Issues--an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses certain issues that have been raised with respect to Statements No. 67, 68, and 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District has implemented Statement 82, as required.

GASB has issued Statement 85, *Omnibus 2017*, which will enhance consistency in the application of accounting and financial reporting requirements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OBEB)). The District has implemented Statement 85, as required.

GASB has issued Statement 86, *Certain Debt Extinguishment Issues*, which will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. The District has implemented Statement 86, as required.

U. Future Changes in Accounting Standards

GASB has issued Statement 83, *Certain Asset Retirement Obligations*, which will enhance comparability of governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2019 financial statements.

GASB has issued Statement 84, *Fiduciary Activities*, which will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2020 financial statements.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Future Changes in Accounting Standards

GASB has issued Statement 87, *Leases*, which will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were not classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under, this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2021 financial statements.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which will improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2019 financial statements.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2021 financial statements.

GASB has issued Statement 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, which will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information of certain component units. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2020 financial statements.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS.

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities: (Continued)

1. The costs of building and acquiring capital assets (land, buildings, and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2018 were as follows:

Original Cost of Capital Assets	$ 73,411,776
Accumulated Depreciation	(26,441,300)
	$ 46,970,476

2. Interest is accrued in the Statement of Net Position, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expensed when it is due, and thus requires the use of current financial resources. This liability at June 30, 2018 was as follows:

Accrued Interest Payable	$ 34,706

3. Long-term liabilities and related deferred inflows and outflows are reported in the Statement of Net Position, but not in the Balance Sheet, because they are not due and payable in the current period. The balances at June 30, 2018 were as follows:

Bonds Payable	$ 16,967,031
Installment Purchase Debt	3,693,113
Compensated Absences	1,464,747
Other Postemployment Benefits	69,073,656
Deferred Outflows	(1,282,556)
Deferred Inflows	9,069,223
	$ 98,985,214

4. Unavailable Revenues are reported in the governmental funds Balance Sheet, but not in the Statement of Net Position, because they may not be collected and available in the current period. The balance at June 30, 2018 was as follows:

Unavailable Revenues	$ 255,063

5. In the Statement of Net Position, a liability is recognized for the District's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the District participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the District's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily resulting from contributions subsequent to the measurement date and changes in the components of the net pension liability or asset are recorded. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at June 30, 2018 were as follows:

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities: (Continued)

Net Pension Asset, Proportionate Share (TRS)	$ 709,588
Deferred Outflows of Resources - Pension	10,429,530
Net Pension Liability, Proportionate Share (ERS)	(384,510)
Deferred Inflows of Resources - Pension	(3,211,649)
	$ 7,542,959

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities and Changes in Net Position:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities and Changes in Net Position fall into one of three broad categories. The amounts shown below represent:

1. Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities and Changes in Net Position reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities and Changes in Net Position.

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities and Changes in Net Position, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities and Changes in Net Position.

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities and Changes in Net Position as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension Plan Related Differences

Pension plan transaction differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems

5. Other Postemployment Benefits (OPEB) Related Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities and Changes in Net Position (Continued):

Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities and Changes in Net Position

Total Revenues and Other Funding Sources

Total revenues and other funding sources reported in Governmental Funds (Schedule 5)	$ 53,412,021
Because some revenue will not be collected for several months after the District's fiscal year-end, they are not considered as "available" revenues in the governmental funds. However, they are considered to be earned in the Statement of Activities and Changes in Net Position. This is the amount by unavailable revenues this year exceeded unavailable revenues last year.	14,792
Operating transfers from other funds are recognized as other funding sources in the governmental fund statements, but are eliminated in the Statement of Activities and Changes in Net Position.	(1,996,714)
Proceeds from the sale of bonds is recognized as an other funding source in the the governmental funds, but increases liabilities in the Statement of Net Position, and does not affect the Statement of Activities and Changes in Net Position.	(1,475,753)
Total revenues in the Statement of Activities and Changes in Net Position (Schedule 2)	$ 49,954,346

Total Expenditures & Other Uses/Expenses

Total expenditures and other uses reported in Governmental Funds (Schedule 5)	$ 57,528,426
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of $6,708,837 were greater than depreciation of $2,476,828 in the current year.	(4,232,009)
In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which compensated absences earned exceeded the amount used during the year.	50,292

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities and Changes in Net Position (Continued):

TOTAL EXPENDITURES & OTHER USES (CONTINUED)	
In the Statement of Activities, the expense for other post-employment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost, and changes in the benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. In the governmental funds, however, OPEB expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year.	1,824,038
Interest payable is recognized as an accrued liability in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable last year exceeded the interest payable this year.	(10,937)
Premiums and discounts on long-term debt issuances, bond issuance costs, and deferred amounts from debt refundings are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities and Changes in Net Position. This is the net amount that was amortized during the fiscal year.	(12,068)
Repayment of bond and installment debt principal is an expenditure in the governmental funds, but reduces liabilities in the Statement of Net Position, and does not affect the Statement of Activities and Changes in Net Position.	(2,624,141)
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds (TRS of $401,369 and ERS of $(181)).	401,188
Operating transfers to other funds are recognized as other uses of funds in the governmental fund statements, but are eliminated in the Statement of Activities and Changes in Net Position.	(1,996,714)
Total expenses in the Statement of Activities and Changes in Net Position (Schedule 2)	$ 50,928,075

NOTE 3. CHANGE IN ACCOUNTING PRINCIPLES.

For the year ended June 30, 2018, the District implemented GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The implementation of the statement requires District's to report Other Postemployment Benefits (OPEB) liabilities, OPEB expenses, deferred inflows and outflows of resources related to OPEB. See Note 11 for the financial statement impact of the implementation of the statement.

NOTE 4. STEWARDSHIP AND COMPLIANCE.

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

- The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. During the fiscal year, supplemental appropriations were made through Board authorized appropriations as shown on Supplemental Schedule #5.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2018.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. Deficit Fund Balance

The Special Aid Fund shows an unassigned fund balance deficit of $55,991 which is the result of unreimbursable summer special education costs.

NOTE 5. CASH – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance year-end, collateralized as follows:

Uncollateralized	$	0
Insured	$	1,234,562
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	$	6,764,898

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $6,410,006 within the governmental funds.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

NOTE 6. CAPITAL ASSETS.

Capital asset balances and activity for the year ended June 30, 2018, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 38,000	$ 0	$ 0	$ 38,000
Construction in Progress	2,397,274	6,531,993	0	8,929,267
Total Nondepreciable Assets	2,435,274	6,531,993	0	8,967,267
Capital assets that are depreciated:				
Land Improvements	603,716	0	0	603,716
Buildings & Improvements	60,548,416	130,601	0	60,679,017
Furniture & Equipment	2,842,338	46,243	0	2,888,581
Vehicles	273,196	0	0	273,195
Total Depreciable Assets	64,267,666	176,844	0	64,444,509
Less: Accumulated Depreciation	(23,964,473)	(2,476,828)	0	(26,441,300)
Capital Assets, Net	$ 42,738,467	$ 4,232,009	$ 0	$ 46,970,476

NOTE 6. CAPITAL ASSETS. (Continued)

Depreciation expense was charged to governmental functions as follows:

General Support	$ 2,199,574
Instruction	259,925
Transportation	4,975
Cost of Sales	12,354
Total Depreciation	$ 2,476,828

NOTE 7. LONG-TERM LIABILITIES.

Long-term liability balances and activity for the year ended June 30, 2018 are summarized below:

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds Payable*	$ 17,913,005	$ 1,475,753	$ 2,421,727	$ 16,967,031	$ 2,814,457
Installment Purchase Debt	3,947,254	0	254,141	3,693,113	265,427
Total Bonds and Notes Payable	21,860,259	1,475,753	2,675,868	20,660,144	3,079,884
Other Liabilities:					
Compensated Absences	1,414,455	50,292	0	1,464,747	0
Other Postemployment Benefits	76,262,144	0	7,188,488	69,073,656	0
Net Pension Liability Proportionate Share	2,051,332	(1,666,822)	0	384,510	0
Total Other Liabilities	79,727,931	(1,616,530)	7,188,488	70,922,913	0
Total Long-Term Liabilities	$ 101,588,190	$ (140,777)	$ 9,864,356	$ 91,583,057	$ 3,079,884

*At June 30, 2018, Bonds Payable includes unamortized premiums of $151,278. This amount is being amortized over the life of the debt issuance to which it relates.

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences. Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Activity for Other Postemployment Benefits and Net Pension Liability have also been shown as net figures.

NOTE 7. LONG-TERM LIABILITIES. (Continued)

Existing serial bond and installment purchase obligations are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Balance
Serial Bonds	09/15/09	06/15/24	0.500%	$ 1,455,000
Serial Bonds	04/26/10	06/15/25	0.800%	8,345,000
Serial Bonds	12/22/10	12/01/24	Various	640,000
Serial Bonds	10/31/12	02/01/19	3.0000%	110,000
Serial Bonds	10/31/12	08/01/18	Various	225,000
Serial Bonds	10/13/16	12/01/24	Various	4,565,000
Serial Bonds	06/27/18	06/15/23	Various	1,475,753
				$ 16,815,753
Energy Performance Contract	12/21/05	12/15/21	13.656%	177,028
Energy Performance Contract	12/15/16	06/15/32	2.420%	3,516,085
				3,693,113
TOTAL				$ 20,508,866

The following is a summary of maturing debt service requirements:

For the Year Ended June 30,	Bonds Payable Principal	Bonds Payable Interest	Other Debt Principal	Other Debt Interest
2019	$ 2,775,753	$ 379,955	265,427	$ 107,979
2020	2,425,000	322,227	277,683	95,722
2021	2,450,000	264,591	291,030	82,376
2022	2,475,000	208,442	229,788	67,805
2023	2,425,000	149,321	235,383	62,211
2024 – 2028	4,265,000	123,844	1,265,716	222,252
2029 – 2033	-	-	1,128,087	62,286
TOTAL	$ 16,815,753	1,448,379	$ 3,693,113	$ 700,630

The following is a summary of obligations of government activities under capital leases (also included in the above summary of debt service requirements):

For the Year Ended June 30,	Total
2019	$ 373,406
2020	373,405
2021	373,406
2022	297,593
2023	297,593
2024 – 2028	1,487,967
2029 – 2033	1,190,373
Total Minimum Lease Payments	4,393,743
Less: Amount Representing Interest	(700,630)
Present Value of Minimum Lease Payments	$ 3,693,113

NOTE 8. PENSION PLANS.

Interest on long-term debt for the year was composed of:

Interest paid	411,150
Less: Interest accrued in the prior year	(45,643)
Less: Amortization of premium and deferred amount	(12,068)
Plus: Interest accrued in the current year	34,706
Total interest expense	$ 388,145

Pension Obligations

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

Plan Description & Benefits Provided

Employees' Retirement System Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). ERS and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Teachers' Retirement System Plan Description

The New York State Teachers Retirement System (the TRS System) was created and exists pursuant to Article 11 of the New York State Education Law. The System is the administrator of a cost-sharing, multiple-employer public employee retirement system (PERS), administered by a 10-member Board to provide pension and ancillary benefits to teachers employed by participating employers in the State of New York, excluding New York City. For additional Plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the System s website located at www.nystrs.org.

NOTE 8. PENSION PLANS. (Continued)

ERS Benefits Provided

The ERS System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

NOTE 8. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied 1for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Disability Retirement Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a members tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

NOTE 8. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

TRS Benefits Provided

The benefits provided to members of the TRS System are established by New York State and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

NOTE 8. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credit service times final average salary.

Under Article 19 of the RSSL, eligible Tiers 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of two additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or a reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at ages 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55 through 62 regardless of service credit.

Vested Benefits

Retirement benefits after 5 years of credited service except for Tiers 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations noted for service requirements above.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

Prior Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tiers 1 and 2 members may, under certain conditions, claim out of state service.

NOTE 8. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

Permanent Cost of Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of the annual benefit. The applicable percentage payable beginning September 2016 is 1.0%.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

Contributions

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Year	NYSTRS	NYSERS
2017 – 2018	$ 1,499,607	$ 457,520
2016 – 2017	1,732,099	431,740
2015 – 2016	1,910,102	453,241

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

NOTE 8. PENSION PLANS. (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported the following asset/(liability) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

At March 31, 2018, the District's proportion of the NYSERS net pension asset/(liability) was .0119138%, which was an increase of .000744%.

At June 30, 2017, the District's proportion of the NYSTRS net pension asset/(liability) was .093355%, which was an increase of .000177% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $457,339 and $1,900,976 for ERS and TRS, respectively. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	ERS	TRS	Total
Differences between expected and actual experience	$ 137,142	$ 583,817	$ 720,959
Changes of Assumptions	254,962	7,220,198	7,475,160
Net difference between projected and actual earnings on pension plan investments	558,470	-	558,470
Changes in proportion and difference between the District's contributions and proportionate share of contributions	33,488	35,195	68,683
District's contributions subsequent to the measurement date	109,437	1,496,821	1,606,258
Total	$ 1,093,499	$ 9,336,031	$ 10,429,530

NOTE 8. PENSION PLANS. (Continued)

	Deferred Inflows of Resources		
	ERS	TRS	Total
Differences between expected and actual experience	$ 113,329	$ 276,660	$ 389,989
Changes of Assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	1,102,364	1,671,285	2,773,649
Changes in proportion and difference between the District's contributions and proportionate share of contributions	38,062	9,949	48,011
District's contributions subsequent to the measurement date	-	-	-
Total	$ 1,253,755	$ 1,957,894	$ 3,211,649

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	ERS	TRS
2018	$ -	$ 171,841
2019	67,356	1,917,877
2020	60,797	1,374,635
2021	(274,004)	346,991
2022	(123,841)	1,370,658
Thereafter	-	699,313

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 15, 2017	June 30, 2016
Inflation Rate	2.5%	2.5%
Projected Salary Increases	3.8%	1.90% - 4.72% Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.
Projected Cost of Living Adjustments	1.3%, compounded annually	1.5%, compounded annually
Investment Rate of Return	7.0% compounded annually, net of investment expenses	7.25% compounded annually, net of investment expenses
Decrements	Actuarial experience study for the period April 1, 2010 to March 31, 2015	Actuarial experience study for the period July 1, 2009 to June 30, 2014
Mortality Improvement	Society of Actuaries Scale MP-2014	Society of Actuaries Scale MP-2014

NOTE 8. PENSION PLANS. (Continued)

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	ERS	
Measurement Date	March 15, 2018	
	Target Allocation	Long-term expected real rate of return
Asset Class:		
Domestic Equity	36%	4.55%
International Equity	14%	6.35%
Private Equity	10%	7.50%
Real Estate	10%	5.55%
Absolute Return Strategies	2%	3.75%
Opportunistic Portfolio	3%	5.68%
Real Assets	3%	5.29%
Bonds and Mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-indexed bonds	4%	1.50%
Total	100%	

	TRS	
Measurement Date	June 30, 2017	
	Target Allocation	Long-term expected real rate of return
Asset Class:		
Domestic Equities	35%	5.90%
International Equities	18%	7.40%
Real Estate	11%	4.30%
Alternative investments	8%	9.00%
Domestic fixed income securities	16%	1.60%
Global fixed income securities	2%	1.30%
High-yield fixed income securities	1%	3.90%
Mortgages	8%	2.80%
Short-term	1%	0.60%
	100%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8. PENSION PLANS. (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability)would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0% for ERS and 6.25% for TRS) or 1-percentage-point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

ERS	1% Decrease (6.00%)	Current Assumption (7.00%)	1% Increase (8.00%)
Employer's Proportionate Share of the Net Pension Asset/(Liability)	$ (2,909,304)	$ (384,510)	$ 1,751,366

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's Proportionate Share of the Net Pension Asset/(Liability)	(12,224,103)	709,588	11,540,913

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurement dates, were as follows:

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 15, 2018	June 30, 2017
Employers' total pension asset/(liability)	$ (183,400,590)	$ (114,708,261)
Plan net position	180,173,145	115,468,360
Employers' net pension asset/(liability)	$ (3,227,445)	$ 760,099
Ration of plan net position to the employers' total pension asset/(liability)	98.24%	100.66%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contributions for the period of April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to $109,437.

NOTE 8. PENSION PLANS. (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS system. Accrued retirement contributions as of June 30, 2018 amounted to $1,496,821.

NOTE 9. INTERFUND BALANCES AND ACTIVITY.

Interfund balances and activity for the year ended June 30, 2018, were as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 1,392,841	$ 38,849	$ 0	$ 1,996,714
Special Aid Fund	0	1,173,213	75,000	0
School Lunch Fund	473	191,873	185,000	0
Capital Fund	29,515	30,856	1,736,714	0
Debt Service Fund	69,583	0	0	0
Total Governmental Activities	1,492,412	1,434,791	1,996,714	1,996,714
Fiduciary Agency Fund	0	57,621	0	0
Totals	$ 1,492,412	$ 1,492,412	$ 1,996,714	$ 1,996,714

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

The District typically transfers from the General Fund to the Special Aid Fund to fund the portion of the Summer Handicapped Program not funded by aid from New York State.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS.

General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan ("the District's OPEB plan"), provides OPEB for eligible retired employees, their spouses and their dependent children. The District's OPEB plan is a single-employer defined benefit OPEB plan administered by the District based on employment contracts. As these employment contracts are renegotiated, eligibility and benefits may change over time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District's OPEB plan subsidizes the cost of healthcare eligible retired employees, their spouses and their dependent children. Minimum eligibility requirements for post-employment benefits are as follows:

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

- The retiree has attained age 55 years while in the employment of the District and meets the follow service requirements:
  - Service requirements range from 5 to 15 years of service based on the employment category (contract) and date of hire.
- The retiree is receiving retirement benefits from the NYS Employees' Retirement System or the NYS Teachers' Retirement System

The retiree is required to make a contribution towards the cost of coverage; contributions vary not only according to employment category (contract). The District reimburses Medicare Part B premiums for retirees who met the eligibility requirements at the time of retirement. In addition, the District will reimburse Medicare Part B premiums some future retirees.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	249
Active employees	180
Total Employees Covered by Benefit Terms	429

Total OPEB Liability

The District's total OPEB liability of $69,073,656 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.5%
Projected Salary Increases	0.00%
Discount Rate	3.58%
Healthcare Cost Trend Rates	Pre-65: 7.40% for 2018, decreasing to an ultimate rate of 4.50% for 2024 and later years Post-65: 8.70% for 2018, decreasing to an ultimate rate of 4.50% for 2024 and later years
Current Retirees' Share of Benefit Related Costs	Retirees pay 50% - 85% of the cost of single/family coverage and 42% - 75% for the spouse/family based on years of service with the District.
Future Retirees' Share of Benefit Related Costs	Retirees pay 50% - 85% of the cost of single/family coverage and 42% - 75% for the spouse/family based on years of service with the District.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

The discount rate was based on a review of the yield derived from the Bond Buyer 20 GO Bond Index.

Mortality rates were based on the RP-2014 Headcount Weighted Mortality Table projected generationally with MP-2016 from the central year.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2017 - June 30, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2017	$ 76,262,144
Changes for the Year:	
Service cost	2,482,066
Interest	2,226,864
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	(10,671,559)
Benefit payments	(1,225,859)
Net Changes	(7,188,488)
Balance at June 30, 2018	$ 69,073,656

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current discount rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	$ 84,263,272	$ 69,073,656	$ 57,433,323

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Total OPEB Liability	$ 56,214,259	$ 69,073,656	$ 86,251,349

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $1,824,038. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	$ 0	$ 9,069,223
District's contributions subsequent to the measurement date	1,282,556	0
Total	$ 1,282,556	$ 9,069,223

District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2019	$ (1,602,336)
2020	(1,602,336)
2021	(1,602,336)
2022	(1,602,336)
2023	(1,602,336)
Thereafter	(1,057,543)

NOTE 11. RISK MANAGEMENT.

General Information

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

NOTE 12. COMMITMENTS AND CONTINGENCIES.

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial.

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of GASB #16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports $1,464,747 for accumulating, non-vesting sick leave.

NOTE 13. ENCUMBRANCES.

Encumbrances represent contracts, purchase orders, payroll commitments, tax payables, or legal penalties that are chargeable to an account. They cease to be encumbrances when paid or when the actual liability amount is determined and recorded as an expenditure.

NOTE 13. ENCUMBRANCES. (Continued)

Encumbrances of appropriations of budgets for the year ended June 30, 2018 have been included in the assigned fund balance of the General Fund and in the restricted fund balance of all other funds at June 30, 2018 as follows:

General Fund	$ 571,366
Special Aid Fund	100
School Lunch Fund	200
Capital Projects Fund	767,501
Total Encumbrances	$ 1,339,167

NOTE 14. DONOR-RESTRICTED ENDOWMENTS.

The District administers endowment funds, which are restricted by the donor for the purpose of student scholarships and awards.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 15. TAX ABATEMENTS.

The District negotiates property tax abatement agreements on an individual basis. The District has tax abatement agreements with eleven entities as of June 30, 2018:

Full Assessed Value	Full Tax	PILOT's Received	Tax Abated
$ 17,644,540	$ 527,202	$ 436,867	$ 90,335

Each agreement was negotiated under municipal law, allowing localities to abate property taxes for a variety of development purposes, including business relocation, retention and expansion. The abatements may be granted to any business located within or promising to relocate to a local government's geographic area. Localities may grant abatements up to 50% of annual property taxes through a direct reduction of the entity's property tax bill. The municipal law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

The District has not made any commitments as part of the agreements other than to reduce property taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities. The District has chosen to disclose information about its tax abatement agreements by purpose. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

NOTE 16. RESTATEMENT OF NET POSITION.

For the fiscal year ended June 30, 2018, the District implemented GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB Statement 75 requires the liability of employers and non-employer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position (if any).

Additionally for the fiscal year ended June 30, 2018, the District determined that a fund balance reclassification of $157,351 between the Capital and General funds was necessary. The reclassification was due to emergency capital expenditures in the 2016-2017 year which were originally charged in the General Fund and should have been recorded in the Capital Fund.

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

Net Positon Beginning of Year, as Previously Stated	$ 15,057,780
GASB Statement 75 Implementation	
Removal of Total OPEB Liability under Statement 45	27,004,934
Restated Total OPEB Liability under Statement 75	(76,262,144)
Deferred Outflows (Inflows) of Resources under Statement 75:	
District's contributions subsequent to the measurement date	1,225,859
Net Change in Net Position for Statement 75 Implementation	(48,031,351)
Reclassification of Emergency Capital Expenditures from General to Capital	
Removal of Fund Balance - General Fund - June 30, 2017	(10,523,722)
Restated Fund Balance - General Fund - June 30, 2017	10,681,073
Removal of Fund Balance - Capital Fund - June 30, 2017	(3,694,198)
Restated Fund Balance - Capital Fund - June 30, 2017	3,536,847
Net Change in Net Position for Reclassification of Expenditures	0
Net Position Beginning of Year, As Restated	$ (32,973,571)

NOTE 17. SUBSEQUENT EVENTS.

The District has evaluated subsequent events through October 15, 2018, the date that the financial statements were available to be issued. As of this date, there are no subsequent events to report.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

	6/30/2017
Total OPEB Liability	
Service Cost	$ 2,482,066
Interest	2,226,864
Changes of Assumptions	(10,671,559)
Benefit Payments	(1,225,859)
Net change in total OPEB liability	(7,188,488)
Total OPEB liability - beginning	76,262,144
Total OPEB liability - ending	$ 69,073,656
Covered-employee payroll	$ 18,337,336
Total OPEB liability as a percentage of covered-employee payroll	376.68%

Notes to Schedule:
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits

*GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2018, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) FINAL BUDGET
REVENUES				
LOCAL SOURCES:				
Real Property Taxes	$ 18,666,828	$ 17,135,157	$ 17,130,415	$ (4,742)
Other Tax Items	477,309	2,008,980	2,083,044	74,064
Charges for Services	70,000	70,000	146,783	76,783
Use of Money & Property	167,811	167,811	185,214	17,403
Sale of Property & Compensation for Loss	1,200	1,200	127,072	125,872
Miscellaneous	240,000	240,000	1,083,860	843,860
STATE SOURCES	26,128,973	26,128,973	25,777,550	(351,423)
FEDERAL SOURCES	40,000	40,000	286,505	246,505
TOTAL REVENUES	45,792,121	45,792,121	46,820,443	$ 1,028,322
OTHER SOURCES:				
Operating Transfers In	0	0	0	
Appropriated Fund Balance and Reserves	1,674,547	3,324,547	0	
TOTAL REVENUES & OTHER FINANCING SOURCES	$ 47,466,668	$ 49,116,668	$ 46,820,443	

See paragraph on supplementary schedules included in auditor's report.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
EXPENDITURES					
GENERAL SUPPORT:					
Board of Education	$ 44,642	$ 69,868	$ 69,865	$ 1	$ 2
Central Administration	231,910	402,361	402,361	0	0
Finance	452,680	487,786	483,386	4,400	0
Staff	322,050	291,006	291,006	0	0
Central Services	2,663,140	2,744,178	2,459,650	44,145	240,383
Special Items	767,609	862,214	859,162	0	3,052
INSTRUCTIONAL:					
Instruction, Administration & Improvement	1,655,569	1,814,913	1,805,634	412	8,867
Teaching – Regular School	12,155,464	11,631,230	11,349,587	119,719	161,924
Programs for Children with Handicapping Conditions	7,593,388	7,692,143	7,109,041	288,438	294,664
Occupational Education	388,259	372,653	370,309	204	2,140
Teaching – Special Schools	125,437	113,630	112,673	0	957
Instructional Media	1,755,728	1,799,138	1,772,795	26,334	9
Pupil Services	1,734,552	1,731,983	1,728,375	1,488	2,120
PUPIL TRANSPORTATION	2,846,937	3,310,511	3,142,561	0	167,950
COMMUNITY SERVICES	173,829	149,983	145,564	0	4,419
EMPLOYEE BENEFITS	11,217,400	10,597,780	10,511,555	86,225	0
DEBT SERVICE:					
Debt Service – Principal	2,618,682	2,624,141	2,624,141	0	0
Debt Service – Interest	359,392	411,150	411,150	0	0
TOTAL EXPENDITURES	47,106,668	47,106,668	45,648,815	571,366	886,487
OTHER USES:					
Operating Transfers Out	360,000	2,010,000	1,996,714	0	13,286
TOTAL EXPENDITURES & OTHER USES	$ 47,466,668	$ 49,116,668	47,645,529	$ 571,366	$ 899,773
DEFICIENCY OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES			$ (825,086)		

See paragraph on supplementary schedules included in auditor's report.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION ASSET/LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

NYSERS Pension Plan
Last 10 Fiscal Years*

	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
District's proportion of the net pension asset/(liability)	0.011914%	0.011170%	0.011183%	0.0119841%	0.0119841%
District's propoortionate share of the net pension asset/(liability)	(384,510)	(1,049,562)	(1,794,958)	(404,852)	(541,544)
District's covered-employee payroll	3,218,440	2,949,577	2,818,712	2,936,499	3,092,765
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-11.95%	-35.58%	-63.68%	-13.79%	-17.51%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	97.95%	97.95%	97.15%

NYSTRS Pension Plan
Last 10 Fiscal Years*

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
District's proportion of the net pension asset/(liability)	0.093355%	0.093532%	0.093330%	0.093884%	0.096801%
District's propoortionate share of the net pension asset/(liability)	709,588	(1,001,770)	9,694,034	10,458,060	637,194
District's covered-employee payroll	15,116,283	14,432,979	14,263,564	13,868,086	14,179,215
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	4.69%	-6.94%	67.96%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	111.48%	111.48%	100.70%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this was the year of implementation prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

NYSERS Pension Plan
Last 10 Fiscal Years*

	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
Contractually required contribution	$ 457,360	$ 442,452	$ 475,136	$ 515,672	$ 646,742
Contributions in relation to the contractually required contribution	457,360	442,452	475,136	515,672	646,742
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	3,218,440	2,949,577	2,818,712	2,936,499	3,092,765
Contributions as a percentage of its covered-employee payroll	14.21%	15.00%	16.86%	17.56%	20.91%

NYSTRS Pension Plan
Last 10 Fiscal Years*

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Contractually required contribution	$ 1,733,815	$ 1,913,813	$ 2,457,612	$ 2,253,564	$ 1,678,819
Contributions in relation to the contractually required contribution	1,733,815	1,913,813	2,457,612	2,253,564	1,678,819
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	15,116,283	14,432,979	14,263,564	13,868,086	14,179,215
Contributions as a percentage of its covered-employee payroll	11.47%	13.26%	17.23%	16.25%	11.84%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this was the year of implementation prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

CHANGE FROM ADOPTED TO FINAL BUDGET

ADOPTED BUDGET		$ 45,913,009
ADDITIONS:		
Encumbrances from Prior Year		1,553,659
ORIGINAL BUDGET		47,466,668
BUDGET REVISIONS:		
Budget Amendment for Appropriation from Capital Reserve:		
District-Wide Renovation and Addition Project (Voter Approved)		1,650,000
REVISED BUDGET		$ 49,116,668

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018–2019 Voter-Approved Expenditure Budget Maximum Allowed (4% of 2018–2019 Budget, $48,849,113)		$ 1,953,965
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted Fund Balance:		
Assigned Fund Balance	$ 1,321,366	
Unassigned Fund Balance	1,790,041	
Total Unrestricted Fund Balance	$ 3,111,407	
Less:		
Appropriated Fund Balance	750,000	
Encumbrances Included in Committed and Assigned Fund Balance	571,366	
Total Adjustments	$ 1,321,366	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 1,790,041
Actual Percentage		3.66%

See paragraph on supplementary schedules included in auditor's report.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2018

			EXPENDITURES TO DATE				METHODS OF FINANCING			FUND BALANCE
	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	PRIOR YEARS	CURRENT YEAR	TOTAL	UNEXPENDED BALANCE	PROCEEDS FROM DEBT	LOCAL SOURCES	TOTAL	JUNE 30, 2018
High School Renovation and Reconstruction Project	9,597,050	9,597,050	2,294,687	6,531,936	8,826,623	770,427	1,475,753	7,528,187	9,003,940	177,317
Middle School Reconstruction Project	100,000	100,000	102,588	0	102,588	(2,588)	0	100,000	100,000 0	(2,588)
Energy Performance Contract	3,724,793	3,724,793	3,724,793	0	3,724,793	0	3,724,793	0	3,724,793	0
2016-2017 Capital Project	100,000	100,000	0	35,058	35,058	64,942	0	100,000	100,000	64,942
2017-2018 Capital Project	100,000	100,000	0	95,600	95,600	4,400	0	100,000	100,000	4,400
Athletic Field Emergency Repair	157,351	157,351	157,351	0	157,351	0	0	0	0	(157,351)
	$ 13,779,194	$ 13,779,194	$ 6,279,419	$ 6,662,594	$ 12,942,013	$ 837,181	$ 5,200,546	$ 7,828,187	$ 13,028,733	$ 86,720

See paragraph on supplementary schedules included in auditor's report.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS, NET		$ 46,970,476
ADDITIONS:		
Deferred Amount of Refunding	$ 257,784	
Total Additions		257,784
DEDUCTIONS:		
Short-term Portion of Bonds Payable (includes Unamortized Premiums of $38,704)	$ 2,814,457	
Long-term Portion of Bonds Payable (includes Unamortized Premiums of $112,574)	14,152,574	
Short-term Portion of Installment Debt	265,427	
Long-term Portion of Installment Debt	3,427,686	
Total Deductions		20,660,144
NET INVESTMENT IN CAPITAL ASSETS		$ 26,568,116

See paragraph on supplementary schedules included on auditor's report.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
STATEMENT OF INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2018

	DATE OF ORIGINAL ISSUE	MATURITY	INTEREST RATE	OUTSTANDING BEGINNING OF FISCAL YEAR	ISSUED DURING YEAR	PAID DURING YEAR	OUTSTANDING END OF YEAR	AMOUNT OF INTEREST PAID DURING FISCAL YEAR	AMOUNT OF INTEREST ACCRUED AT JUNE 30, 2018
BANS PAYABLE									
BAN - 2017	9/21/2017	6/29/2018	2.000%	$ -	$ 3,705,578	$ 3,705,578	$ -	$ 57,231	$ -
BONDS & OTHER DEBT									
Energy Performance Contract	12/21/2005	12/15/2021	13.656%	$ 222,461	$ -	$ 45,433	$ 177,028	$ 30,379	$ 13,048
Serial Bonds – QZAB	9/15/2009	6/15/2024	0.500%	1,700,000	-	245,000	1,455,000	8,486	299
Serial Bonds – QZAB	4/26/2010	6/15/2025	0.800%	9,500,000	-	1,155,000	8,345,000	76,000	2,744
Serial Bonds	12/22/2010	12/1/2024	Various	1,255,000	-	615,000	640,000	30,794	1,653
Refunding Serial Bonds – 2012 Series A	10/31/2012	2/1/2019	3.000%	215,000	-	105,000	110,000	6,450	1,347
Refunding Serial Bonds – 2012 Series B	10/31/2012	8/1/2018	Various	435,000	-	210,000	225,000	16,500	4,592
Refunding Serial Bonds - 2016	10/13/2016	12/1/2024	Various	4,605,000	-	40,000	4,565,000	96,425	7,254
Energy Performance Contract - 2016	12/15/2016	6/15/2032	2.420%	3,724,793	-	208,708	3,516,085	88,885	3,497
Serial Bonds	6/27/2018	6/15/2023	Various	-	1,475,753	-	1,475,753	-	273
TOTAL INDEBTEDNESS				$ 21,657,254	$ 5,181,331	$ 6,329,719	$ 20,508,866	$ 411,150	$ 34,706

See paragraph on supplementary schedules included in auditor's reprot.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the President and Members
of the Board of Education of the
Liberty Central School District
Liberty, New York 12754

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Liberty Central School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Liberty Central School District's basic financial statements and have issued our report thereon dated October 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Liberty Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Liberty Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Liberty Central School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Liberty Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nugent & Haeussler, P.C.

Montgomery, New York
October 15, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the President and Members
of the Board of Education of the
Liberty Central School District
Liberty, New York 12754

Report on Compliance for Each Major Federal Program

We have audited the Liberty Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Liberty Central School District's major federal programs for the year ended June 30, 2018. Liberty Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Liberty Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Liberty Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Liberty Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Liberty Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed two instances of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002. Our opinion on each major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

Management of the Liberty Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Liberty Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Liberty Central School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items #2018-001 and #2018-002, that we consider significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Nugent + Haeussler, P.C.

Montgomery, New York
October 15, 2018

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION				
Passed-through NYS Education Department:				
Special Education Cluster:				
IDEA – Part B, Section 611	84.027	0032-17-0965	$ 46,851	$ 425,968
IDEA – Part B, Section 619	84.173	0033-17-0965	9,636	13,762
Total Special Education Cluster			56,487	439,730
Temporary Emergency Impact Aid	84.938C	0080-18-2290	0	2,250
Title I Parts A&D, Basic Program	84.010	0021-17-3300	0	28,018
Title I Parts A&D, Basic Program	84.010	0021-18-3300	0	482,988
Title I School Improvement	84.010A	0011-17-2230	8,250	13,928
Title I School Improvement	84.010A	0011-18-2230	55,508	75,176
McKinney-Vento Homeless Assistance	84.196	0212-18-3009	0	40,000
Title II Part A, Teacher & Principal Training & Recruiting	84.367	0147-18-3300	0	70,247
Title III Part A, LEP	84.365	0293-18-3300	0	21,027
Title V, Rural & Low Income Schools	84.358B	0006-17-3300	0	25,929
TOTAL U.S. DEPARTMENT OF EDUCATION			63,758	1,199,293
U.S. DEPARTMENT OF AGRICULTURE				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Cash Assistance				
National School Lunch Program	10.555	N/A	0	628,601
National School Breakfast Program	10.553	N/A	0	323,032
National Summer Food Program	10.555	N/A	0	38,254
Cash Assistance Subtotal			0	989,887
Non-Cash Assistance (food distribution)				
National School Lunch Program	10.555	N/A	0	74,928
TOTAL U.S. DEPT. OF AGRICULTURE, CHILD NUTRITION CLUSTER			0	1,064,815
TOTAL FEDERAL AWARDS EXPENDED			$ 63,758	$ 2,264,108

The accompanying notes are an integral part of the schedule

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION.

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2. NON-CASH ASSISTANCE.

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted $74,928 of commodities under the Commodity Supplemental Food Program (CFDA 10.555).

NOTE 3. OTHER DISCLOSURES.

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Opinion Issued: Unqualified

Internal Control over Financial Reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses	____ Yes	X No
Noncompliance material to financial statements noted?	____ Yes	X No

FEDERAL AWARDS

Internal Control over Major Programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses	X Yes	____ No

Type of Auditor's Opinion Issued on Compliance for Major Programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR-200.516(a)??	____ Yes	X No

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA NUMBERS	NAME OF FEDERAL PROGRAM OR CLUSTER
10.553, 10.555	Child Nutrition Cluster
84.367	Title IIA Part A, Teaching & Principal Training & Recruiting

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee?	____ Yes	X No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings relating to the financial statements which were required to be reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Finding on Internal Control over Compliance

Finding Reference: 2018-001
Federal Agency: U.S. Department of Education
Federal Program: Title II Part A, Teacher & Principal Training and Recruiting (84.367)
Compliance Requirement: Activities Allowed or Unallowed
Type of Finding: a) Significant Deficiency in Internal Control Over Compliance
b) Compliance Finding

Criteria: According to 2 CFR, Part 200.430(i)(1) of the Office of Management and Budget's Uniform Grant Guidance, charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed, which must, among other things:

a) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
b) Be incorporated into the official records of the non-Federal entity;
c) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity;
d) Encompass both federally assisted and all other activities compensated by the non-Federal entity;
e) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Condition: The School District did not have completed certifications on file for employees that work in the Title II federal award program.

Cause: The School District did not have adequate internal controls in place to ensure the certifications were being completed for all necessary employees, completed correctly and maintained.

Effect: Without adequate internal controls over the employee certification requirement, the School District cannot ensure that federal funds are paid in accordance with the time worked in the grant. Payments that do not agree with the time worked are unallowable and subject to recovery by the grantor.

Questioned Costs: The employee's time in question was reviewed and the percentages of their salaries being charged to the grant were found to be appropriate, therefore, there are no questioned costs.

Recommendation: We recommend that the District have all employees working in federal award programs certify the percentage of time worked in each federal award program.

Management Response: Management has not yet issued a response.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

A. Finding on Internal Control over Compliance (continued)

Finding Reference: 2018-002
Federal Agency: U.S. Department of Education
Federal Program: Title II Part A, Teacher & Principal Training and Recruiting (84.367)
Compliance Requirement: Matching, Level of Effort, Earmarking
Type of Finding: a) Significant Deficiency in Internal Control Over Compliance
b) Compliance Finding

Criteria: The grant budget document submitted to and approved by the State Education Department included an amount to be used for professional development for one of the associated District private schools.

Condition: The School District did not provide funds to the private school as identified in their budget.

Cause: The School District did not have adequate internal controls in place to ensure that all budgeted expectations were being met.

Effect: Without adequate internal controls over budget management, the School District cannot ensure that federal funds are used, distributed or expended in accordance with budgeted expectations.

Questioned Costs: The amount ultimately charged to this grant was the partial salary and related employee benefits of a teacher utilized for class size reduction. The $767 which was originally allocated to professional development and not charged to grant is considered a questioned cost.

Recommendation: We recommend that the District submit accurate budgets and spend accordingly. When adjustments to budgetary categorizations are necessary, the appropriate documentation should be submitted as timely and accurately as possible.

Management Response: Management has not yet issued a response.

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Liberty Central School District
Liberty, New York 12754

We have audited the accompanying financial statements of the extraclassroom activity funds of the Liberty Central School District, which comprise of the statement of assets, liabilities, and fund balance–cash basis as of June 30, 2018, and the related statement of receipts and disbursements–cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the extraclassroom activity funds of the Liberty Central School District as of June 30, 2018, and its receipts and disbursements – cash basis for the year then ended, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Nugent + Haeussler, P.C.

Montgomery, New York
October 15, 2018

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE – CASH BASIS
JUNE 30, 2018

ASSETS

Cash	$ 97,321

FUND BALANCE

Fund Balance, Beginning of Year	$ 92,358
Excess of Receipts over Disbursements	4,963
Fund Balance, End of Year	$ 97,321

See notes to financial statements.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF RECEIPTS & DISBURSEMENTS – CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

	CASH BALANCE JUNE 30, 2017	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2018
Art Club	$ 260	$ 0	$ 260	$ 0
Art Honor Society	76	460	355	181
Class of 2017	2,873	0	2,873	0
Class of 2018	13,692	18,756	29,172	3,276
Class of 2019	4,600	5,651	3,166	7,085
Class of 2020	4,482	8,467	4,039	8,910
Class of 2021	0	7,516	3,652	3,864
Disc Jockey Club	1,257	647	144	1,760
Future Business Leaders of America (FBLA)	784	3,747	3,767	764
High School Band	2,286	1,631	2,792	1,125
High School Chorus	14,625	12,718	12,374	14,969
High School Student Council	1,413	3,093	1,968	2,538
High School Yearbook (Libertas)	3,153	11,118	12,067	2,204
Interact	538	2,809	2,100	1,247
Junior National Honor Society	620	962	800	782
Liberty Performing Arts	13,875	8,148	6,712	15,311
Library Club	14	0	14	0
Middle School Band	8,259	9,006	5,544	11,721
Middle School Store	3,238	0	3,238	0
Middle School Student Council	4,380	6,450	3,298	7,532
Middle School Yearbook	1,871	0	0	1,871
National Honor Society	106	213	46	273
Orchestra Club	3,873	3,111	2,038	4,946
Photography Club	569	34	0	603
Sales Tax	2,839	3,215	2,768	3,286
Science Olympiad	257	280	270	267
Students Against Drunk Driving	1,742	0	0	1,742
Technology Club	285	1	0	286
Visual Arts Club	391	987	600	778
	$ 92,358	$ 109,020	$ 104,057	$ 97,321

See notes to financial statements.

LIBERTY CENTRAL SCHOOL DISTRICT
LIBERTY, NEW YORK
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

(a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Liberty Central School District. We have included the Extraclassroom Activity Fund balances within the fiduciary funds of the financial statements. The separate audit report of the Extraclassroom Activity Funds is required due to the fact that the transactions of this fund are controlled by student management.

(b) The books and records of the Liberty Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

(c) The Extraclassroom Activity Funds are used to record the activity of all student-related activities within the District. These funds are under the control of an appointed central treasurer who maintains cash receipts and cash disbursement books. All receipts are collected by the student activity treasurer and disbursements must be approved by the student management.