PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **SERIAL BONDS**
MOODY'S RATING: "Aa2" **See "BOND RATING" herein.**

In the opinion of Barclay Damon, LLP, Albany, New York, Bond Counsel, under existing law (1) interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Internal Revenue Code of 1986, as amended (the "Code"), except (A) interest on the Bonds is included in the adjusted current earnings of corporations for purposes of calculating corporate alternative minimum taxable income and (B) that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance thereof, (2) 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). (See the caption "TAX MATTERS" herein.)

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

$6,972,974

TACONIC HILLS CENTRAL SCHOOL DISTRICT AT CRARYVILLE COLUMBIA AND DUTCHESS COUNTIES, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE #: 873548

$6,972,974 School District (Serial) Bonds, 2016

(referred to hereinafter as the "Bonds")

Dated: Date of Delivery **Due: June 15, 2017-2027**

MATURITIES**

Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP
2017	$ 547,974	%	%		2021	$ 620,000	%	%		2025	$ 705,000*	%	%	
2018	565,000				2022	640,000				2026	725,000*			
2019	585,000				2023	660,000				2027	640,000*			
2020	600,000				2024	685,000								

* The Bonds maturing in the years 2025-2027 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 Bond Sale in order to achieve substantially level or declining annual debt service.

The Bonds are general obligations of the Taconic Hills Central School District at Craryville, Columbia and Dutchess Counties, New York (the "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 "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds, registered in the name of the purchaser, or, and, at the option of the purchaser, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof, except for a necessary odd denomination maturing in 2017. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on December 15, 2016 and semi-annually thereafter on June 15 and December 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, as described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of $5,000 or any integral multiple thereof, except for a necessary odd denomination maturing in 2017, and the District will act as paying agent. 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 for the Bonds shall be for not less than $6,972,974 and accrued interest, if any, on the total principal amount of the Bonds. Proposals must be accompanied by a good faith deposit in the form of a wire transfer or certified or cashier's check, payable to the order of the Taconic Hills Central School District at Craryville, Columbia and Dutchess Counties, New York, in the amount of $139,460.

The Bonds are offered when, as and if issued and received by the Purchaser and subject to the receipt of an unqualified legal opinion as to the validity of the Bonds of Barclay Damon, LLP, Bond Counsel, Albany, 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 agreed upon with the purchaser(s), on or about June 23, 2016.

ELECTRONIC BIDS for the Bonds may be submitted via iPreo's Parity Electronic Bid Submission System ("Parity") on June 2, 2016 until 11:15 A.M., Eastern Time, pursuant to the Notice of 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) 752-0057. Once the bids are communicated electronically via Parity or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Bonds pursuant to the terms provided in the Notice of Sale for the Bonds.

May 25, 2016

THE 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(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – CONTINUING DISCLOSURE UNDERTAKING" HEREIN.

TACONIC HILLS CENTRAL SCHOOL DISTRICT AT CRARYVILLE
COLUMBIA AND DUTCHESS COUNTIES, NEW YORK

SCHOOL DISTRICT OFFICIALS

BOARD OF EDUCATION

CHRISTINE PERRY
President

NADINE GAZZOLA
Vice President

BONNIE TORCHIA
JOSEPH COSTA

CLIFFORD CAMPBELL
DONALD McCOMB
HARVEY WEBER

JEFFREY HOTALING
RONALD MORALES

* * * * * * * * *

NEIL L. HOWARD, JR.
Superintendent of Schools

CYBIL HOWARD
Business Manager

LINDA MILLER
School District Treasurer

SICKLER, TORCHIA, ALLEN & CHURCHILL CPA's P.C.
Certified Public Accountant

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

BARCLAY DAMON
Bond Counsel

No person has been authorized by the Taconic Hills Central School District at Craryville 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 Taconic Hills Central School District at Craryville.

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AUDITED FINANCIAL STATEMENTS – JUNE 30, 2015

PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

TACONIC HILLS CENTRAL SCHOOL DISTRICT AT CRARYVILLE
COLUMBIA AND DUTCHESS COUNTIES, NEW YORK

Relating To

$6,972,974 School District (Serial) Bonds, 2016

This Official Statement, which includes the cover page, has been prepared by the Taconic Hills Central School District at Craryville, Columbia and Dutchess Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the School District of $6,972,974 principal amount of School District (Serial) Bonds, 2016 (referred to herein as 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 of and interest on the Bonds 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 "TAX LEVY LIMITATION LAW" herein.

The Bonds will be dated June 23, 2016 and will mature in the principal amounts as set forth on the cover page. The Bonds will be issued in either (i) registered form registered in the name of the purchaser, in denominations of $5,000 each or multiples thereof, except for a necessary odd denomination maturing in 2017, as may be determined by the successful bidder(s) or (ii) at the option of the purchaser(s), as registered Bonds, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Optional Redemption

The Bonds maturing on or before June 15, 2024 shall not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2025 shall 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 District on June 15, 2024 or on any payment date thereafter at par (100.0%), plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the District by lot in any customary manner of selection as determined by the President of the Board of Education. Notice of such call for redemption shall be given by mailing such notice to the registered holders not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Purpose of Issue

The Bonds are issued pursuant to the Constitution and Statutes of the State of New York, including the Education Law and the Local Finance Law and pursuant to a bond resolution duly adopted by the Board of Education on June 17, 2009 authorizing the issuance of $15,000,000 serial bonds to pay part of the cost of the construction of additions to and reconstruction of various school district buildings in and for said District.

The proceeds of the Bonds, along with $140,000 available funds of the District, will redeem and permanently finance the $7,112,974 bond anticipation notes maturing on June 25, 2016 for the abovementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds, if so requested. 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 note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

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 Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds 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 Note 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.

Redemption proceeds, principal and interest 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, note 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, note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry-only 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; 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 purchaser elects to have the Bonds registered in its name, 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, except for one necessary odd denomination maturing in 2017. Principal of the Bonds when due will be payable upon presentation at the office of the District or 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. Interest on the Bonds will be payable on December 15, 2016 and semi-annually thereafter on June 15 and December 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 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 Certificate of Determination 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 District is located in the Towns of Ancram, Austerlitz, Claverack, Copake, Gallatin, Ghent, Hillsdale, Livingston and Taghkanic in Columbia County and the Town of North East in Dutchess County. The District covers approximately 196 square miles and has a population of 12,112 (2013 U.S. Census estimate).

The District is served by New York State Routes 22 and 23. The Taconic State Parkway provides access to the New York State Thruway. Rail and air transportation are easily accessible in Albany to the north or New York City to the south.

The District is a mixture of residential and agricultural areas. Major employers of the District residents include the manufacturing firms of COARC, Schweitzer Maudit and Nova-Pack, as well as the many colleges located throughout the Hudson Valley. Residents also commute to Albany County for employment.

Water and sewer services are provided by various municipal systems as well as by private wells and septic systems. Police protection is provided by the Columbia County Sheriff's Department and supplemented by the New York State Police and various town police. Various volunteer organizations provide fire protection. Electricity is provided by New York State Electric & Gas Corporation and National Grid. Telephone service is provided by Fairpoint Communications and Verizon New York, Inc.

The District provides public education for grades Pre-K-12. Higher educational opportunities are available at Columbia-Greene Community College and at the many colleges and universities in the Albany and New York City areas.

District residents find most of the usual commercial and financial services in Copake, as well as in nearby Hudson. Banking services are provided by an office of KeyBank, N.A. The local area is rich in cultural and recreational activities and is further enhanced with the Berkshires to the east and the Catskills to the west.

Source: District Officials.

Population

The current estimated population of the District is 12,089. (Source: 2014 U.S. Census Bureau estimate)

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 include the District, are the Towns and Counties listed below. The figures set below with respect to such Towns and Counties are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or Counties are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2010-2014	2000	2006-2010	2010-2014
Towns of:						
Ancram	$ 22,541	$ 37,193	$ 32,364	$ 47,708	$ 65,000	$ 69,271
Austerlitz	38,054	39,321	42,162	56,771	70,179	80,972
Claverack	19,848	31,965	30,433	50,175	73,250	64,898
Copake	23,088	41,046	34,323	46,544	83,676	68,792
Gallatin	21,041	32,145	31,325	48,393	68,289	71,875
Ghent	21,365	30,304	37,643	52,096	78,558	74,250
Hillsdale	27,186	38,425	43,143	46,250	61,250	100,556
Livingston	22,434	22,822	27,185	41,827	59,750	66,217
North East	24,650	26,416	33,296	48,179	71,250	74,048
Taghkanic	29,850	40,612	31,262	51,908	74,000	74,167
Counties of:						
Columbia	23,940	31,844	32,665	63,254	69,132	72,333
Dutchess	22,265	31,642	33,962	49,357	83,599	89,352
State of:						
New York	23,389	30,948	32,829	51,691	67,405	71,419

Note: 2011-2015 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 2010-2014 American Community Survey data.

Selected Listing of Larger Employers

Name of Employer	Type of Business	Approx. Number of Employees
COARC	Manufacturing	425
Taconic Hills Central School District at Craryville	Public Education	288
Herrington Lumber	Lumber/Home Building	154
Pine Haven Nursing Home	Elder Care	154
Schweitzer-Maudit	Paper Products Manufacturer	110
Nova-Pack	Plastic Manufacturer	100

Source: District Officials

Unemployment Rate Statistics

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

	Annual Average						
	2009	2010	2011	2012	2013	2014	2015
Columbia County	7.4%	7.3%	7.1%	7.1%	6.0%	4.7%	4.1%
Dutchess County	7.7%	7.7%	7.5%	7.8%	6.7%	5.3%	4.6%
New York State	8.3%	8.6%	8.3%	8.5%	7.7%	6.3%	5.3%

	Monthly Figures											
	2015						2016					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Columbia County	4.0%	3.6%	3.6%	3.4%	3.4%	3.6%	4.3%	4.3%	4.1%	N/A	N/A	N/A
Dutchess County	4.8%	4.3%	4.4%	4.1%	4.0%	4.0%	4.6%	4.4%	4.1%	N/A	N/A	N/A
New York State	5.4%	5.0%	4.8%	4.7%	4.8%	4.7%	5.4%	5.4%	5.2%	4.6%	N/A	N/A

Note: Unemployment rates for April, May and June of 2016 are unavailable as of the date of this Official Statement.

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

District Organization

The District is an independent entity governed by an elected Board of Education which is the policy-making body of the District comprised of nine members. District operations are subject to the provisions of the State Education Law affecting school district; other statutes applicable to the District include the General Municipal Law, the Local Finance Law and Real Property Tax Law.

The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of the annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other duties reasonably required to fulfill the responsibilities provided by the law.

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 deposit accounts in, certificates of deposit issued by or a deposit placement program (as provided by statute) with 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) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district, or district corporation other than the District and; (6) 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 a pledge of eligible securities, an eligible letter of credit or an eligible surety bond or a direct placement program as each such term is 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.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven days and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budget amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

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% (plus certain adjustments, if applicable) or the rate of inflation (the "School District Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy increase that exceeds the School District 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 School District Tax Cap to be exceeded 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.

Recent Budget Vote Results

The budget for the 2014-15 fiscal year was approved by the qualified voters on May 20, 2014 by a vote of 312 (yes) to 74 (no). The District's adopted budget for 2014-15 fiscal year remained within the Tax Cap imposed by Chapter 97.

The budget for the 2015-16 fiscal year was adopted by the qualified voters on May 20, 2014 by a vote of 352 (yes) to 50 (no). The District's adopted budget for 2015-16 fiscal year remained within the Tax Cap imposed by Chapter 97.

The budget for the 2016-17 fiscal year was approved by the qualified voters on May 17, 2016 by a vote of 320 (yes) to 50 (no). The District's adopted budget for 2016-17 fiscal year will remain within the Tax Cap imposed by Chapter 97.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2015-16 fiscal year, approximately 33.8% 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 (See also "MARKET AND RISK FACTORS").

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 2016-2017 preliminary building aid ratios, the District State Building aid of approximately 41.6% for 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 (2010-2011): The total reduction in State aid for school districts' 2010-2011 fiscal year was approximately $2.1 billion; however, this amount was partially offset by $726 million in Federal aid for education, including funding from ARRA and other federal initiatives. As a result, the net State aid reduction totaled approximately $1.4 billion.

School district fiscal year (2011-2012): The total reduction in State aid for school districts' 2011-2012 fiscal year was $1.3 billion or 6.1% from the previous year, and all aid was received on time.

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 initial Annual Professional Performance Review Plan (APPR) on December 18, 2012. This is the most current APPR approved and is still in place.

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 2014-2015 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 authorizes 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 $918,125.

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 includes a school aid increase of $991 million over 2015-16, $863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also includes a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase includes $100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. Further information may be obtained at the official website of the New York State Division of Budget and the New York State Education Department.

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.

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. In 2014-2015, the District had a loss in funds totaling $672,105 and projects a loss in funds for the 2015-2016 fiscal year totaling $369,752 as a result of GEA. Since the program began, the total GEA and Deficit Reduction Assessment reduction in school aid for the District has amounted to approximately $4,467,557. The District has been forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly.

The following table shows the history of state aid loss due to GEA since the 2010-11 fiscal year:

Fiscal Year Ending	Net GEA
2010-11	$ 1,769,113
2011-12	1,449,907
2012-13	1,180,949
2013-14	830,278
2014-15	672,105
2015-16	369,752
TOTAL	$ 6,272,104

The District will 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.

Source: District officials.

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	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2010-2011	$ 32,319,854	$ 9,172,065	28.38%
2011-2012	32,478,736	9,689,922	29.83
2012-2013	33,211,064	10,016,663	30.16
2013-2014	35,176,888	10,362,859	29.46
2014-2015	37,027,414	10,675,388	28.83
2015-2016 (Budgeted)	34,689,815	11,709,815	33.76
2015-2016 (Unaudited)	35,943,257	11,319,290	31.49
2016-2017 (Budgeted)	37,151,596	11,736,282	31.59

Source: Audited financial statements and budgets of the District for the 2015-16 and 2016-17 fiscal years. The 2015-2016 Unaudited figures are estimates and the audited results may vary therefrom. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
Taconic Hills Central	PreK-12	3,000	1999, 2000

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2011-12	1,558	2016-17	1,364
2012-13	1,507	2017-18	1,359
2013-14	1,480	2018-19	1,350
2014-15	1,451	2019-20	1,317
2015-16	1,360	2020-21	1,302

Source: District officials.

Employees

The District employs a total of 280 full-time and 8 part-time employees with representation by the various bargaining units listed below:

Number of Employees	Bargaining Unit	Contract Expiration Date
155	Taconic Hills Faculty Association – NYSUT	June 30, 2018
109	Taconic Hills Support Staff Association- NYSUT	June 30, 2016 [1]
6	Administration Association	June 30, 2019
17	Taconic Hills Middle Management Association	June 30, 2018
1	Superintendent of Schools	December 31, 2019

[1] Negotiations have yet to begin.

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 2015-2016 fiscal years are as follows:

Year	ERS	TRS
2010-2011	$ 451,526	$ 769,853
2011-2012	262,677	1,003,735
2012-2013	677,957	1,145,243
2013-2014	669,866	1,217,259
2014-2015	680,719	1,653,800
2015-2016	991,838	1,472,053
2016-2017 (Budgeted)	701,611	1,316,263

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 does not have any early retirement incentives for the 2016-2017 fiscal year. The District offered a retirement incentive to teachers retiring effective June 30, 2016. Five individuals each received $7,500 deposited into a 403(b) account by the District on their behalf. The approximate savings was $143,000.

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 (2010 to 2017) is shown below:

Year	ERS	TRS
2009-10	7.4%	6.19%
2010-11	11.9	8.62
2011-12	16.3	11.11
2012-13	18.9	11.84
2013-14	20.9	16.25
2014-15	20.1	17.53
2015-16	18.2	13.26
2016-17	15.5	11.72 (Estimated) *

* The TRS rate for the 2016-17 fiscal year will be adopted in July 2016.

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 District is not amortizing any pension payments nor has the intent to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, 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 rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The District is not participating 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 School 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 will require governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

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.

GASB 45 and 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 45 requires municipalities and school districts to account for OPEB liabilities much like they already account 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 covers accounting for pensions, GASB 45 does 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") will be 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 does 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 dated July 1, 2014 and financial data as of June 30, 2015, 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, 2014 and 2015:

Annual OPEB Cost and Net OPEB Obligation:	***2015***	***2014***
Annual required contribution (ARC)	$ 6,568,054	$ 5,238,055
Interest on net OPEB obligation	809,372	684,100
Adjustment to ARC	(1,125,146)	(792,602)
Annual OPEB cost (expense)	6,252,280	5,129,553
Contributions made	(2,156,309)	(1,839,352)
Increase in net OPEB obligation	4,096,241	3,290,201
Net OPEB obligation - beginning of year	20,234,308	16,944,107
Net OPEB obligation - end of year	$ 24,234,308	$ 20,234,308
Percentage of annual OPEB cost contributed	34.5%	35.8%

Funding Status:

	2015	2014
Actuarial Accrued Liability (AAL)	$ 66,551,598	$ 56,727,414
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 66,551,598	$ 56,727,414
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
2015	$ 6,252,280	34.5%	$ 24,330,549
2014	$ 5,129,553	35.8	20,234,305
2013	4,930,039	34.7	16,944,107

Note: The above tables are not audited.

The aforementioned liability and ARC are recognized and will be disclosed in accordance with GASB 45 standards in the District’s 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.

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.

In April 2015, the State Comptroller proposed 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. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced and enacted into law.

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.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

2016 Unaudited Results of Operations

The District estimates that for the fiscal year ending June 30, 2016 it will have an unappropriated unreserved fund balance of $7,898,731. Summary estimated unaudited information for the General Fund for the period ending June 30, 2016 is as follows:

Revenues:	$ 35,943,257
Expenditures:	35,805,752
Excess (Deficit) Revenues Over Expenditures:	$ 137,505
Total Fund Balance:	$ 7,898,731

These projections are based upon certain current assumptions and estimates and the audited results may vary therefrom.

Source: District officials.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2015 and is attached hereto as "APPENDIX – D". The audit report covering the period ending June 30, 2016 is unavailable as of the date of this Official Statement. Certain financial information of the District can be found attached as Appendices to the 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.

New York State Comptroller Report of Examination

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 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 to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller for the fiscal year ending 2015 classifies the District as "No Designation" with a Fiscal Score of 0.0%. The previous years' report for 2014 classified the District as "No Designation" with a Fiscal Score of 0.0%.

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2012	2013	2014	2015	2016
Towns of:					
Ancram	$ 148,924,346	$ 146,932,138	$ 142,468,767	$ 141,611,495	$ 142,483,719
Austerlitz	112,493,547	112,786,306	112,613,646	109,247,811	113,609,102
Claverack	384,894,061	367,873,001	352,584,230	360,345,137	362,379,437
Copake	435,411,918	440,243,189	444,854,970	452,879,501	454,005,393
Gallatin	5,951,642	6,192,799	5,551,424	5,616,506	5,744,262
Ghent	107,625,857	107,195,410	93,073,240	97,641,556	96,827,019
Hillsdale	449,245,082	448,631,657	444,502,351	425,303,390	428,462,825
Livingston	6,251,359	6,492,500	6,778,878	6,536,866	6,510,112
Northeast	25,813,873	26,434,741	25,591,201	25,759,201	26,934,912
Taghkanic	181,073,978	180,164,460	179,543,058	179,575,625	180,919,902
Total Assessed Values	$ 1,857,685,663	$ 1,842,946,201	$ 1,807,561,765	$ 1,804,517,088	$ 1,817,876,683
State Equalization Rates					
Towns of:					
Ancram	100.00%	100.00%	103.00%	110.66%	111.00%
Austerlitz	100.00%	100.00%	105.48%	100.00%	100.00%
Claverack	100.00%	100.00%	100.00%	100.00%	100.00%
Copake	72.00%	75.00%	78.00%	81.75%	82.45%
Gallatin	100.00%	100.00%	100.00%	100.00%	100.00%
Ghent	107.40%	108.00%	100.00%	100.00%	100.00%
Hillsdale	100.00%	100.00%	105.48%	100.00%	100.00%
Livingston	75.00%	85.00%	90.00%	93.00%	93.00%
Northeast	100.00%	100.00%	100.00%	100.00%	100.00%
Taghkanic	100.00%	106.00%	109.00%	111.50%	112.25%
Total Taxable Full Valuation	$ 2,021,680,744	$ 1,972,701,277	$ 1,885,868,822	$ 1,873,947,806	$ 1,881,140,538

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2012	2013	2014	2015	2016
Towns of:					
Ancram	$ 10.70	$ 11.17	$ 11.57	$ 10.84	$ 10.76
Austerlitz	10.70	11.17	11.29	11.99	11.95
Claverack	10.70	11.16	11.92	11.99	11.95
Copake	14.86	14.89	15.25	14.62	14.47
Gallatin	10.70	11.17	11.92	11.99	11.95
Ghent	9.96	10.34	11.92	11.99	11.93
Hillsdale	10.70	11.17	11.30	11.99	11.95
Livingston	41.27	13.14	13.24	12.90	12.85
Northeast	10.70	11.17	11.92	11.99	11.95
Taghkanic	10.70	10.54	10.93	10.75	10.64

Tax Collection Procedure

Taxes are payable during September without penalty. A 2% penalty is added to taxes paid in the month of October. On November 15 a list of all unpaid taxes is given to the County Treasurers for re-levy on County/Town tax rolls. The District is reimbursed by the Counties for all unpaid taxes in April of each year and is thus assured of 100% collection of its annual levy.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2012	2013	2014	2015	2016
Total Tax Levy	$ 21,052,890	$ 21,638,160	$ 22,043,950	$ 22,480,000	$ 22,480,000
Amount Uncollected (1)	1,731,148	1,943,903	2,033,021	1,766,003	1,720,732
% Uncollected	8.22%	8.98%	9.22%	7.86%	7.65%

(1) See "Tax Collection Procedure" 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	Total Real Property Taxes	Percentage of Total Revenues Consisting of Real Property Tax
2010-2011	$ 32,319,854	$ 19,836,914	61.38%
2011-2012	32,478,736	20,462,017	63.00
2012-2013	33,211,064	20,863,827	62.82
2013-2014	35,176,888	21,266,056	60.45
2014-2015	37,027,414	22,511,879	60.80
2015-2016 (Budgeted)	34,689,815	22,480,000	64.80
2015-2016 (Unaudited)	35,943,257	22,595,197	62.86
2016-2017 (Budgeted)	37,151,596	22,929,600	61.72

Source: Audited financial statements and budgets of the District for the 2015-16 and 2016-17 fiscal years. The 2015-2016 Unaudited figures are estimates and the audited results may vary therefrom. This table is not audited.

Larger Taxpayers 2015 for 2015-16 Tax Roll

Name	Type	Full Valuation
New York State Electric & Gas Corporation	Utility	$ 11,364,954
FH Farms LLC	Agriculture	9,799,906
Schumacher III Living Trust	Land Owner	5,802,000
Sunnyview Farm LLC	Agriculture	7,969,000
Camp Pontiac Associates	Land Owner	3,774,893
Brandon Wang	Land Owner	3,738,100
Heron Lake Properties	Land Owner	3,462,000
NYS Elec & Gas Corp Co Code 13	Utility	3,333,041
Michael Cohen	Land Owner	3,829,473
Taconic Telephone Co	Utility	3,034,510

The ten larger taxpayers listed above have a total full valuation of $56,107,877 which represents 2.98% of the tax base of the District.

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris that are known to have a material impact on the District.

Source: District Tax Rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

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 $84,550 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 for the municipalities applicable to the District:

Towns of:	**Enhanced Exemption**	**Basic Exemption**	**Date Certified**
Ancram	$ 68,170	$ 31,120	4/6/2016
Austerlitz	67,210	30,880	4/6/2016
Claverack	67,210	30,880	4/6/2016
Copake	N/A	N/A	N/A
Gallatin	67,210	30,880	4/6/2016
Ghent	67,210	30,880	4/6/2016
Hillsdale	67,210	30,880	4/6/2016
Livingston	62,510	28,720	4/6/2016
Northeast	83,980	38,580	4/6/2016
Taghkanic	75,450	34,660	4/6/2016

$1,220,854 of the District's $22,480,000 school tax levy for 2015-16 is expected to be exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by March, 2016.

Approximately $1,316,159 of the District's $22,929,600 school tax levy for 2016-17 is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State in January 2017.

Additional Tax Information

Real property located in the District is assessed by the Towns.

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-90%, Agricultural-3%, Commercial-6% and Other-1%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the Town of Hillsdale, in the District is approximately $2,081.91 including County, Town, School District and fire district taxes.

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.)

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 or 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 approve the tax levy by at least 60% affirmative vote of those voting. Tax levies that do not exceed the limitation will only require approval by a majority 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 Retirement Systems. 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.

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, the Equal Protection and Due Process clauses and the First

Amendment. On May 5, 2016, the dismissal was upheld by the New York Supreme Court, Appellate Division, Third Judicial Department with one justice concurring in part and dissenting in part. After the Appellate Division ruling, NYSUT expressed the likelihood of the union appealing the decision to the New York Court of Appeals and continuing its challenge to the constitutionality of the Tax Levy Limitation Law. It is not possible at this time to predict the ultimate outcome of this litigation.

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 School District are uncertain at this time.

See "THE SCHOOL DISTRICT – Budgetary Procedures" 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 and utilized, no installment maybe 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 assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such ratio 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.

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.

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2012	2013	2014	2015	2016
Bonds	$ 21,830,000	$ 20,075,000	$ 18,300,000	$ 17,065,000	$ 15,785,000
Bond Anticipation Notes	5,727,244	7,798,520	7,499,174	7,237,974	7,112,974
Other Debt	0	0	0	0	0
Total Debt Outstanding	$ 27,557,244	$ 27,873,520	$ 25,799,174	$ 24,302,974	$ 22,879,974

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of May 25, 2016:

Type of Indebtedness	Maturity		Amount
Bonds	2015-2027		$ 18,300,000
Bond Anticipation Notes Capital Project	July 2, 2015		7,112,974 (1)
		Total Indebtedness	$ 25,537,974

(1) To be redeemed at maturity with the proceeds of the Bonds and $140,000 in available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 25, 2016:

Full Valuation of Taxable Real Property			$ 1,881,140,538
Debt Limit 10% thereof			188,114,054
Inclusions:			
Bonds	$ 17,065,000		
Bond Anticipation Notes	140,000		
Principal of this Issue	6,972,974		
Total Inclusions		$ 24,177,974	
Exclusions:			
State Building Aid [(1)]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 24,177,974
Net Debt-Contracting Margin			$ 163,936,080
The percent of debt contracting power exhausted is			12.85%

(1) Based on 2016-2017 preliminary building aid estimates, the District anticipates State Building aid of 41.6% 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.

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.

Note: The issuance of the Bonds will not increase the net indebtedness of the District.

Bonded Debt Service

A schedule of bonded debt service, including the principal of the Bonds, may be found attached hereto in “APPENDIX – B” to this Official Statement.

Cash Flow Borrowings

The District has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the past and has no future plans to do so.

Capital Project Plans

On July 17, 2009 the Board of Education authorized the issuance of $15,000,000 serial bonds to pay part of the cost of the construction of additions to and reconstruction of various school district buildings in and for said District. The District issued $5.2 million bond anticipation notes on July 7, 2011 as the first borrowing against said authorization. In July 2012, the District renewed $5.2 million bond anticipation notes and issued $2,227,974 as the second borrowing against said authorization. In July 2013, the District renewed bond anticipation notes in the amount of $7,347,974. In July 2014, the District renewed bond anticipation notes in the amount of $7,237,974, which were repaid in part with the renewal notes and $125,000 in available funds. The issuance of the Bonds, along with $140,000 in available funds of the District, will permanently finance these outstanding bond anticipation notes. As of the date of this Official Statement, the District does not anticipate borrowing against the full authorization for the project.

There are presently no other capital projects authorized and unissued by the District, nor are any contemplated.

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:						
Columbia	12/31/2014	$ 33,413,900	$ -	$ 33,413,900	25.94%	$ 8,667,566
Dutchess	12/31/2014	107,168,842	-	107,168,842	0.09%	96,452
Town of:						
Ancram	12/31/2014	-	-	-	45.76%	-
Austerlitz	12/31/2014	774,636	-	774,636	25.83%	200,088
Claverack	12/31/2014	2,981,821	2,137,472	844,349	64.84%	547,476
Copake	12/31/2014	-	-	-	100.00%	-
Gallatin	12/31/2014	-	-	-	2.11%	-
Ghent	12/31/2014	-	-	-	18.15%	-
Hillsdale	12/31/2014	768,200	-	768,200	100.00%	768,200
Livingston	12/31/2014	-	-	-	2.09%	-
North East	12/31/2014	610,000	515,000	95,000	4.80%	4,560
Taghkanic	12/31/2014	14,020	-	14,020	60.85%	8,531
					Total:	$ 10,292,873

(1) Bonds and bond anticipation notes as of close of 2014 fiscal year. Not adjusted to include subsequent bond sales, if any.

(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Note: The 2015 Comptroller's Special Report is currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2014.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 25, 2016:

	Amount	Per Capita [(a)]	Percentage of Full Value [(b)]
Net Indebtedness [(c)]	$ 24,177,974	$ 2,000.00	1.28%
Net Indebtedness Plus Net Overlapping Indebtedness [(d)]	34,470,847	2,851.42	1.83

(a) The current estimated population of the District is 12,089. (See "THE SCHOOL DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for 2015-2016 is $1,881,140,538. (See "TAX INFORMATION - Taxable Assessed Valuations" herein.)

(c) See "Calculation of Net Direct Indebtedness" herein.

(d) Estimated net overlapping indebtedness is $10,292,873. (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

In the event of a default in the payment of the principal of and/or interest on the Notes, 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 Notes.

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 shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

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.

The Federal Bankruptcy Code allows public bodies, such as the District, 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 to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While these Local Finance Law provisions do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

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

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.”

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

MARKET AND RISK FACTORS

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.

TAX MATTERS

In the opinion of Barclay Damon, LLP, Albany, New York, Bond Counsel, under existing law, (1) interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes and is not an “item of tax preference” for purposes of the individual and corporate alternative minimum taxes imposed by the Code, except that (A) interest on the Bonds is included in the adjusted current earnings of corporations for purposes of calculating corporate alternative minimum taxable income and (B) the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds to become subject to Federal income taxation from the date of issuance thereof, and (2) 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).

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Bonds from gross income for Federal income tax purposes is dependent, among other things, on compliance with the applicable requirements of the Code that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Non-compliance with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Those requirements include, but are not limited to, provisions that prescribe yield and other limits within which the proceeds of the Bonds are to be invested and require, under certain circumstances, that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States of America. The District will covenant in the Tax Certificates as to Arbitrage and Use of Proceeds and Instructions as to Compliance with Provisions of Section 103(a) of the Code, that, to maintain the exclusion of interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code, and for no other purpose, the District shall comply with each applicable provision of the Code.

The Tax Increase Prevention and Reconciliation Act of 2005, enacted on May 17, 2006, contains a provision under which interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although the new reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Bonds to be subject to backup withholding if such interest is paid to registered owners who either (a) fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner or (b) have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Bond Counsel also has advised that (1) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, the Code provides that such insurance company’s deduction for loss is reduced by 15% of the sum of certain items, including interest on the Bonds; (2) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (3) passive investment income, including interest on the Bonds, may be subject to Federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; (4) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds; and (5) under Section 32 (i) of the Code, receipt of investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income credit.

A Noteholder’s federal, state and local tax liability may otherwise be affected by the ownership or disposition of the Bonds. The nature and extent of these other consequences will depend upon the Noteholder’s other items of income or deduction. Bond Counsel has expressed no opinion regarding any such other tax consequences. Each purchaser of the Bonds should consult its tax advisor regarding the impact of the foregoing and other provisions of the Code on its individual tax position.

The Bonds will be designated or deemed designated by the District as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinion of Bond Counsel set forth above with respect to the Federal income tax treatment of interest paid on the Bonds is based upon the current provisions of the Code. Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price for, or the marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding the foregoing matters. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds will be covered by the unqualified legal opinion of Barclay Damon, LLP, Bond Counsel, Albany, New York to the effect that the Bonds are valid and legally binding obligations of the District, that all the taxable real property therein will be subject to the levy of ad valorem taxes to pay the Bonds and the interest thereon without limitation as to rate or amount, that interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (although interest on the Bonds is included in the adjusted current earnings of corporations for purposes of calculating corporate alternative minimum taxable income) and that interest on the Bonds is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District will covenant to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Such opinion also will state that: (a) the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to their attention or any changes in law that may occur thereafter.

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.

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 a Continuing Disclosure Undertaking, the description of which is attached hereto as "APPENDIX – C".

Historical Compliance

The District is in compliance, in all material respects, within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

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 and has reviewed and commented on certain legal documents, including this Official Statement. 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.

RATINGS

Moody's Investors Service ("Moody's") has assigned their underlying rating of "Aa2" to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 99 Church Street - 9th Floor, New York, New York 10007, 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.

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.

Barclay Damon, LLP, Albany, New York, Bond Counsel to the School District, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the School District for use in connection with the offer and sale of the Bonds, including, but not limited to, this Official Statement.

The District contact information is as follows: Ms. Cybil C. Howard, 73 Route #11A, Craryville, New York 12521, Phone: (518) 325-2811, Telefax: (518) 325-2817, email: choward@taconichills.k12.ny.us.

This Official Statement has been duly executed and delivered by the President of the Board of Education of the Taconic Hills Central School District at Craryville.

TACONIC HILLS CENTRAL SCHOOL DISTRICT AT CRARYVILLE

Dated: May 25, 2016

CHRISTINE PERRY
PRESIDENT OF THE BOARD OF EDUCATION
AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2011	2012	2013	2014	2015
ASSETS					
Cash and Cash Investments	$ 8,486,323	$ 12,146,629	$ 14,166,116	$ 18,466,379	$ 18,408,341
Accounts Receivable	-	-	-	-	-
Due from Other Funds	631,279	939,838	590,858	545,679	654,660
State and Federal Aid Receivable	606,519	444,537	370,056	-	-
Due from Other Governments	-	-	-	396,345	497,739
Other	367,635	356,490	185,057	51,460	142,096
Inventories	9,685	10,071	9,270	8,321	9,590
TOTAL ASSETS	$ 10,101,441	$ 13,897,565	$ 15,321,357	$ 19,468,184	$ 19,712,426
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 425,837	$ 765,068	$ 273,015	$ 397,027	$ 746,232
Accrued Liabilities	1,804,534	2,260,196	2,569,220	3,268,363	96,327
Notes Payable	689,600	511,800	334,000	151,200	-
Due to Other Funds	90	24,774	647	82,155	256,656
Due to Teachers' Retirement System	856,611	1,063,748	1,217,258	1,653,785	1,876,572
Due to Employees' Retirement System	79,649	79,649	165,735	186,950	159,099
Due to Other Governments	-	-	-	-	-
Other Post-Employment Benefits Payable	1,306,109	1,482,884	1,370,152	1,473,355	1,492,609
Deferred Revenue	153,586	167,406	197,229	40,412	36,969
TOTAL LIABILITIES	$ 5,316,016	$ 6,355,525	$ 6,127,256	$ 7,253,247	$ 4,664,464
FUND EQUITY					
Reserved	$ 1,603,486	$ 1,345,874	$ 1,262,269	$ 2,752,876	$ 6,170,799
Unreserved:					
Appropriated	1,631,078	1,154,113	998,604	955,523	1,190,817
Unappropriated	1,550,861	5,042,053	6,933,228	8,506,538	7,686,346
TOTAL FUND EQUITY	$ 4,785,425	$ 7,542,040	$ 9,194,101	$ 12,214,937	$ 15,047,962
TOTAL LIABILITIES and FUND EQUITY	$ 10,101,441	$ 13,897,565	$ 15,321,357	$ 19,468,184	$ 19,712,426

Source: Audited financial reports of the School District. Summary itself not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2010	2011	2012	2013	2014
REVENUES					
Real Property Taxes	$ 18,794,071	$ 19,836,914	$ 20,462,017	$ 20,863,827	$ 21,266,056
Other Tax Items	1,304,612	1,245,860	1,230,575	1,237,363	1,267,502
Charges for Services	312,479	192,173	174,707	159,345	103,267
Use of Money & Property	34,474	33,441	27,326	24,799	19,744
Sale of Property and Compensation for Loss	13,074	43,351	50,860	110,248	47,626
Miscellaneous	413,927	456,158	800,341	763,824	2,093,364
Revenues from State Sources	10,223,044	9,172,065	9,689,922	10,016,663	10,362,859
Revenues from Federal Sources	1,106,758	601,243	42,988	34,995	16,470
Total Revenues	$ 32,202,439	$ 31,581,205	$ 32,478,736	$ 33,211,064	$ 35,176,888
Other Sources:					
Interfund Transfers	-	738,649	-	-	-
Total Revenues and Other Sources	$ 32,202,439	$ 32,319,854	$ 32,478,736	$ 33,211,064	$ 35,176,888
EXPENDITURES					
General Support	$ 3,785,419	$ 4,235,370	$ 3,959,326	$ 3,444,749	$ 3,467,362
Instruction	14,683,758	13,149,999	12,986,466	14,455,725	14,798,014
Pupil Transportation	2,335,202	2,273,778	2,129,162	2,428,306	2,426,183
Community Services	111,690	110,919	65,728	79,994	93,024
Employee Benefits	6,858,282	7,587,890	7,680,136	8,469,847	8,842,375
Debt Service	2,946,582	2,926,629	2,869,346	2,653,680	2,736,955
Total Expenditures	$ 30,720,933	$ 30,284,585	$ 29,690,164	$ 31,532,301	$ 32,363,913
Other Uses:					
Interfund Transfers	236,983	1,584,044	31,957	26,702	34,447
Total Expenditures and Other Uses	$ 30,957,916	$ 31,868,629	$ 29,722,121	$ 31,559,003	$ 32,398,360
Excess (Deficit) Revenues Over Expenditures	1,244,523	451,225	2,756,615	1,652,061	2,778,528
FUND BALANCE					
Fund Balance - Beginning of Year	3,074,665	4,334,200	4,785,425	7,542,040	9,194,101
Prior Period Adjustments (net)	-	-	-	-	242,309
Fund Balance - End of Year	$ 4,319,188	$ 4,785,425	$ 7,542,040	$ 9,194,101	$ 12,214,938

Source: Audited financial reports of the School District. Summary itself not audited.

GENERAL FUND

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

Fiscal Years Ending June 30:	2015 Adopted Budget	2015 Modified Budget	2015 Actual	2016 Adopted Budget	2017 Adopted Budget
REVENUES					
Real Property Taxes	$ 22,480,000	$ 22,480,000	$ 21,270,154	$ 22,480,000	$ 22,765,806
Other Tax Items	50,000	50,000	1,241,725	-	-
Charges for Services	45,000	45,000	265,512	-	-
Use of Money & Property	19,000	19,000	10,097	-	-
Sale of Property and Compensation for Loss	13,000	23,487	21,915	-	-
Miscellaneous	1,216,033	1,280,298	3,537,678	500,000	1,000,000
Revenues from State Sources	11,992,638	12,080,638	10,675,388	11,709,815	11,736,282
Revenues from Federal Sources	20,000	20,000	4,945	-	-
Total Revenues	$ 35,835,671	$ 35,998,423	$ 37,027,414	$ 34,689,815	$ 35,502,088
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 35,835,671	$ 35,998,423	$ 37,027,414	$ 34,689,815	$ 35,502,088
EXPENDITURES					
General Support	$ 4,305,323	$ 3,934,825	$ 3,376,879	$ 4,272,581	$ 4,246,724
Instruction	16,637,549	16,995,469	15,223,230	18,614,942	17,037,044
Pupil Transportation	2,850,562	3,081,291	2,688,477	922,182	3,051,120
Community Services	117,405	123,377	107,321	117,606	117,861
Employee Benefits	9,855,200	9,364,960	9,356,246	9,663,927	9,573,878
Debt Service	2,784,632	2,226,457	2,226,457	2,179,514	3,089,969
Total Expenditures	$ 36,550,671	$ 35,726,379	$ 32,978,610	$ 35,770,752	$ 37,116,596
Other Uses:					
Interfund Transfers	35,000	1,227,567	1,215,780	35,000	35,000
Total Expenditures and Other Uses	$ 36,585,671	$ 36,953,946	$ 34,194,390	$ 35,805,752	$ 37,151,596
Excess (Deficit) Revenues Over Expenditures	(750,000)	(955,523)	2,833,024	(1,115,937)	(1,649,508)
FUND BALANCE					
Fund Balance - Beginning of Year	750,000	955,523	12,214,938	1,115,937	1,649,508
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 15,047,962	$ -	$ -

Source: Audited financial report and budgets of the School District. Summary itself not audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	EXCLUDING THIS ISSUE Principal	Interest	Total	Principal of this Bond Issue	Total Principal All Issues
2016	$ 1,280,000	$ 683,894	$ 1,963,894	$ -	$ 1,280,000
2017	1,335,000	633,975	1,968,975	547,974	1,882,974
2018	1,385,000	581,650	1,966,650	565,000	1,950,000
2019	1,215,000	527,075	1,742,075	585,000	1,800,000
2020	1,280,000	466,325	1,746,325	600,000	1,880,000
2021	1,335,000	402,325	1,737,325	620,000	1,955,000
2022	1,400,000	335,575	1,735,575	640,000	2,040,000
2023	1,455,000	279,575	1,734,575	660,000	2,115,000
2024	1,525,000	214,100	1,739,100	685,000	2,210,000
2025	1,570,000	168,350	1,738,350	705,000	2,275,000
2026	1,615,000	119,288	1,734,288	725,000	2,340,000
2027	1,670,000	66,800	1,736,800	640,000	2,310,000
TOTALS	$ 17,065,000	$ 4,478,932	$ 21,543,932	$ 6,972,974	$ 24,037,974

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2004 Refunding of 2000 Series Bonds Principal	Interest	Total	2012 Refunding of 2002 Series Bonds Principal	Interest	Total
2016	$ 205,000	$ 22,419	$ 227,419	$ 1,075,000	$ 661,475	$ 1,736,475
2017	215,000	15,500	230,500	1,120,000	618,475	1,738,475
2018	220,000	7,975	227,975	1,165,000	573,675	1,738,675
2019	-	-	-	1,215,000	527,075	1,742,075
2020	-	-	-	1,280,000	466,325	1,746,325
2021	-	-	-	1,335,000	402,325	1,737,325
2022	-	-	-	1,400,000	335,575	1,735,575
2023	-	-	-	1,455,000	279,575	1,734,575
2024	-	-	-	1,525,000	214,100	1,739,100
2025	-	-	-	1,570,000	168,350	1,738,350
2026	-	-	-	1,615,000	119,288	1,734,288
2027	-	-	-	1,670,000	66,800	1,736,800
TOTALS	$ 640,000	$ 45,894	$ 685,894	$ 16,425,000	$ 4,433,038	$ 20,858,038

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 May 25, 2016 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 and other than any 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, 2016, 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, 2016; 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

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.

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

TACONIC HILLS CENTRAL SCHOOL DISTRICT AT CRARYVILLE
COLUMBIA AND DUTCHESS COUNTIES, NEW YORK

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2015

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

TACONIC HILLS CENTRAL SCHOOL DISTRICT

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This section of the District's annual financial report presents its discussion and analysis of the District's performance during the fiscal year ending June 30, 2015. The section is a summary of the 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. It should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's net assets increased from $17,055,802 to $20,505,470, or 17%. Commencing in the current year, with the adoption of GASB 68, the negative impact of this liability is tempered by the positive overall impact of the Net of Pension Assets in excess of Pension Liabilities inclusive of the corresponding Deferred Outflows and Inflows in the amount of $1,969,970.

- The District's student enrollment, based on October 5, BEDS Data, decreased from 1,475 to 1,431.

- Total General Fund revenues increased by $1,850,527, or 5%. The important contributing factor was an increase in states sources and miscellaneous revenue.

- Total General Fund expenses increased by $614,697 or 2%. A major contributing factor was an increase in salaries and related benefits.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (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 *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 management's discussion and analysis highlights the stricture and contents of each of the statements.

Figure A-1

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		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, cafeteria and transportation expenses.	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/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there-after; no capital assets or long-term liabilities included	All assets and liabilities, 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

District-Wide 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. The 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 non-financial 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 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 manage money for particular purposes (such as a fund for scholarship monies) 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 determined 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.

Financial Analysis of the District as a Whole

Net Position

The following schedule shows the Net Position for the District as of June 30, 2015:

Figure A-2

Condensed Statement of Net Position (in millions of dollars)

	Governmental and Total School District Activities		
	2015	Restated 2014	Variance Increase (Decrease)
Assets			
Current and Other Assets	$ 20.43	$ 20.18	$ 0.25
Capital Assets, Restated	47.98	48.32	(0.34)
Net Pension Asset-Proportionate Share, Restated *	7.39	0.43	6.96
Total Assets	75.80	68.93	6.87
Deferred Outflow of Resources, Restated *	2.08	1.78	0.30
Liabilities			
Payables	$ 0.75	$ 0.42	$ 0.33
BANS Payable	7.24	7.50	(0.26)
Long-Term Debt - Payable in One Year	1.28	1.23	0.05
Long-Term Debt - Payable after One Year	15.79	17.07	(1.28)
Other Liabilities	26.75	25.76	0.99
Net Pension Liability-Proportionate Share, Restated *	0.46	0.62	(0.16)
Total Liabilities	52.27	52.60	(0.33)
Deferred Outflow of Resources, Restated *	5.07	-	5.07
Net Position			
Invested in Capital Assets, Net of Related Debt	$ 23.68	$ 23.07	$ 0.61
Restricted	7.27	3.58	3.69
Unrestricted, Restated *	(10.45)	(8.54)	(1.91)
Total Net Position	20.50	18.11	2.39

Note: Assets - Liabilities = Net Position

Note: Totals may not add due to rounding.

** Restated for adoption of GASB 68 as of 2014*

Governmental Activities/Changes in Net Position

The District's net position increased by $2.18 million, due to government activities (Figure A-3).

Figure A-3
Changes in Net Position from Operating Results (in millions of dollars)

	Governmental and Total School District Activities		
	2015	**2014**	**Variance Increase (Decrease)**
Revenues			
Program Revenues:			
Charges for Services	0.55	0.39	0.16
Operating Grants and Contributions	1.66	1.48	0.18
Total Program Revenues	2.21	1.87	0.34
General Revenues:			
Real Property Taxes	21.27	21.27	-
Other Tax Items	1.24	1.28	(0.04)
Use of Money and Property	0.12	0.10	0.02
Sale of Property and Compensation for Loss	0.02	0.04	(0.02)
Miscellaneous	3.56	2.10	1.46
State Sources	10.68	10.36	0.32
Federal Sources	-	0.01	(0.01)
Premium on Issuance of Bonds	-	-	-
Total General Revenues	36.89	35.16	1.73
Total Revenues	39.10	37.03	2.07
Expenses			
Instruction	16.36	15.64	0.72
Support Services:			-
General Support	3.35	3.45	(0.10)
Pupil Transportation	2.80	2.47	0.33
Community Service	0.10	0.09	0.01
Debt Service - Interest	0.86	0.90	(0.04)
Employee Benefits	11.26	12.20	(0.94)
Depreciation - Unallocated	1.36	1.52	(0.16)
Cost of Sales	0.62	0.62	-
Total Expenses	36.71	36.89	(0.18)
Increase (Decrease) in Net Position:	$ 2.39	$ 0.14	$ 2.25

Note: Totals may not add due to rounding.

Pension costs associated with adoption of GASB 68 are not available for 2014 from the Retirement Systems. Accordingly, the entity wide expenses are not comparable with respect to this accounting change.

Figure A-4
Sources of Revenues for Fiscal Year 2015

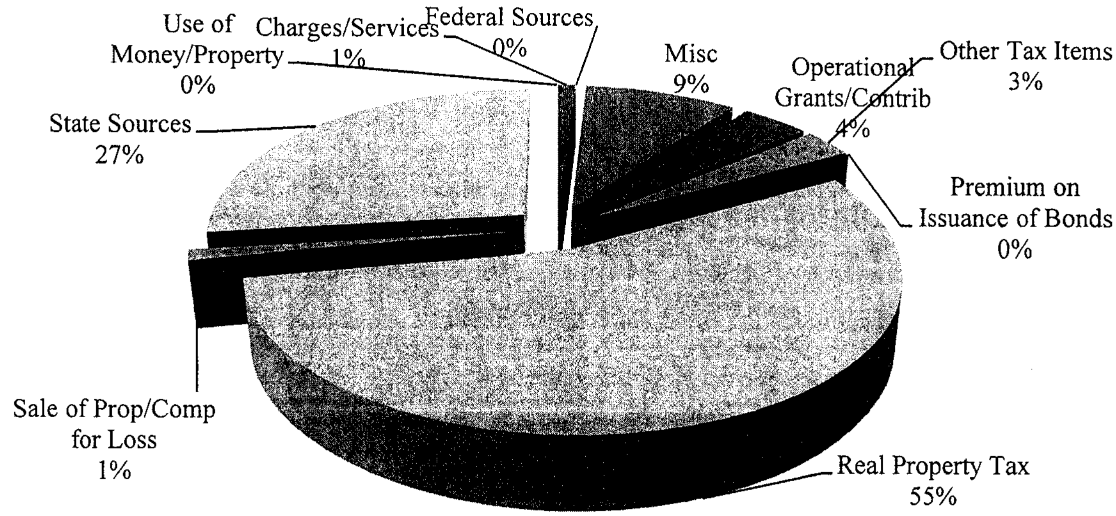
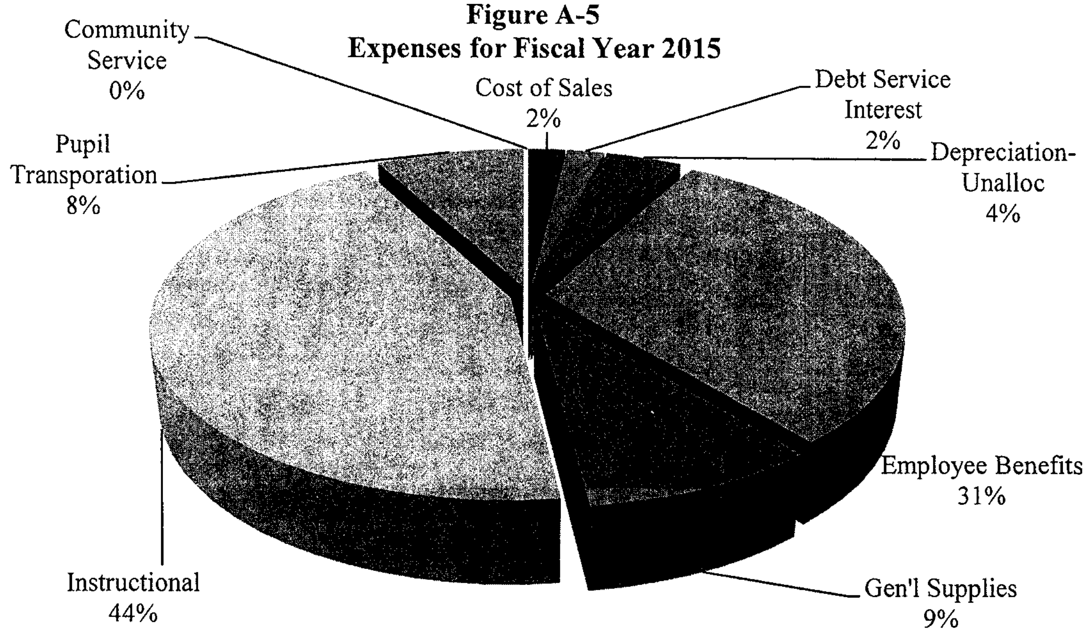


Figure A-5
Expenses for Fiscal Year 2015



Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds (excluding capital) reported combined fund balances of $16.07 million, an increase of $3.05 million.

General Fund Budgetary Highlights

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

- Accrual revenues were $37.0 million, with a positive actual to budget variance of $1,028,992, largely due to miscellaneous revenues over budget.

- Actual expenditures were $34.2 million, with a positive actual to budget variance of $2.7 million, largely due to lower than expected instructional costs and related benefits.

Capital Asset and Debt Administration

Capital Assets

The overall capital assets as of June 30, 2015, are given below. (See Figure A-6).

Figure A-6
Capital Assets (net of depreciation, in millions of dollars)

	Capital Assets	
		Restated
	2015	**2014**
Land	$ 0.22	$ 0.22
Construction in Progress	12.86	11.87
Buildings and Improvements, Restated	34.26	35.32
Machinery & Equipment, Restated	0.33	0.43
Vehicles, Restated	0.31	0.48
Total	$ 47.98	$ 48.32

Note: Totals may not add due to rounding

The total decrease in the District's capital net assets (net of accumulated depreciation) for the current year was $.42 million. The decrease to capital assets is attributable to retirements and accumulated depreciation.

Long-Term Debt

The District's total debt includes serial bonds in the amount of $17.07 million as of June 30, 2015, a decrease of $1.23 million over the previous year amount. The total amount of long-term debt owed is reflected in Figure A-7.

Figure A-7
Outstanding Long-Term Debt (in millions of dollars)

	Total School District	
	2015	2014
Bonds	$ 17.07	$ 18.30

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2015, the District's general obligation debt was lower than its total debt limit.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of some existing circumstances that could affect its financial position in the future:

- NYS Aid continues to be reduced annually by GAP Elimination Adjustment (GEA).
- Property Tax Cap 2% and the implementation of Tax Freeze Credits
- Decreased federal grant funding sources.
- Increased cost of mandated services for students.
- Large projected increases in TRS, ERS, and other employee benefits.

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:

Taconic Hills Central School District
Department of Finance
73 County Route 11A
Craryville, New York 12521

Sickler, Torchia
Allen & Churchill, CPA's, PC
Your Partner When It Counts

Robert J. Allen, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Taconic Hills Central School District
Craryville, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Taconic Hills Central School District (the "District") as of and for the year ended June 30, 2015, 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 basic 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 basic financial statements are free of 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.

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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 government activities, each major fund, and the aggregate remaining fund information of the Taconic Hills Central School District as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, revenues, expenditures – budget and actual, and funding progress for other post-employment benefits, local government's proportionate share of net pension liability for New York State Employees' Retirement System, schedule of local government's contributions for the New York State Employees' Retirement System, schedule of local government's proportionate share of net pension liability for New York State Teachers' Retirement System and schedule of local government's contributions for the New York State Teachers' Retirement System as listed in the table of contents 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 Taconic Hills Central School District's basic financial statements. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules listed in the table of contents 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 combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Audit Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015, on our consideration of the Taconic Hills 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 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 Taconic Hills Central School District's internal control over financial reporting and compliance.

Sickler, Torchia, Allen + Churchill, CPA's, P.C.

Hudson, New York
September 28, 2015

TACONIC HILLS CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	
Cash:	
Unrestricted	$ 13,150,512
Restricted	6,161,208
Investments:	
Unrestricted	-
Restricted	-
Receivables:	
Taxes	-
State and Federal aid	212,609
Due from Other Governments	497,739
Due from Fiduciary Funds	239,004
Other	144,527
Inventories	23,914
Deferred Expenditures	-
Prepaid Expenditure	-
Capital Assets, Net	47,980,831
Net Pension Asset-Proportionate Share	7,386,480
Total Assets	75,796,823
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pension	112,172
Deferred Outflows - Contributions Post Measurement	1,973,217
Defeasance Loss	-
Total Deferred Outflows of Resources	2,085,389
LIABILITIES	
Payables:	
Accounts Payable	$ 746,409
Accrued Liabilities	110,349
Due to Other Governments	-
Due to Fiduciary Funds	-
Bond Interest and Matured Bonds	82,314
Notes Payable:	
Tax Anticipation	-
Revenue Anticipation	-
Bond Anticipation	7,237,974
Deferred Credits:	
Overpayments and Collections in Advance	-
Deferred Revenues - Other	-
Deferred Revenues - Planned Balance	-
Long-Term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	1,280,000
Installment Purchase Debt Payable	-
Due to Teachers' Retirement System	1,876,572
Due to Employees' Retirement System	159,099
Compensated Absences Payable	202,822
Other Post Employment Benefits Payable	2,156,039
Judgements and Claims Payable	
Other Liabilities	-
Due and Payable After One Year:	
Bonds Payable	15,785,000
BANs Refinanced on a Long-Term Basis	-
Installment Purchase Debt Payable	-
Due to Teachers' Retirement System	-
Due to Employees' Retirement System	-
Compensated Absences Payable	-
Other Post Employment Benefits Payable	22,174,510
Judgements and Claims Payable	-
Net Pension Liability-Proportionate Share	460,073
Other Liabilities	-
Total Liabilities	52,271,161
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenues - Other	36,969
Deferred Revenues - Pension	5,068,611
Sale of Future Revenues	-
Total Deferred Inflows of Resources	5,105,580
NET POSITION	
Net Investment in Capital Assets	23,677,857
Restricted	
Debt Service	1,111,470
Capital	-
Other Legal Restrictions (Specify)	6,161,208
Unrestricted	(10,445,064)
Total Net Postion	$ 20,505,471

See independent auditor's report and notes to the financial statements. *Note: Totals may not add due to rounding.*

TACONIC HILLS CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General Support	$ 3,352,469	$ 1,072,818	$ -	$ -	$ 4,425,287
Instruction	16,357,944	117,171	(265,512)	(1,100,294)	15,109,308
Pupil Transporation	2,795,392	173,130	-	(106,915)	2,861,607
Community Service	107,321	-	-	-	107,321
Employee Benefits	11,256,468	-	(65,535)	(103,444)	11,087,489
Debt Service	859,377	-	-	-	859,377
Other Expenses	165	-	-	-	165
Cafeteria Program	623,909	-	(223,032)	(352,047)	48,830
Depreciation	1,363,119	(1,363,119)	-	-	-
Total Functions and Programs	36,716,164	-	(554,079)	(1,662,700)	34,499,385
GENERAL REVENUES					
Real Property Taxes					21,270,154
Other Tax Items					1,241,725
Non Property Taxes					-
Use of Money and Property					120,772
Sale of Property and Compensation for Loss					21,915
Miscellaneous					3,559,022
Interfund Revenue					-
State Sources					10,675,388
Federal Sources					-
Medicaid Reimbursement					4,945
Total General Revenues					36,893,920
Change in Net Position					2,394,535
Total Net Position - Beginning of Year					17,055,802
Prior Period Adjustment - See Note 13					1,055,133
Total Net Position - Beginning of Year, as Restated					18,110,935
Total Net Position - End of Year					$ 20,505,470

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

		General		Capital Projects		Non-Major		Governmental Funds
ASSETS								
Cash:								
Unrestricted	$	12,247,133	$	15,728	$	887,651	$	13,150,512
Restricted		6,161,208		-		-		6,161,208
Investments:								
Unrestricted		-		-		-		-
Restricted		-		-		-		-
Receivables:								
Taxes		-		-		-		-
Due from Other Funds		654,660		65		319,643		974,367
State and Federal Aid		-		-		212,609		212,609
Due from Other Governmnets		497,739		-		-		497,739
Other, Net of Allowance		142,096		-		2,431		144,527
Inventories		9,591		-		14,323		23,914
Deferred Expenditures		-		-		-		-
Prepaid Expenditures		-		-		-		-
Capital Assets, Net		-		-		-		-
Total Assets	$	19,712,426	$	15,792	$	1,436,658	$	21,164,876
LIABILITIES								
Payables:								
Accounts Payable	$	746,232	$	-	$	177	$	746,409
Accrued Liabilities		96,327		-		14,022		110,349
Due to Other Funds		256,656		78,258		400,450		735,364
Due to Other Governments		-		-		-		-
Retainage Payable		-		-		-		-
Bond Interest and Matured Bonds		-		-		-		-
Notes Payable:								
Tax Anticipation		-		-		-		-
Revenue Anticipation		-		-		-		-
Bond Anticipation		-		7,237,974		-		7,237,974
Unearned Credits:								
Overpayments and Collections in Advance		-		-		-		-
Planned Balance		-		-		-		-
Long-Term Liabltitilies:								
Due to Teachers' Retirement System		1,876,572		-		-		1,876,572
Due to Employees' Retirement System		159,099		-		-		159,099
Compensated Absences Payable		-		-		-		-
Other Post Employment Benefits Payable		1,492,609		-		-		1,492,609
Judgments & Claims Payable		-		-		-		-
Other Liabilities		-		-		-		-
Total Liabilities		4,627,495		7,316,232		414,650		12,358,376
DEFERRED INFLOWS OF RESOURCES								
Deferred Revenue		36,969		-		-		36,969
Sale of Future Revenues		-		-		-		-
Total Deferred Inflows of Resources		36,969		-		-		36,969
FUND BALANCES								
Non-Spendable		9,591		-		14,323		23,914
Restricted		6,161,208		-		1,111,406		7,272,613
Committed		-		-		-		-
Assigned		1,190,817		-		44,005		1,234,823
Unassigned		7,686,346		(7,300,440)		(147,725)		238,181
Total Fund Balances		15,047,962		(7,300,440)		1,022,008		8,769,530
Total Liabilities and Fund Balances	$	19,712,426	$	15,792	$	1,436,658	$	21,164,876

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	$	47,980,831
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		-
Long-term liabilities, including bonds payable, compensated absences and post-employment benefits, are not due and payable in the current period and therefore are not reported in the funds.		(40,188,076)
Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.		3,943,185
Other		-
Net Assets of Governmental Activities	$	20,505,470

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Non-Major	Governmental Funds
REVENUES				
Real Property Taxes	$ 21,270,154	$ -	$ -	$ 21,270,154
Other Tax Items	1,241,725	-	-	1,241,725
Nonproperty Taxes	-	-	-	-
Charges for Services	265,512	-	-	265,512
Use of Money and Property	10,097	6	110,668	120,772
Sale of Property and Compensation for Loss	21,915	-	-	21,915
Miscellaneous	3,537,678	16,249	5,094	3,559,022
Interfund Revenue	-	-	-	-
State Sources	10,675,388	-	209,015	10,884,402
Medicaid Reimbursement	4,945	-	-	4,945
Federal Sources	-	-	1,414,711	1,414,711
Surplus Food	-	-	38,973	38,973
Sales - School Lunch	-	-	288,567	288,567
Total Revenues	37,027,415	16,256	2,067,029	39,110,699
EXPENDITURES				
General Support	3,376,879	-	-	3,376,879
Instruction	15,223,230	-	1,141,709	16,364,939
Pupil Transportation	2,688,477	-	106,915	2,795,392
Community Service	107,321	-	-	107,321
Employee Benefits	9,356,246	-	183,327	9,539,573
Debt Service:				
Principal	1,345,000	-	-	1,345,000
Interest	881,457	-	-	881,457
Cost of Sales	-	-	623,909	623,909
Other Expenditures	-	-	165	165
Capital Outlay	-	992,522	-	992,522
Total Expenditures	32,978,611	992,522	2,056,025	36,027,157
Excess (Deficiency) of Revenues Over Expenditures	4,048,804	(976,266)	11,004	3,083,542
OTHER FINANCING SOURCES AND USES				
Proceeds from Refunding Bonds	-	-	-	-
Premium on Issuance of Refunding Bonds	-	-	-	-
Bond Anticipation Note Redeemed from Appropriations	-	110,000	-	110,000
Operating Transfers In	-	1,002,075	1,215,780	2,217,855
Operating Transfers (Out)	(1,215,780)	-	(1,002,075)	(2,217,855)
Payment to Refunded Bond Escrow Agent	-	-	-	-
Cost of Refunding Bond Issuance	-	-	-	-
Total Other Sources (Uses)	(1,215,780)	1,112,075	213,705	110,000
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	2,833,024	135,809	224,709	3,193,542
Fund Balances - Beginning of Year - Restated	12,214,938	(7,436,249)	797,298	5,575,987
Fund Balances - End of Year	$ 15,047,962	$ (7,300,440)	$ 1,022,007	$ 8,769,529

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND BALANCES TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
JUNE 30, 2015

Total net changes in fund balances - governmental funds		$ 3,193,542
Amounts reported for governmental *activities* in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.		
Depreciation expense	$ (1,363,119)	
Capital outlays	1,023,927	(339,192)
In the Statement of Activities, certain operating expenses--compensated absences (vacations), special termination benefits (early retirement) and retirees' health insurance--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*).		(4,060,122)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		1,235,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of accrued interest on bonds, leases, and contracts payable.		22,080
(Increases) decrease 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.		
Teachers' Retirement System		2,103,569
Employees' Retirement System		239,658
Change in net position of governmental activities.		$ 2,394,535

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash:				
Unrestricted	$ 13,150,512	$ -	$ -	$ 13,150,512
Restricted	6,161,208	-	-	6,161,208
Investments:				
Unrestricted	-	-	-	-
Restricted	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from Other Funds	974,367	-	(735,364)	239,004
State and Federal Aid	212,609	-	-	212,609
Due from Other Governments	497,739	-	-	497,739
Other	144,527	-	-	144,527
Inventories	23,914	-	-	23,914
Deferred Expenditures	-	-	-	-
Prepaid Expenditures	-	-	-	-
Capital Assets, Net		47,980,831		47,980,831
Net Pension Asset-Proportionate Share	-	7,386,480	-	7,386,480
Total Assets	21,164,876	55,367,311	(735,364)	75,796,823
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	-	112,172	-	112,172
Deferred Outflows - Contributions Post Measurement	-	1,973,217	-	1,973,217
Defeasance Loss	-	-	-	-
Total Deferred Outflows of Resources	-	2,085,389	-	2,085,389
Total Assets and Deferred Outflows of Resources	$ 21,164,876	$ 57,452,700	$ (735,364)	$ 77,882,212
LIABILITIES				
Payables:				
Accounts Payable	$ 746,409	$ -	$ -	$ 746,409
Accrued Liabilities	110,349	-	-	110,349
Due to Other Funds	735,364	-	(735,364)	-
Due to Other Governments	-	-	-	-
Bond Interest and Matured Bonds	-	82,314	-	82,314
Notes Payable:				
Tax Anticipation	-	-	-	-
Revenue Anticipation	-	-	-	-
Bond Anticipation	7,237,974	-	-	7,237,974
Deferred Credits:				
Overpayments and Collections in Advance	-	-	-	-
Planned Balance	-	-	-	-
Long-Term Liabilities:				
Bonds Payable	-	17,065,000	-	17,065,000
Installment Purchase Debt Payable	-	-	-	-
Due to Teachers' Retirement System	1,876,572	-	-	1,876,572
Due to Employees' Retirement System	159,099	-	-	159,099
Compensated Absences Payable	-	202,822	-	202,822
Other Post Employment Benefits Payable	1,492,609	22,837,940	-	24,330,549
Judgments & Claims Payable	-	-	-	-
Net Pension Liability-Proportionate Share	-	460,073	-	460,073
Other Liabilities	-	-	-	-
Total Liabilities	12,358,377	40,648,149	(735,364)	52,271,161
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Other	36,969	-	-	36,969
Deferred Revenues - Pension	-	5,068,611	-	5,068,611
Sale of Future Revenues	-	-	-	-
Total Deferred Inflows of Resources	36,969	5,068,611	-	5,105,580
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	8,769,532	11,735,940	-	20,505,472
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	$ 21,164,876	$ 57,452,700	$ (735,364)	$ 77,882,212

See independent auditor's report and notes to financial statements.

Note: Totals may not add due to rounding.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
REVENUES					
Real Property Taxes	$ 21,270,154	$ -	$ -	$ -	$ 21,270,154
Other Tax Items	1,241,725	-	-	-	1,241,725
Non-Property Taxes	-	-	-	-	-
Charges for Services	265,512	-	-	-	265,512
Use of Money and Property	120,772	-	-	-	120,772
Sale of Property and Compensation for Loss	21,915	-	-	-	21,915
Miscellaneous	3,559,022	-	-	-	3,559,022
Interfund Revenue	-	-	-	-	-
State Sources	10,884,402	-	-	-	10,884,402
Medicaid Reimbursement	4,945	-	-	-	4,945
Federal Sources	1,414,711	-	-	-	1,414,711
Surplus Food	38,973	-	-	-	38,973
Sales - School Lunch	288,567	-	-	-	288,567
Total Revenues	39,110,699	-	-	-	39,110,699
EXPENDITURES/EXPENSES					
General Support	3,376,879	-	(24,410)	-	3,352,469
Instruction	16,364,939	-	(6,995)	-	16,357,944
Pupil Transporation	2,795,392	-	-	-	2,795,392
Community Service	107,321	-	-	-	107,321
Employee Benefits	9,539,573	1,716,895	-	-	11,256,468
Debt Service	2,226,457	-	-	(1,367,080)	859,377
Cost of Sales	623,909	-	-	-	623,909
Other Expenditures/Expenses	165	-	-	-	165
Capital Outlay	992,522	-	(992,522)	-	-
Depreciation	-	-	1,363,119	-	1,363,119
Total Expenditures/Expenses	36,027,157	1,716,895	339,192	(1,367,080)	36,716,164
Excess (Deficiency) of Revenues Over Expenditures/Expenses	3,083,542	(1,716,895)	(339,192)	1,367,080	2,394,535
OTHER SOURCES AND USES					
Proceeds from Refunding Bonds	-	-	-	-	-
Premium on Issuance of Refunding Bonds	-	-	-	-	-
Bond Anticipation Note Redeemed from Appropriations	110,000	-	-	(110,000)	-
Operating Transfers In	2,217,855	(2,217,855)	-	-	-
Operating Transfers (Out)	(2,217,855)	2,217,855	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Cost of Refunding Bond Issuance	-	-	-	-	-
Total Other Sources (Uses)	110,000	(0)	-	(110,000)	-
Net Change for the Year	$ 3,193,542	$ (1,716,895)	$ (339,192)	$ 1,257,080	$ 2,394,535

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Private Purpose Trusts	Agency
ASSETS		
Cash	$ 201,409	$ 390,312
Accounts Receivable	-	4,719
Due from Other Funds	-	-
Prepaid Expenditures	-	-
Total Assets	$ 201,409	$ 395,030
LIABILITIES		
Due to Other Funds	$ -	$ 239,002
Extraclassroom Activity Balances	-	62,442
Other Liabilities	-	93,587
Total Liabilities	-	$ 395,030
NET POSITION		
Reserved for Scholarships	$ 201,409	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Private Purpose Trusts
ADDITIONS:	
Contributions	$ -
Interest	40
Total Additions	40
DEDUCTIONS:	
Scholarships and Awards	12,525
Change in Net Position	(12,485)
Net Position - Beginning of Year	213,894
Net Position - End of Year	$ 201,409

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Taconic Hills 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.

Certain significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity:

The 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* and GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39.* 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 and its component unit and other organizational entities determined to be includable in the District's financial reporting entity. 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.

-- 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 can be found at the District's business office. 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 Questar III Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that 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, the District was billed $2,560,967 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $396,490.

The basic financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation:

I. District-Wide Statements:

The Statement of Net Position and the Statement of Activities 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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The Statement of Activities presents a comparison between direct expenses and program 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. 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.

II. Fund Financial 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. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

a. 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.

b. Capital Projects Funds:

These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following non-major governmental funds:

a. Special Revenue Funds:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

1. Special Aid Fund:

Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

2. School Lunch Fund:

   School Lunch Fund is used to account for transactions of lunch, breakfast, and milk programs.

b. 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:

These funds are used to account for fiduciary activities. 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.

a. 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.

b. 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.

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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

when the related cash transaction takes place. Non-exchange 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 measureable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year, including real property taxes.

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. Cash (and Cash Equivalents) 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 deposits not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

F. Property Taxes:

I. Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 19. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

II. In June of 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the District in a particular year, beginning with the 2012 fiscal year.

The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

G. Accounts Receivable:

Receivables (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.

H. 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 that 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.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

I. 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 with one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financial 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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

J. 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.

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

K. Capital Assets:

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

Capitalized threshold (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
Site Improvements	$5,000	Straight-Line	20 Years
Building Improvements	$5,000	Straight-Line	15-50 Years
Furniture and Equipment	$5,000	Straight-Line	5-15 Years
Vehicles	$5,000	Straight-Line	8 Years

L. 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, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

reporting in this category. First is the deferred charge 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 proportionate share of total contributions to the pension systems not included in pension expense. Lastly are the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

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, therefore, will not be recognized as an inflow of resources (revenue) until that time. The District has two 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.

M. Vested Employee Benefits:

The 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 within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contacts. Sick leave use is based on a last-in first-out (LIFO) basis.

Upon retirement or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability in the district-wide financial statements. The compensated absences liability is calculated based on the rates in effect at year-end as defined in the contractual bargaining agreement.

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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. 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 health insurance coverage and survivor benefits for retired employees and their survivors in accordance with various employment contracts. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District and have completed 10 years of continuous service. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. Some costs of providing post-retirement benefits are shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of the insurance premiums as expenditure or operating transfer to other funds in the General Fund in the year paid.

O. Unearned Revenue:

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incidence of 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 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, when applicable, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measureable and available.

P. Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net assets are 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.

Q. 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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

R. 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 received the proceeds from the issuance of the notes. The RANs and TANs 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 an insufficient or no provision is made in the annual budget. The budget note must be repaid not later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issued Bond Anticipation Notes 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 BANs issued for capital purposes be 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.

S. 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.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

T. Equity Classifications:

I. District-Wide Statements:

In the District-wide statements there are three classes of net assets:

a. *Investment in Capital Assets, Net of Related Debt* – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

b. *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.

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

II. Fund Statements:

In the fund basis statements there are five classifications of fund balance:

a. *Non-Spendable Fund Balance* – includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

b. *Restricted* – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed 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:

1. Capital/Technology:

According to Education Law §3651, restricted fund balances must be 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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve if accounted for in the General Fund under Restricted Fund Balance.

2. Debt Service:

   According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement.

3. Employee Benefit Accrued Liability:

   According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits 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.

4. Insurance *(not currently utilized):*

   According to General Municipal Law §6-n, the Insurance Reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval.

5. Liability Claims and Property Loss *(not currently utilized):*

   According to Education Law §1709(8) (c), this reserve fund must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss 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.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

6. Repairs (*not currently utilized):*

   According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

7. Retirement Contributions:

   According to General Municipal Law §6-r, this reserve fund must be used for 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.

8. Tax Certiorari:

   According to Education Law §3651.1-a, this reserve fund must be 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.

9. Unemployment Insurance:

   According to General Municipal Law §6-m, this reserve fund must be 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.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

10. Workers' Compensation:

According to General Municipal Law §6-j, this reserve fund must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. 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.

11. 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 for specific purposes for which resources have been restricted, committed or assigned do not result in a separate display of the encumbered amounts within those classifications/funds.

Restricted fund balance includes the following:

General Fund:	
Capital	$ 3,050,322
Repair	500,000
Technology	20,109
Employee Benefit Accrued Liability	202,822
Retirement Contribution Reserve	1,680,719
Tax Certiorari	3,275
Unemployment Insurance	203,960
Workers' Compensation	500,000
	6,161,207
Debt Service Fund:	
Debt Service	1,111,406
Total Restricted Funds	$ 7,272,613

c. *Committed* – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2015.

See independent auditor's report.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. *Assigned* – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to $74,880. Assigned to the reduction of the 2015-2016 tax levy is an additional $1,115,937. Additional encumbrances in the Special Aid Fund totaled $40,176.

e. *Unassigned* – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund 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.

III. Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

U. New Accounting Standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2015, the District implemented the following new standards issued by GASB:

--GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*

--GASB Statement 69, *Governmental Combinations and Disposals of Government Operations*

--GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

--GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.*

GASB has issued Statement 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensives review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statement 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The District has adopted the Statement. The impact to the Financial Statement is noted in Note 13. The impact to net position is noted in Note 15 for the June 30, 2015 financial statements.

GASB has issued Statement 69 – *Governmental Combinations and Disposals of Government Operations.* The Statement establishes accounting and financial reporting related to government combinations and disposals of government operations. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of *operations* that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This Statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The District has adopted the Statement. There is no impact the June 30, 2015, financial statements.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

GASB has issued Statement 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* This Statement requires a government that extends a Nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required or make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate, but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement specifies the information required to be disclosed by governments that receive nonexchange financial guarantees. The District has adopted the Statement. There is no impact to the June 30, 2014, financial statements.

GASB has issued Statement 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* – This statement addresses the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* Statement 71 eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement No. 68. The provisions are effective simultaneously with the provisions of Statement 68, and have been applied in the June 30, 2015, financial statements.

V. Future Changes in Accounting Standards:

GASB has issued Statement No. 72, *Fair Value Measurement and Application,* which finalizes Exposure Draft (ED) No. 26-5E, and addresses how state and local governments should account and report issues related to fair value measurements. Among other principles, Statement No. 72 notes that a government determining a fair value measurement should consider the unit of account of the asset or liability. The unit of account refers to the level at which an asset or a liability is aggregated or disaggregated for measurement, recognition, or disclosure purposes as provided by the accounting standards. For example, the unit of account for investments held in a brokerage account is each individual security, whereas the unit of account for an investment in a mutual fund is each share in the mutual fund held by a government. Further, Statement No. 72 requires a government to deploy one of three valuation techniques described therein that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Those valuation techniques are the market approach, the cost approach, or the income approach. According to Statement No. 72, valuation techniques maximize the use

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

of relevant observable inputs and minimize the use of unobservable inputs. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2016, financial statements.

GASB has issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* This Statement seeks to improve financial reporting by establishing a single framework for the presentation of information concerning pensions that will enhance the comparability of pension-related information reported by employers and non-employer contributing entities. In particular, Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27,* as well as for the assets accumulated for purposes of providing those pensions. Additionally, it (1) establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68, and (2) amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans-an Amendment of GASB Statement No. 25*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. In fact, the requirements of this Statement No. 73 extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions provided through pension plans that are not administered through trusts and that satisfy the criteria specified in Statement No. 68 should not be considered pension plan assets. This Statement also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. Finally, this Statement clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to, among other issues, information that is required to be presented as notes to the ten-year schedules of required supplementary information regarding investment-related factors that significantly affect trends in the amounts reported. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015, except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2016, financial statements.

GASB has issued Statement 74 – *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans.* This Statement seeks to improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information to be presented by plans for post-employment benefits other than pensions (OPEB) that are administered through trusts and satisfy certain criteria noted below, thereby enhancing the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency. This Statement No. 74 replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than*

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service; (3) addresses note disclosure and supplementary information requirements concerning defined benefit OPEB; (4) details that recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts satisfying the foregoing criteria and for employers whose employees are provided with defined contribution OPEB; and (5) addresses certain circumstances in which a non-employer entity provides financial support of OPEB of employees of another entity. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2018, financial statements.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement, which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* aims to identify – in the context of the current governmental financial reporting environment- the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. In particular, Statement No. 76 reduces the U.S. GAAP hierarchy to two categories of authoritative U.S. GAAP, and address the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative U.S. GAAP. This improves financial reporting by (1) raising the category of GASB Implementation Guides in the U.S. GAAP hierarchy, thereby providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative U.S. GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. As a result, governments will apply financial reporting guidance with less variation, which, in turn, will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2016, financial statements.

GASB has issued Statement 77 – *Tax Abatement Disclosure.* This Statement establishes financial reporting standards for tax abatement entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments that reduce the reporting government's tax revenues. The provisions of the Statement should be applied to all state and local governments subject to such tax abatement agreements. For financial statement purposes, a tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

governments or the citizens of those governments. This Statement aims to improve financial reporting by giving users of financial statements essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (1) whether current-year revenues were sufficient to pay for current-year services, (2) compliance with finance-related legal or contractual requirements, (3) where a government's financial resources come from and how it uses them, and (4) financial position and economic condition and how they have changed over time. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2017, financial statements.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS 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 Assets 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.

See the Reconciliation on Pages 14 and 17 of the financial statement.

-- The costs of building and acquiring capital assets (lands, 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, and their original costs are expensed annually over their useful lives. See *Note 5 – Capital Assets* in these notes to the financial statements for information on the net capital assets of $47,980,831.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds and Notes Payable	$ 17,065,000
Compensated Absences Payable	202,822
Other Post-Employment Benefits Payable	22,837,940
	$ 40,105,762

Accrued interest on long-term debt is reported in the Statement of Net Position, regardless of when due. In the Governmental Funds, interest is not reported until it is due.

Bond Interest Payable	$ 82,314

Pension Differences:

Pension differences occur as a result of the 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.

Pension Asset - TRS	$ 7,386,480
Deferred Outflows - TRS Contribution	1,814,118
Deferred Outflows - ERS	112,172
Deferred Outflows - ERS Contribution	159,099
Deferred Inflows - TRS	(5,068,611)
Pension Liability - ERS	(460,073)
	$ 3,943,185

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

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

I. Long-Term Revenue/Expense Differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities 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.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):

II. 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 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.

III. 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 as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position. These reconciliations can be found on Pages 16 and 18 of the financial statements.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES:

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – Amendment to* GASB Statement No. 27 and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* The implementation of the Statement requires the District to report as an asset and/or liability its portion of the collective net pensions asset and liability in the New York State Teachers' and Employees' Retirement Systems. The implementation of the Statement also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow are the District contributions to the pension systems subsequent to the measurement date. See Note 9 and 13 for the financial statement impact of the implementation of the Statement.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. Budgetary Procedures and Budgetary Accounting:

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:

-- General Fund

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 will lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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.

Supplemental appropriations occurred during the year and are detailed below:

CHANGED FROM ADOPTED BUDGET TO FINAL BUDGET	
Adopted Budget	$ 36,585,671
Prior Year's Encumbrances	205,523
Original Budget	36,791,194
Budget Revisions	162,752
Final Budget	$ 36,953,946

Budgets are adopted annually on a basis consisted with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets.

Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's votes. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the project.

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. The District's unreserved undesignated fund balance was in excess of New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District intends to take actions to pursue this issue.

D. The Cafeteria and Capital Funds had deficit fund balances at June 30, 2015 of $133,403 and $7,300,439 respectively. The District will address these deficit fund balances in future budgets.

NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS:

Cash:

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.

As of June 30, 2015 $-0- of the District's bank balance of $20,203,691 was exposed to custodial credit risk as follows:

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	$ -

NOTE 5 – CAPITAL ASSETS:

Capital asset balances and activity for the year ended June 30, 2015, were as follows:

	Restated Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Govemmental Activities:				
Capital Assets that are Not Depreciated:				
Land	$ 223,640	$ -	$ -	$ 223,640
Construction in Progress - Restated	11,867,455	992,522	-	12,859,977
Total Non-Depreciable Historical Cost	$ 12,091,095	$ 992,522	$ -	$ 13,083,617
Capital Assets that are Depreciated:				
Building and Improvements - Restated	$ 51,468,259	$ -	$ -	$ 51,468,259
Machinery and Equipment - Restated	1,490,008	31,405	-	1,521,413
Vehicles - Restated	2,661,893	-	-	2,661,893
Total Depreciable Historical Cost	55,620,160	31,405	-	55,651,565
Less Accumulated Depreciation:				
Building and Improvements - Restated	16,150,136	1,057,594	-	17,207,730
Machinery and Equipment - Restated	1,062,274	132,395	-	1,194,669
Vehicles - Restated	2,178,824	173,130	-	2,351,954
Total Accumulated Depreciation	19,391,234	1,363,119	-	20,754,353
Total Depreciable Historical Cost, Net	$ 36,228,926	$ (1,331,714)	$ -	$ 34,897,212

Depreciation expense was charged to governmental functions as follows:	
General Support	$ 1,072,818
Instruction	117,171
Transportation	173,130
	$ 1,363,119

See independent auditor's report.

NOTE 6 – SHORT-TERM DEBT:

Transactions in short-term debt for the year are summarized below:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
Bus BAN	September 2014	1.23%	$ 151,200	$ -	$ 151,200	$ -
Capital BAN	July 2015	0.75%	7,347,974	7,237,974	7,347,974	7,237,974
Total Short-Term Debt			$ 7,499,174	$ 7,237,974	$ 7,499,174	$ 7,237,974

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

Interest Paid	$ 151,385
Less Interest Accrued in the Prior Period	(74,393)
Less Interest Accrued in the Current Period	54,285
Total Expense	$ 131,277

NOTE 7 – LONG-TERM DEBT:

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

Interest Paid	$ 730,072
Less Interest Accrued in the Prior Period	(30,001)
Less Interest Accrued in the Current Period	28,029
Total Expense	$ 728,100

Long-term liability balances and activity for the year are summarized below:

NOTE 7 – LONG-TERM DEBT (CONTINUED):

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds and Notes Payable:					
General Obligation Debt:					
Serial Bonds	$ 18,300,000	$ -	$ 1,235,000	$ 17,065,000	$ 1,280,000
Total Bonds Payable	18,300,000	-	1,235,000	17,065,000	1,280,000
Other Liabilities:					
Compensated Absences	219,687	-	16,865	202,822	202,822
Other Post-Employment Benefits	20,234,308	4,069,241	-	24,303,549	2,156,039
Teachers' Retirement System	1,653,785	62,439	-	1,716,224	1,716,224
Employees' Retirement System	186,950	-	27,851	159,099	159,099
Total Other Liabilities	22,294,730	4,131,680	44,716	26,381,694	4,234,184
Total Long-Term Liabilities	$ 40,594,730	$ 4,131,680	$ 1,279,716	$ 43,446,694	$ 5,514,184

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 06/30/15
Serial Bonds:				
Construction:				
Pool	2004	2018	3.1787%	$ 640,000
Construction	2012	2027	4.6867%	16,425,000
				$ 17,065,000

The following is a summary of maturing debt service requirements:

	Bonds	Interest	Total
2016	1,280,000	683,894	1,963,894
2017	1,335,000	633,976	1,968,976
2018	1,385,000	581,652	1,966,652
2019	1,215,000	527,076	1,742,076
2020	1,280,000	466,326	1,746,326
2021-2025	7,285,000	1,399,928	8,684,928
2026-2030	3,285,000	186,088	3,471,088
	$ 17,065,000	$ 4,478,940	$ 21,543,940

See independent auditor's report.

NOTE 7 – LONG-TERM DEBT (CONTINUED):

-- Defeased Debt Outstanding:

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. Of bonds outstanding, $17,815,000 is considered defeased from the 2015 refunding.

NOTE 8 – INTERFUND BALANCES AND ACTIVITY:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	654,660	256,656	-	1,215,780
Capital Fund	65	78,260	1,002,075	-
Non-Major Funds	319,643	400,450	1,215,780	1,002,075
Total Government Actvities	974,368	735,366	2,217,855	2,217,855
Fiduciary Agency Fund	-	239,002	-	-
Totals	974,368	974,368	2,217,855	2,217,855

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Assets.

In the normal course of its operations, the District budgets for and transfers monies between funds for these budgeted purposes. From the General Fund these represent transferring the Districts 20% share of the Special Aid Fund's Summer Handicapped Program and transfers to the Capital Fund for voter authorized capital items such as construction and bus purchases.

Additional loans will occur between funds to mitigate the effects of cash flow, such as in the Special Aid Fund where-in project advances generally do not keep pace with costs and the General Fund has to "loan" cash dollars to run the programs. In the case of the Capital Fund, loans will occur in advance of obtaining the final funding through bond proceeds. In addition, in the case of the Capital Fund, interest earned on borrowed funds becomes payable to the Debt Service Fund for the future reduction of debt service payments. In the case of the Agency Fund, most if not all, fringe benefits are advanced from the General Fund and result in the need to reflect a due from both the Special Aid Fund and the School Lunch Fund for the applicable payroll.

All interfund payables are expected to be repaid within one year.

NOTE 9 – PENSION PLANS:

A. General Information:

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing, multiple-employer, public employee retirement systems. The 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.

B. Plan Descriptions and Benefits Provided:

I. Teachers' Retirement System (TRS):

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. 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. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by refer to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

II. Employees' Retirement System (ERS):

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the 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 plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. 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'

NOTE 9 – PENSION PLANS (CONTINUED):

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, including information with regards to benefits provided, 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.

The Systems are noncontributory except for employees who joined after July 26, 1976, who contribute 3% of their salary for the first 10 years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5% 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 Systems' 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 actuarially determined contributions required, and were as follows:

	ERS	TRS
2014-2015	$ 653,799	$ 1,808,946
2013-2014	$ 715,546	$ 1,694,951
2012-2013	$ 712,454	$ 1,217,259

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

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

At June 30, 2015, the District reported the following asset/(liability) for it proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2015 for ERS and June 30, 2014 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net position 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.

NOTE 9 – PENSION PLANS (CONTINUED):

	ERS	TRS
Actuarial Valuation Date	3/31/2015	6/30/2014
Net Pension Asset/(Liability)	$ (460,073)	$ 7,386,480
District's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0136187%	0.066310%

For the year ended June 30, 2015, the District's recognized pension expense of $416,370 for ERS and the actuarial value of $289,469 for TRS. At June 30, 2015, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	$ 14,727	$ -	$ -	$ 108,014
Changes of Assumptions	-	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	79,909	227	-	4,960,824
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	17,536	-	-	-
District's Contriubtions Subsequent to the Measurement Date	159,099	1,814,118	-	-
Total	$ 271,271	$ 1,814,345	$ -	$ 5,068,838

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for 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:

	ERS	TRS
Year Ended:		
2016	$ 28,043	$ 1,252,739
2017	28,043	1,252,739
2018	28,043	1,252,739
2019	28,043	1,252,739
2020	-	12,533
Thereafter	-	45,120
	$ 112,172	$ 5,068,609

NOTE 9 – PENSION PLANS (CONTINUED):

	ERS	TRS
Actuarial Valuation Date	3/31/2015	6/30/2014
Net Pension Asset/(Liability)	$ (460,073)	$ 7,386,480
District's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0136187%	0.066310%

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	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	$ 14,727	$ -	$ -	$ 108,014
Changes of Assumptions	-	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	79,909	227	-	4,960,824
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	17,536	-	-	-
District's Contriubtions Subsequent to the Measurement Date	159,099	1,814,118	-	-
Total	$ 271,271	$ 1,814,345	$ -	$ 5,068,838

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for 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:

	ERS	TRS
Year Ended:		
2016	$ 28,043	$ 1,252,739
2017	28,043	1,252,739
2018	28,043	1,252,739
2019	28,043	1,252,739
2020	-	12,533
Thereafter	-	45,120
	$ 112,172	$ 5,068,609

See independent auditor's report.

NOTE 9 – PENSION PLANS (CONTINUED):

D. 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 valuations used the following assumptions:

	ERS	TRS
Measurement Date	March 31, 2015	June 30, 2014
Actuarial Valuation Date	April 1, 2014	June 30, 2013
Interest Rate	7.50%	8.00%
Salary Scale	4.90%	4.01%-10.91%
Decrement Tables	April 1, 2005 - March 31, 2010 System's Experience	July 1, 2005 - June 30, 2010 System's Experience
Inflation Rate	2.70%	3.00%

For ERS, annuitant mortality rates are based on April 1, 2005 – March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2013 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

The long term rate of return on pension plan investments was determined using a building block method in which the best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each of the target asset allocation percentages and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

NOTE 9 – PENSION PLANS (CONTINUED):

	ERS	TRS
Measurement Date	March 31, 2015	May 31, 2014
Asset Type		
Domestic Equity	38%	37%
International Equity	13%	18%
Private Equity	10%	0%
Real Estate	8%	10%
Alternative Investments	6%	7%
Total Equities	75%	72%
Domestic Fixed Income Securities	0%	18%
Global Fixed Income Securities	0%	2%
Real Assets	3%	0%
Bonds and Mortgages	18%	8%
Short-Term	2%	0%
Inflation-Indexed Bonds	2%	0%
Total Fixed Income	25%	28%
Total	100%	100%

E. Discount Rate:

The discount rate used to calculate the total pension liability was 7.50% for ERS and 8.00% 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 Systems' 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.

F. Sensitivity of the Proportionate Share of the Net Pension to the Discount Rate Assumption:

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5% for ERS and 8.0% 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 (6.5% for ERS and 7.0% for TRS) or 1-percentage point higher (8.5% for ERS and 9.0% for TRS) than the current rate:

NOTE 9 – PENSION PLANS (CONTINUED):

ERS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	$30,665,840	$ 460,073	$ 1,740,469

TRS	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	$ (159,337)	$ (7,386,480)	$ 13,545,010

G. Pension Plan Fiduciary Net Position:

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)		
	ERS	TRS	Total
Valuation Date	4/1/2014	6/30/2013	
Employers' Total Pension Liability	$ 164,591,504	$ 97,015,706	$ 261,607,210
Plan Net Position	161,213,259	108,155,083	269,368,342.00
Employers' Net Pension Liability/(Asset)	$ 3,378,245	$ (11,139,377)	$ (7,761,132)
Plan Net Position as a percentage to the Systems' Total Pension Liability/(Asset)	97.95%	-111.48%	102.97%

H. 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, 2015 represent the projected employer contribution 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, 2015, amounted to $159,099.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2015, are paid to the System in September, October and November 2015 through a state aid intercept. Accrued retirement contributions as of June 30, 2015, represent employee and employer contributions for the fiscal year ended June 30, 2015, based on paid TRS

NOTE 9 – PENSION PLANS (CONTINUED):

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, 2015, amounted to $1,716,224.

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

The District implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions, prospectively, in the school year ended June 30, 2009. This required the District to calculate and record a net other post-employment benefit obligation at year end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contributions and the actual contributions made.

A. Plan Description:

The District provides post-employment health insurance (life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2015, the District recognized $2,156,039 for its share of insurance premiums for 198 currently enrolled retirees.

B. Funding Policy:

The contribution requirements of Plan members and the District are established by the Board of Education. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as may be determined annually by the Board. For fiscal year 2015, the District contributed $2,216,786 to the plan, representing 100% of the current premiums.

C. Annual OPEB Cost and Net OPEB Obligation:

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

Annual Required Contribution	$ 6,568,054
Interest on Net OPEB Obligation	809,372
Adjustment to Annual Required Contribution	(1,125,146)
Annual OPEB Cost (Expense)	6,252,280
Contributions Made	2,156,039
Increase in OPEB Obligation	4,096,241
Net OPEB Obligation, Beginning of Year	20,234,308
Net OPEB Obligation, End of Year	$24,330,549

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB	Net OPEB Obligation
6/30/2013	$ 4,930,039	344%	$ 16,944,107
6/30/2014	$ 5,129,553	394%	$ 20,234,305
6/30/2015	$ 6,252,280	389%	$ 24,330,549

As of July 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $66,551,598 and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $66,551,598. The District has designated $1,492,609 of assets toward this obligation. The covered payroll (annual payroll of active employees covered by the plan) was $15,321,636, and the ratio of the UAAL to the covered payroll was 434%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future.

Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

D. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010, actuarial valuation, the Projected Unit Credit method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and the annual healthcare cost trend rate of 7% initially, reduced by decrements to an ultimate rate of 5% after 5 years. Both rates included a 4% inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The amortization is calculated annually over a period of 30 years.

NOTE 11 – RISK MANAGEMENT:

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.

The District participates in the Rensselaer-Columbia-Greene Health Insurance Trust, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

NOTE 12 – CONTINGENT LIABILITIES:

A. Litigation:

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Additionally, the District has various cases pending; legal counsel has been appointed. All cases are being vigorously defended. Any future obligations related to such cases are undetermined.

NOTE 12 – CONTINGENT LIABILITIES (CONTINUED):

B. Other:

The District 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 audits, the District's administration believes disallowances, if any, will be immaterial.

NOTE 13 – RESTATEMENT OF NET POSITION:

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement 27.* The implementation of Statement No. 68 resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the District's participation in the New York State Teachers' and Employees' retirement systems. The District's net position has been restated as follows:

Net Position Beginning of Year, as Previously Stated	$ 17,055,802
GASB Statement No. 68 Implementation	-
Beginning System Asset - Teachers' Retirement System	436,744
Beginning System Liability - Employees' Retirement System	(615,410)
Beginning Deferred Outflow of Resources for Contributions Subsequent to the Measurement Date	-
Teachers' Retirement System	1,591,675
Employees' Retirement System	186,950
Capital Assets, Net	(544,826)
	1,055,133
Net Position Beginning of Year, as Restated	$ 18,110,935

SUPPLEMENTARY INFORMATION

TACONIC HILLS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources:				
Real Property Taxes	$ 22,480,000	$ 22,480,000	$ 21,270,154	$ (1,209,846)
Other Tax Items	50,000	50,000	1,241,725	1,191,725
Charges for Services	45,000	45,000	265,512	220,512
Use of Money and Property	19,000	19,000	10,097	(8,903)
Sale of Property and Compensation for Loss	13,000	23,487	21,915	(1,572)
Miscellaneous	1,216,033	1,280,298	3,537,678	2,257,380
Interfund Revenues	-	-	-	-
Total Local Sources	23,823,033	23,897,785	26,347,082	2,449,297
State Sources	11,992,638	12,080,638	10,675,388	(1,405,250)
Federal Sources	20,000	20,000	4,945	(15,055)
Retirement System Credits	-	-	-	-
Total Revenues	35,835,671	35,998,423	37,027,415	1,028,992
OTHER FINANCING SOURCES				
Transfers from Other Funds	-	-	-	-
Appropriated Reserves	-	-	-	-
Designated Fund Balance and Encumbrances Carried Forward From Prior Year	750,000	955,523	-	(955,523)
Total Revenues and Other Financing Sources	$ 36,585,671	$ 36,953,946	$ 37,027,415	$ 73,469

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
EXPENDITURES					
General Support:					
Board of Education	$ 30,445	$ 38,593	$ 20,192	$ 3,520	$ 14,881
Central Administration	142,743	148,941	147,760	-	1,182
Finance	462,954	442,038	419,495	-	22,544
Staff	326,305	117,750	116,445	-	1,305
Central Services	2,976,160	2,820,788	2,320,771	29,754	470,262
Special Items	366,715	366,715	352,217	-	14,498
Total General Support	4,305,323	3,934,825	3,376,879	33,274	524,672
Instruction:					
Instruciton, Administration and Improvement	808,190	820,267	709,060	12,612	98,595
Teaching - Regular School	8,446,710	8,504,466	7,457,332	2,637	1,044,497
Programs for Students with Disabilities	5,054,002	5,151,992	4,669,651	12,405	469,937
Occupational Education	582,734	589,249	579,952	-	9,298
Teaching - Special School	-	-	-	-	-
Instructional Media	698,656	786,683	759,764	9,338	17,581
Pupil Services	1,047,257	1,142,811	1,047,471	-	95,340
Total Instruction	16,637,549	16,995,469	15,223,230	36,992	1,735,247
Pupil Transportation	2,850,562	3,081,291	2,688,477	4,614	388,200
Community Services	117,405	123,377	107,321	-	16,056
Employee Benefits	9,855,201	9,364,960	9,356,246	-	8,714
Debt Service:					
Principal	1,765,000	1,418,665	1,345,000	-	73,665
Interest	1,019,632	807,791	881,457	-	(73,665)
Total Debt Service	2,784,632	2,226,457	2,226,457	-	0
Total Expenditures	36,550,671	35,726,380	32,978,611	74,880	2,672,889
OTHER FINANCING USES					
Operating Transfers Out	35,000	1,227,566	1,215,780	-	11,786
Total Expenditures and Other Uses	$ 36,585,671	$ 36,953,946	34,194,390	$ 74,880	$ 2,684,675
Net Change in Fund Balances			2,833,024		
Fund Balance - Beginning			12,214,938		
Fund Balance - Ending			$ 15,047,962		

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2010	$ -	$ 52,239,573	$ 52,239,573	0.00%	$ 12,888,066	405%
July 1, 2012	$ -	$ 56,727,414	$ 56,727,414	0.00%	$ 12,662,220	448%
July 1, 2014	$ -	$ 66,551,598	$ 66,551,598	0.00%	$ 15,321,636	434%

Actuary will update for Full Valuations, not for an Actuarially Roll Forward Valuation as in this year.

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015

LAST 10 FISCAL YEARS*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
The District's Proportion of the Net Pension Liability (Asset)	0.0136187%	-	-	-	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset)	460,073	-	-	-	-	-	-	-	-	-
The District's Covered Employee Payroll	4,894,176	-	-	-	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liabiltiy (Asset) as a Percentage of its Covered Employee Payroll	9.40%	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.95%	-	-	-	-	-	-	-	-	-

* The amounts presented for each fiscal year were determined as of 3/31

TACONIC HILLS CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS
FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015

LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	688,263	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	688,263	-	-	-	-	-	-	-	-	-
Contribution Definciency (Excess)	-	-	-	-	-	-	-	-	-	-
The District's Covered Employee Payroll	4,894,176	-	-	-	-	-	-	-	-	-
Contributions as a Percentage of a Covered Employee Payroll	14.06%	-	-	-	-	-	-	-	-	-

See indepedent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015

LAST 10 FISCAL YEARS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
The District's Proportion of the Net Pension Liability (Asset)	0.66310%	-	-	-	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset)	(7,386,480)	-	-	-	-	-	-	-	-	-
The District's Covered Employee Payroll	10,080,150	-	-	-	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liabiltiy (Asset) as a Percentage of its Covered Employee Payroll	-73.28%	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111.48%	-	-	-	-	-	-	-	-	-

* The amounts presented for each fiscal year were determined as of 6/30

TACONIC HILLS CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS
FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015

LAST 10 FISCAL YEARS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Contractually Required Contribution	1,591,682	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	1,591,682	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
The District's Covered Employee Payroll	10,080,150	-	-	-	-	-	-	-	-	-
Contributions as a Percentage of a Covered Employee Payroll	15.79%	-	-	-	-	-	-	-	-	-

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2015

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		$ 36,585,671
Add: Prior Year's Encumbrances		205,523
Original Budget		36,791,194
Budget Revisions:		
Donations	2,459	
Insurance Recovery	9,993	
State Grant	75,000	
E-Fund Grant	75,300	
		162,752
Final Budget		$ 36,953,946
Next Year's Budget is a (Voter-Approved) Budget of		$ 35,805,752

SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION

2015-2016 Expenditure Budget Maximum Allowed	$ 35,805,752
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Commited Fund Balance	$ -
Assigned Fund Balance	1,190,817
Unassigned Fund Balance	7,686,346
Total Unrestricted Fund Balance	8,877,163
Less:	
Appropriated Fund Balance 15-16 Budget	1,115,937
Insurance Recovery Reserve	-
Tax Reduction Reserve	-
Encumbrances Included in Committed and Assigned Fund Balance	74,880
Total Adjustments	1,190,817
General Fund Balance Subject to Section 1318 of Real Property Tax Law	$ 7,686,346
Actual Percentage	21.47%

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2015

			Expenditures				Methods of Financing			
PROJECT TITLE	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligation	State Aid	Local Sources	Total
Major Capital Projects:										
Capital Project May 2009	$ 15,000,000	$ 15,000,000	$ 12,445,071	$ 992,522	$ 13,437,593	$ 1,562,407	$ 8,997,740	$ 564,650	$ 5,437,610	$ 15,000,000
	$ 15,000,000	$ 15,000,000	$ 12,445,071	$ 992,522	$ 13,437,593	$ 1,562,407	$ 8,997,740	$ 564,650	$ 5,437,610	$ 15,000,000

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

Supplemental Schedule #9

	Special Aid	Cafeteria	Debt Service	Total Non-Major
ASSETS				
Cash:				
Unrestricted	$ 16,398	$ 12,263	$ 858,990	$ 887,651
Restricted	-	-	-	-
Investments:				
Unrestricted	-	-	-	-
Restricted	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from Other Funds	66,252	912	252,480	319,643
State and Federal Aid	173,987	38,622	-	212,609
Due from Other Governments	-	-	-	-
Other	-	2,431	-	2,431
Inventories	-	14,323	-	14,323
Deferred Expenditures	-	-	-	-
Capital Assets, Net	-	-	-	-
Total Assets	$ 256,637	$ 68,550	$ 1,111,470	$ 1,436,658
LIABILITIES				
Payables:				
Accounts Payable	$ -	$ 177	$ -	$ 177
Accrued Liabilities	-	14,022	-	14,022
Due to Other Funds	212,632	187,754	65	400,450
Due to Other Governments	-	-	-	-
Retainage Payable	-	-	-	-
Bond Interest and Matured Bonds	-	-	-	-
Notes Payable:				
Tax Anticipation	-	-	-	-
Revenue Anticipation	-	-	-	-
Bond Anticipation	-	-	-	-
Deferred Credits:				
Overpayments and Collections in Advance	-	-	-	-
Deferred Revenues	-	-	-	-
Planned Balance	-	-	-	-
Long-Term Liabilities:				
Due to Teachers' Retirement System	-	-	-	-
Due to Employees' Retirement System	-	-	-	-
Compensated Absences Payable	-	-	-	-
Other Post Employment Benefits Payable	-	-	-	-
Judgments & Claims Payable	-	-	-	-
Other Liabilities	-	-	-	-
Total Liabilities	212,632	201,953	65	414,650
FUND BALANCES				
Non Spendable	-	14,323	-	14,323
Reserved (Specify)	-	-	1,111,406	1,111,406
Committed	-	-	-	-
Assigned	44,005	-	-	44,005
Unassigned	-	(147,725)	-	(147,725)
Total Fund Balances	44,005	(133,403)	1,111,406	1,022,008
Total Liabilities and Fund Balances	$ 256,637	$ 68,550	$ 1,111,470	$ 1,436,658

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Aid	Cafeteria	Debt Service	Total Non-Major
REVENUES				
Real Property Taxes	$ -	$ -	$ -	$ -
Other Tax Items	-	-	-	-
Nonproperty Taxes	-	-	-	-
Charges for Services	-	-	-	-
Use of Money and Property	-	3	110,665	110,668
Sale of Property and Compensation for Loss	-	-	-	-
Miscellaneous	-	5,094	-	5,094
Interfund Revenue	-	-	-	-
State Sources	192,344	16,671	-	209,015
Medicaid Reimbursement	-	-	-	-
Federal Sources	1,014,864	399,847	-	1,414,711
Surplus Food	-	38,973	-	38,973
Sales - School Lunch	-	288,567	-	288,567
Total Revenues	1,207,208	749,156	110,665	2,067,029
EXPENDITURES				
General Support	-	-	-	-
Instruction	1,141,709	-	-	1,141,709
Pupil Transporation	106,915	-	-	106,915
Community Service	-	-	-	-
Employee Benefits	-	183,327	-	183,327
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Cost of Sales	-	623,909	-	623,909
Other Expenditures	-	-	165	165
Capital Outlay	-	-	-	-
Total Expenditures	1,248,623	807,236	165	2,056,025
Excess (Deficiency) of Revenues Over Expenditures	(41,416)	(58,080)	110,500	11,004
OTHER FINANCING SOURCES AND USES				
Proceeds from Debt	-	-	-	-
Operating Transfers In	48,086	-	1,167,694	1,215,780
Operating Transfers (Out)	-	-	(1,002,075)	(1,002,075)
Rounding	-	-	-	-
Total Other Sources (Uses)	48,086	-	165,619	213,705
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	6,670	(58,080)	276,119	224,709
Fund Balances - Beginning of Year	37,335	(75,323)	835,286	797,298
Fund Balances - End of Year	$ 44,005	$ (133,403)	$ 1,111,405	$ 1,022,007

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TACONIC HILLS CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2015

Capital Assets, Net		$ 47,980,831
Add:		
Unamortized Bond Issuance Costs	$ -	
Total Additions		-
Deduct:		
Short-Term Portion of Bonds Payable	1,280,000	
Long-Term Portion of Bonds Payable	15,785,000	
BANs Payable	7,237,974	
Total Deductions		24,302,974
Investment in Capital Assets, Net of Related Debt		$ 23,677,857

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

Sickler, Torchia
Allen & Churchill, CPA's, PC
Your Partner When It Counts

Robert J. Allen, CPA
Victor V. Churchill, CPA
Edward J. Gower II, CPA
Craig R. Sickler, CPA
Michael A. Torchia, Jr., CPA, CVA

Joseph J. Montalto, CPA

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

To the Board of Education
Taconic Hills Central School District
Craryville, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Taconic Hills Central School District (the "District") as of and for the year ended June 30, 2015, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 28, 2015. 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.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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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
BASIC FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the 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, non-compliance 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 non-compliance 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.

Sickler, Torchia, Allen + Churchill, CPA's, P.C.

Hudson, New York
September 28, 2015

Sickler, Torchia
Allen & Churchill, CPA's, PC
Your Partner When It Counts

Robert J. Allen, CPA
Victor V. Churchill, CPA
Edward J. Gower II, CPA
Craig R. Sickler, CPA
Michael A. Torchia, Jr., CPA, CVA

Joseph J. Montalto, CPA

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF THE EXTRACLASSROOM ACTIVITY FUNDS

To the Board of Education
Taconic Hills Central School District
Craryville, New York

We have audited the accompanying financial statements of the Extraclassroom Activity Funds of the Taconic Hills Central School District (the "District"), which comprise the statement of assets, liabilities and fund balance-cash basis as of June 30, 2015, and the related statements of cash receipts and disbursements for the year then ended, and the related note 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 circumstance. 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, where 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 and the standards applicable to financial audits contained in the *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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosers in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, where 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 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.

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TACONIC HILLS CENTRAL SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF THE EXTRACLASSROOM ACTIVITY FUNDS (CONTINUED)

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Taconic Hills Central School District for the year ended June 30, 2015, and its cash receipts and disbursements for the year then then ended in accordance with the cash 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 cash basis of accounting, which is a basis of accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Sedillo, Fenichel, Allen + Churchill, CPA's, P.C.

Hudson, New York
September 28, 2015

TACONIC HILLS CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - CASH BASIS

JUNE 30, 2015

ASSETS

Cash	$ 62,442

LIABILITIES AND FUND BALANCE

Fund Balance, Unencumbered	$ 62,442

See independent auditor's report and notes to the financial statements.
(Pages 59 and 63, respectively).

TACONIC HILLS CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	Cash Balance June 30, 2014	Receipts	Disbursements	Cash Balance June 30, 2015
High School:				
Class of 2015	3,660	52,759	56,419	-
Class of 2016	921	19,127	16,569	3,479
Class of 2017	1,389	2,653	1,564	2,478
Class of 2018	-	1,353	128	1,225
Honor Society	1,656	976	839	1,793
Drama Club	5,783	9,529	6,733	8,579
Band	2,858	137	870	2,125
HS Chorus	4,646	2,365	2,033	4,978
SADD	1,481	1,118	485	2,114
Harvest Club	341	1,698	231	1,808
Robotics Club	186	-	12	174
Running Club	122	-	12	110
Model UN	-	1,110	1,107	3
Foreign Language	-	747	8	739
Sales Tax	204	3,604	3,272	536
Student Government	2,868	6,126	6,249	2,745
				-
	$ 26,115	$ 103,302	$ 96,531	$ 32,886
Junior High School:				
Student Council	$ 12,424	$ 2,380	$ -	$ 14,804
Yearbook	210	3,527	-	3,737
Harvest Club	39	-	-	39
Band	902	5,373	-	6,275
Drama Club	2,849	1,105	-	3,954
Sales Tax	395	352	-	747
	$ 16,819	$ 12,737	$ -	$ 29,556

See independent auditor's report and notes to the financial statements.
(Pages 59 and 63, respectively)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

As the Taconic Hills Central School District, through its Board of Education, has oversight responsibility over the Extraclassroom Activity Funds, such funds are considered a component unit of the District. Accordingly, such transactions are blended with the other Trust Funds of the District in its basic financial statements under the Trust and Agency Fund.

The books and records of the Taconic Hills 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 are recognized when cash is disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles and which may be material in amount, are not recognized in the accompanying financial statements.

See independent auditor’s report (Page 73).