PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE **BOND ANTICIPATION NOTES**

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

The Notes will NOT be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$12,720,000

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

BROOME COUNTY, NEW YORK

GENERAL OBLIGATIONS

$12,720,000 Bond Anticipation Notes, 2020

(the "Notes")

Dated: June 25, 2020 **Due: June 25, 2021**

The Notes are general obligations of the Chenango Valley Central School District, Broome County, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

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

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon on with the purchaser(s), or about June 25, 2020.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on June 3, 2020 by no later than 10:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

May 26, 2020

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 – MATERIAL EVENT NOTICES" HEREIN.

CHENANGO VALLEY
CENTRAL SCHOOL DISTRICT

BROOME COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2019-2020 BOARD OF EDUCATION

KELLY WARWICK
President

JUDITH MITROWITZ
Vice President

SCOTT WILSON
CASEY DOYLE
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* * * * * * * * * * *

DAVID P. GILL
Superintendent of Schools

ELIZABETH DONAHUE
School Business Executive

ASHLEY WHETSELL
District Treasurer

SUSAN M. CIRBA
District Clerk

Coughlin & Gerhart LLP
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

No person has been authorized by Chenango Valley Central School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes 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 Chenango Valley Central School District.

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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Syracuse, New York 13202
(315) 752-0051
http://www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
BROOME COUNTY, NEW YORK

Relating To

$12,720,000 Bond Anticipation Notes, 2020

This Official Statement, which includes the cover page and appendices, has been prepared by the Chenango Valley Central School District, Broome County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $12,720,000 principal amount of Bond Anticipation Notes, 2020 (the "Notes").

The factors affecting the District's financial condition and the Notes 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 Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

NATURE OF OBLIGATION

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

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

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

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

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

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

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the city's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held

> they mean… So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted… While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

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

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

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

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

THE NOTES

Description of the Notes

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

The Notes will be dated June 25, 2020 and will mature June 25, 2021. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the purchaser either (i) registered in the name of the purchaser, or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and Status of the State of New York, including the Education Law and the Local Finance Law, pursuant to a bond resolution duly adopted by the Board of Education on February 21, 2018 authorizing the construction of improvements to and reconstruction of various School District buildings and facilities, including site and athletic field improvements at a maximum estimated cost of $15,000,000, and to expend $2,000,000 Capital Reserve Fund monies and the issuance of up to $13,000,000 obligations to pay a portion thereof. For additional information please see "STATUS OF INDEBTEDNESS - Capital Project Plans" herein.

The Notes are being issued, along with $280,000 available funds of the District to partially redeem and renew a $10,000,000 portion of the $19,806,847 bond anticipation notes maturing June 26, 2020 and provide $3,000,000 in new money for the aforementioned project. The remaining $9,806,847 of the bond anticipation notes maturing June 26, 2020, pursuant to a 2015 bond resolution are being permanently financed through the Dormitory Authority of the State of New York ("DASNY") along with $1,110,847 available funds of the District, in a financing scheduled to close June 17, 2020.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes 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 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, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com and www.dtc.org**.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC 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, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (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 NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY 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 Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes 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 system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

FINANCIAL POSITION OF THE DISTRICT

Prior History

The District experienced fiscal problems beginning with its fiscal year ended June 30, 2005 as a result of an under-estimation of expenditures, specifically for instruction and employee benefits. The cumulative General Fund Balance at June 30, 2005 was $413,267, which was a decrease of $1,115,015 from the prior year. For the year ended June 30, 2006, the District had similarly underestimated expenditures and ended fiscal year 2006 with a fund balance of ($599,235).

Again similar budgetary practices resulted in operating losses in 2007. For fiscal year ending June 30, 2007, the District ended with a fund balance of ($3,043,717). The District had overestimated State Aid by $1,502,694, Use of Money and Property by $47,212 and Proceeds of Obligations by $510,000. Additionally, for 2007, expenditures for Instruction and Operating Transfers were underestimated by $69,458 and $193,219, respectively. For the fiscal year ending June 30, 2008, the District ended with a fund balance of ($3,572,068).

The School Lunch Fund also experienced negative variances in revenues from both sales and federal aid and in the cost of sales and service. These negative variances occurred in each of the three fiscal years described above resulting in a balance of ($183,018).

Pursuant to Special State Legislation enacted upon behalf of the District and Section 10.10 of the Local Finance Law on November 21, 2008, the Office of the State Comptroller certified the deficit in the General Fund in the amount of $3,573,611 and the deficit in the School Lunch Fund of $183,018. See "DEFICIT FINANCING LEGISLATION" herein.

As part of its recovery plan, the District issued $3,500,000 deficit bonds on April 15, 2009 to fund its cumulative deficits. The District has also implemented corrective measures including conservative spending and budget structures in order to control and minimize expenditures and to improve the financial position of the District. Property tax increases of approximately 5% for the 2007-2008 fiscal year and approximately 12% for the 2008-2009 fiscal year have helped to reduce the cumulative deficit. In addition, for the 2008-2009 budget the District received an increase in State Aid of approximately $644,000.

Budget Year 2009-10

The budget for the 2009-10 fiscal year was approved by the voters on May 19, 2009. Total General Fund budget was slightly less than that of 2008-09, with an approximate 2.9% increase in real property taxes. The total budget was for $31,893,093 and the actual was $31,079,467. The District budgeted a small increase in State aid of $53,362. Budgeted expenditures increased in the areas of general support, transportation, employee benefits, instruction, and debt service, which is reflecting debt service for the EXCEL capital project. Total revenues exceeded expenditures by $566,292 allowing the District to increase fund balance to $3,905,431.

Budget Year 2010-11

The budget for the 2010-11 fiscal year was approved by the voters on May 18, 2010. Total General Fund budget shows remains relatively constant decrease when compared to 2009-10. The District has budgeted a decrease in State aid of $1,749,462 and taxes were increased approximately 3.9%. Budgeted expenditures increased in the areas of general support and employee benefits has been increased. Expenditures for instruction and debt service have been reduced. Total revenues came in as budgeted, and expenditures were approximately $1.3 million less than anticipated. This allowed the District to further increase fund balance to $5,223,698 as of June 30, 2011.

Budget Year 2011-12

The budget for the 2011-12 fiscal year was approved by the voters on May 17, 2011. Total General Fund budget is slightly more than that of 2010-11, with an approximate 3.9% increase in real property taxes. The total budget was for $31,841,655. The District budgeted a decrease in State aid of $827,433. Budgeted expenditures increased most in the areas of transportation and employee benefits. The District appropriated $1,007,000 fund balance to the budget, and the fund balance increased slightly for the year ending June 30, 2012.

Budget Year 2012-13

The budget for the 2012-13 fiscal year was approved by the voters on May 15, 2012. The total budget is for $32,333,016. The District has budgeted a small increase in State aid of $40,929 and taxes were increased by 1.99% which is below the 2% tax cap and below the allowable 2.65% tax increase when exclusions are applied. Budgeted expenditures increased in the areas of general support and instruction, and a significant increase can be seen in employee benefits. The estimated savings from the refinancing were not included in the budget. The District appropriated $1,033,800 fund balance to balance the budget, and only used a small portion of this appropriation.

Budget Year 2013-14

The budget for the 2013-14 fiscal year was approved by the voters on May 21, 2013. The total budget is for $33,308,654 which is an increase from the 2012-13 budget. The District budgeted an increase in State aid of $644,331 and taxes were increased by 2.13% which is below the 2% tax cap and below the allowable 6.0% tax increase when exclusions are applied. Budgeted expenditures increased in the areas of general support and instruction, and a significant increase can be seen in employee benefits. The District budgeted to appropriate $933,800 fund balance to balance the budget.

Budget Year 2014-15

The budget for the 2014-15 fiscal year was approved by the voters on May 20, 2014. The total budget is for $34,060,502 which is an increase from the 2013-14 budget. The District budgeted an increase in State aid of $1,228,694 and taxes were decreased by 0.44% which was equal to the allowable maximum tax levy limit when the required formula was applied. Budgeted expenditures increased in the areas of general support and instruction, and a significant increase can be seen in employee benefits. The District did appropriate $350,000 fund balance to balance the budget. The District ended the year with a Total Fund Balance of $5,287,968, which was a decrease of $775,660.

Budget Year 2015-16

The budget for the 2015-16 fiscal year was approved by the voters on May 19, 2015. The total budget is for $34,761,317 which is an increase from the 2014-15 budget. The District budgeted an increase in State aid of $734,423 and taxes were increased by 0.60% which is equal to the allowable maximum tax levy limit of 0.60%. Budgeted expenditures increased in the areas of general support and instruction. The District appropriated $350,000 fund balance to balance the budget.

Budget Year 2016-17

The budget for the 2016-17 fiscal year was approved by the voters on May 17, 2016. The total budget is for $35,741,512.00 which is a decrease from the 2015-16 budget. The District budgeted an increase in State aid of $644,632 and taxes were increased by 0.2% which is equal to the allowable maximum tax levy limit of 0.2%. Budgeted expenditures increased in the areas of general support and instruction. The District appropriated $550,000 fund balance to balance the budget.

Budget Year 2017-18

The budget for the 2017-18 fiscal year was approved by the voters on May 16, 2017. The total budget is for $37,342,387.00 which is an increase from the 2016-17 budget. The District budgeted an increase in State aid of $1,239,187 and taxes were increased by 1.38% which is equal to the allowable maximum tax levy limit of 1.38%. Budgeted expenditures increased in the areas of general support and instruction. The District appropriated $550,000 fund balance to balance the budget.

Budget Year 2018-19

The budget for the 2018-19 fiscal year was approved by the voters on May 15, 2018. The total budget is for $38,457,793 which is an increase from the 2017-18 budget. The District budgeted an increase in State aid of $723,804 and taxes were increased by 2.10% which is equal to the allowable maximum tax levy limit of 2.10%. Budgeted expenditures increased in the areas of salaries, benefits, equipment and debt service. The District appropriated $250,000 fund balance to balance the budget.

Budget Year 2019-20

The budget for the 2019-20 fiscal year was approved by the voters on May 21, 2019. The total budget is for $39,727,755 which is an increase from the 2018-19 budget. The District budgeted an increase in State aid of $684,486 and taxes were increased by 2.86% which was below the allowable maximum tax levy limit of 5.09%. Budgeted expenditures increased in the areas of salaries, instruction, transportation, equipment and debt service. The District appropriated $250,000 fund balance to balance the budget.

Budget Year 2020-21

The school district budget vote for the 2020-21 fiscal year was originally scheduled to be held on May 19, 2020, however, annual school budget votes across the State were postponed under an Executive Order from Governor Andrew Cuomo that extends and expands restrictions aimed at limiting the spread of COVID-19. The budget vote will now take place on June 9, 2020. The total budget is for $40,897,582 which is an increase from the 2019-20 budget. The District budgeted an increase in State aid of $1,156,984 and taxes were increased by 2.02% which is within the allowable maximum tax levy limit. Budgeted expenditures increased in the areas of salaries, instruction, transportation, equipment and debt service. The District appropriated $250,000 fund balance to balance the budget.

THE SCHOOL DISTRICT

General Information

The District is located in the central southern portion of upstate New York commonly referred to as the Southern Tier. The District is located approximately 2 miles north of the City of Binghamton and is primarily a suburban community serving the Village of Port Dickinson (the "Village"), Hamlet of Hillcrest, Chenango Bridge and surrounding areas.

The District is served by the Binghamton Regional Airport, and has connections for Interstates 81 and 88, as well as Route 17. Binghamton University and Broome Community College are located in the area offering higher educational opportunities for area residents.

Police protection is provided by the County of Broome and the Village of Port Dickinson. Gas and electric power are provided by the New York State Electric and Gas Company.

Source: District officials.

Population

The current estimated population of the District is 12,931. (Source: 2018 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 includes the District) are the Towns and County listed below. The figures set below with respect to such Towns and County is included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the County is necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2014-2018	2000	2006-2010	2014-2018
Towns of:						
Chenango	$ 22,431	$ 29,219	$ 34,981	$ 54,381	$ 67,379	$ 78,854
Colesville	15,816	18,938	21,740	40,333	55,553	60,313
Dickinson	19,246	19,829	26,801	49,583	58,344	72,417
Fenton	19,780	24,705	30,682	45,869	60,648	73,065
Kirkwood	19,228	24,661	28,716	45,993	60,313	70,000
County of:						
Broome	19,168	24,314	27,744	45,422	57,545	67,342
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

Note: 2015-2019 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 2014-2018 American Community Survey data.

Major Employers

The following is a list of the largest employers within Broome County where the District is located:

Employer	Type	Number of Employees
Binghamton University	Education	5,943
United Health Services	Private Hospital	5,428
Lockheed Martin	Technology	2,700
Broome County	Government	2,500
Our Lady of Lourdes Hospital	Private Hospital	2,311
BAE Control Systems	Electronics	1,300
I3 Electronics	Electronics	1,100
Maines Paper & Food Service	Grocer	1,100
IBM	Technology	1,100

Source: Broome County Industrial Development Agency.

Unemployment Rate Statistics

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

Annual Average

	2013	2014	2015	2016	2017	2018	2019
Broome County	7.8%	6.6%	6.0%	5.4%	5.6%	4.9%	4.7%
New York State	7.7	6.3	5.3	4.9	4.7	4.1	4.0

2020 Monthly Figures

	Jan	Feb	Mar	Apr	May
Broome County	5.7%	5.4%	5.6%	N/A	N/A
New York State	4.1	3.9	4.4	15.0	N/A

Note: Unemployment rates for May 2020 are not available as of this Official Statement.

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

Form of School Government

The Board of Education, which is the policy-making body of the District, consists of nine members with overlapping five-year terms so that as nearly as possible, an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District. The President and the Vice President are selected by the Board members.

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

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% 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 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 School District to exceed the School District Tax Cap 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 2018-19 fiscal year was adopted by the qualified voters on May 15, 2018 by a margin of 696 yes to 113 no. The District's adopted budget for 2018-19 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget included for a total tax levy increase of 2.10%, which was equal to the District tax levy limit of 2.10%.

The budget for the 2019-20 fiscal year was adopted by the qualified voters on May 21, 2019 by a margin of 311 yes to 75 no. The District's adopted budget for 2019-20 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 2.86%, which is below to the District tax levy limit of 5.09%.

The school district budget vote for the 2020-21 fiscal year was originally scheduled to be held on May 19, 2020, however, annual school budget votes across the State were postponed under an Executive Order from Governor Andrew Cuomo that extends and expands restrictions aimed at limiting the spread of COVID-19. The budget vote will now take place on June 9, 2020. The District's budget for the 2020-21 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 2.02%.

Investment Policy

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

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America, and (4) repurchase agreements involving the purchase and resale of obligations of the United States of America or obligations of agencies of the federal government, if principal and interest is guaranteed by the United States of America and the securities are registered in the name of the District and held by a custodial bank in accordance with the policies established by the New York State Comptroller, with valuation and margin requirements. The District is not authorized to invest in reverse repurchase obligations or similar derivative type investments.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-20 fiscal year, approximately 46.29% of the revenues of the District are estimated to be received in the form of State aid. In its proposed budget for the 2020-21 fiscal year, approximately 47.46% 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.

COVID-19

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District. See also "MARKET AND RISK FACTORS" herein.

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation … and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically. (See "State Aid History" herein).

It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020 the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projects a $13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including "aid-to-localities," a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. (See "Stat Aid History" herein).

Potential Reductions in Federal Aid Received by the State

The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State's current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues that may arise such as the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

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

The State 2020-2021 Budget continues to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by $850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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

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

Building aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2020-21 preliminary building aid ratios, the District State Building aid of approximately 86.9% 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 (2015-2016): The 2015-2016 State budget included a partial reduction in the Gap Elimination Adjustment with $603 million in GEA cuts being restored, and provided an additional $428 million in foundation aid and $268 million in expense base aids which reimbursed school districts for prior year expenses in school construction, transportation, BOCES and special education services.

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District was not a part of the Community Schools Grant Initiative (CSGI) and has not received any grant monies from the State.

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $9,240,580. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

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

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

School district fiscal year (2019-2020): The State's 2019-2020 Enacted Budget includes a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6 percent and will provide additional funding for Foundation Aid of $338.0 million and $409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by $49.99 million to a total of $250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-2020 Enacted Budget increases the minimum community schools funding amount from $75,000 to $100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

School district fiscal year (2020-2021): The State's 2020-2021 Enacted Budget includes a year-to-year funding increase for State aid of $95.0 million or .035% percent. Foundation Aid to school districts is frozen at the same level as the 2019-2020 fiscal year; while other aids, calculated according formulas in current law, are responsible for the increase. The State's 2020-2021 Enacted Budget includes $10 million in new funding for grants to school districts for student mental health services. It should be noted that there was an actual year-to-year decrease of State aid implemented through a reduction of each school district's State aid allocation from the 2019-2020 year. The reduction is being referred to as a "Pandemic Adjustment". However, the decrease in State aid is expected to be fully offset by an allocation received by the State of funds from the recently approved federal stimulus bill. Absent the federal stimulus funds, there would have been a $1.127 billion decrease in State aid from the 2019-2020 year. In addition, the State's 2020-2021 Enacted Budget authorizes the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "State Aid" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget.

State Aid Litigation

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

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

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

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

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

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years and budgeted figures for the current fiscal year comprised of State aid.

Fiscal Year	Total Revenues [1]	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2014-2015	$ 34,175,350	$ 14,447,001	42.27%
2015-2016	35,094,636	14,977,059	42.68
2016-2017	35,667,096	15,591,313	43.71
2017-2018	37,390,622	16,772,267	44.86
2018-2019	37,980,832	17,255,585	45.43
2019-2020 (Budgeted)	39,177,755	18,134,886	46.29
2020-2021 (Proposed)	40,647,582	19,291,870	47.46

(1) General fund only. Figures include interfund transfers and appropriated reserves.

Source: Audited financial statements of the District for the 2014-2015 through and including the 2018-2019 fiscal years and the adopted budget of the District for the 2019-2020 fiscal year. This table is not audited.

District Facilities

The District currently operates the following facilities:

Name	Grades	Capacity	Year Originally Built
Port Dickinson Elementary	Pre-K-2	800	1919, ‘29, ‘91, ‘92
Chenango Bridge Elementary	3-5	600	1950, ‘55, ‘92
Junior-Senior High School	6-12	1,100	1955, ‘60, ‘67

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2015-2016	1,816	2020-2021	1,800
2016-2017	1,800	2021-2022	1,800
2017-2018	1,765	2022-2023	1,800
2018-2019	1,818	2023-2024	1,800
2019-2020	1,778	2024-2025	1,800

Source: District officials.

Employees

The District employs a total of 238 full-time and 113 part-time employees with representation by the various bargaining units listed below:

Number of Employees	Bargaining Unit	Contract Expiration Date
165	Chenango Valley Teachers’ Association	June 30, 2022
169	Chenango Valley Support Staff Association	June 30, 2020 [1]
8	Chenango Valley Administrators’ Association	June 30, 2021
2	Chenango Valley Non-Instructional Supervisors’ Assoc.	June 30, 2021
7	Personal Service Agreements	N/A

(1) Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

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

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

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

Fiscal Year	ERS	TRS
2014-2015	$ 422,972	$ 1,793,630
2015-2016	503,428	1,447,032
2016-2017	420,278	1,254,260
2017-2018	402,474	1,080,660
2018-2019	399,699	1,156,545
2019-2020 (Budgeted)	421,000	1,037,000
2020-2021 (Proposed)	433,570	1,114,000

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 early retirement incentive programs for its employees.

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 (2016 to 2020) is shown below:

Year	ERS	TRS
2015-16	18.2%	13.26%
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86

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

The State's 2019-2020 Enacted Budget, which was signed into law on March 31, 2019, will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established a reserve fund for the purpose of funding the cost of TRS contributions.

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

Other Post Employee Benefits

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

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

OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

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

The District contracted with Hooker & Holcomb, Inc. (Questar III), an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

Balance beginning at:	June 30, 2017	June 30, 2018
	$ 89,981,432	$ 92,828,654
Changes for the year:		
Service cost	3,139,894	2,496,697
Interest	2,743,217	2,807,607
Change in benefit terms	-	(20,325)
Differences between expected and actual experience	350,639	(3,135,968)
Changes in assumptions or other inputs	-	(479,417)
Benefit payments	(3,386,528)	(3,502,835)
Net Changes	$ 2,847,222	$ (1,834,241)
Balance ending at:	June 30, 2018	June 30, 2019
	$ 92,828,654	**$ 90,994,413**

Source: Audited financial statements of the District, attached hereto as "APPENDIX – D". The above table is not audited.

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.

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

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

In April 2015, the State Comptroller 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. The proposed legislation was not enacted into law in recent legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

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 Notes 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 Notes as provided in Title 6 of Article 2 of the Local Finance Law.

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2019 and is attached hereto as "APPENDIX – D". 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

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

The State Comptroller's office released its most recent audit report of the District on April 12, 2019. The purpose of the audit was to provide an independent evaluation of the District's proposed budget for the 2019-20 fiscal year.

<u>Key Finding</u>

- Found that the significant revenue and expenditure projections and appropriations of fund balance and reserves in the proposed budget are reasonable.

<u>Key Recommendations</u>

- This budget review did not contain any recommendations.

A copy of the complete report and the District's response, as well as prior audit reports of the District conducted over the past five years, can be found via the website of the Office of the New York State Comptroller.

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

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

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

Fiscal Year Ending In	Stress Designation	Fiscal Score
2019	No Designation	10.0%
2018	No Designation	20.0%
2017	No Designation	13.3%

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

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Chenango	$ 235,198,986	$ 234,503,882	$ 234,080,298	$ 238,813,486	$ 237,997,924
Colesville	750,038	752,734	777,336	774,309	772,009
Dickinson	91,674,847	92,451,208	92,219,133	91,968,862	91,860,501
Fenton	114,375,635	114,315,175	114,943,950	114,824,968	115,343,839
Kirkwood	28,492,800	28,626,946	28,752,798	28,740,677	28,786,370
Total Assessed Values	$ 470,492,306	$ 470,649,945	$ 470,773,515	$ 475,122,302	$ 474,760,643
State Equalization Rates					
Towns of:					
Chenango	70.00%	70.00%	70.00%	70.00%	67.00%
Colesville	8.20%	8.20%	8.36%	8.11%	7.55%
Dickinson	72.50%	75.00%	75.00%	74.63%	71.47%
Fenton	65.80%	67.00%	65.00%	65.00%	67.00%
Kirkwood	76.50%	79.50%	78.00%	71.50%	71.00%
Total Taxable Full Valuation	$ 682,662,065	$ 674,081,907	$ 680,356,955	$ 690,793,353	$ 706,675,387

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Chenango	$ 38.93	$ 39.51	$ 39.68	$ 39.91	$ 41.92
Colesville	332.33	337.25	332.27	344.43	372.02
Dickinson	37.59	36.87	37.04	37.43	39.30
Fenton	41.42	41.28	42.74	42.98	41.92
Kirkwood	35.62	34.79	35.61	39.07	39.56

Tax Collection Procedure

Property taxes for the District are collected by Broome County Real Property. Such taxes are due and payable on or about September 1st of each year but may be paid without penalty for 30 days. Penalties on unpaid taxes are 2% during the second 30-day collection period. After that, uncollected taxes are reported to the County for collection. The District receives the amount of any uncollected school taxes from the County prior to the end of the District's fiscal year thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Total Tax Levy	$ 18,603,734	$ 18,641,797	$ 18,898,888	$ 19,296,466	$ 19,849,067
Amount Uncollected (1)	855,186	702,275	705,600	855,763	801,902
% Uncollected	4.60%	3.77%	3.73%	4.43%	4.04%

(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 for the current fiscal year comprised of Real Property Taxes and Tax Items.

Fiscal Year	Total Revenues (1)	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2014-2015	$ 34,175,350	$ 18,643,992	54.55%
2015-2016	35,094,636	18,747,404	53.42
2016-2017	35,667,096	18,779,968	52.65
2017-2018	37,390,622	19,048,125	50.94
2018-2019	37,980,832	19,465,997	51.25
2019-2020 (Budgeted)	39,177,755	19,849,067	50.66
2020-2021 (Proposed)	40,647,582	20,250,342	49.82

(1) General fund only. Figures include interfund transfers and appropriated reserves.

Source: Audited financial statements of the District for the 2014-2015 through and including the 2018-2019 fiscal years and the adopted budget of the District for the 2019-2020 fiscal year. This table is not audited.

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Ten Larger Taxpayers – 2019 Assessment Roll for 2019-20 District Tax Roll

Name	Type	Taxable Full Valuation
New York State Electric & Gas	Utility	$ 17,695,606
FGR Realty	Commercial	10,344,925
Northgate Plaza Company	Commercial	8,358,209
Lowe's Home Centers Inc.	Commercial	8,161,045
Realty Income Corp.	Commercial	7,065,902
33 CBR, LLC	Commercial	6,751,716
Shree Hari Holdings/Hotels, LLC	Commercial	5,878,656
Can Am West, LLC	Commercial	5,607,015
Binghamton Hotel Ventures, LLC	Hotel	5,526,794
Cracker Barrel	Commercial	3,497,971

The largest taxpayers listed above have a total taxable full valuation of $78,887,839, which represents approximately 11.16% of the tax base of the District for the 2019-2020 fiscal year.

The District has a Tax Certiorari Reserve Fund, which is reviewed annually and funded when necessary to minimize exposure for the District, should any claims be decided adversely to 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 or believed to have a material impact on the District.

Source: Town Assessment 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 $ $86,300 or less for 2019, and $88,050 for 2020 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.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A new homeowner may receive a new personal income tax credit in the form of a check. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage home owners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared with a $500,000 limit for the credit. Homeowners with STAR Adjusted Gross Income of $250,000 have the option The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

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**
Chenango	$ 46,770	$ 20,100	4/10/2020
Colesville	5,270	2,270	4/10/2020
Dickinson	49,890	21,440	4/10/2020
Fenton	46,770	20,100	4/10/2020
Kirkwood	49,560	21,300	4/10/2020

$3,518,667 of the District's $19,296,446 school tax levy for the 2018-2019 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2019.

$3,518,667 of the District's $19,849,067 school tax levy for the 2019-2020 fiscal year was exempted by the STAR Program. The District received full reimbursement in January, 2020.

Additional Tax Information

Real property located in the School 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-78%; Commercial-12% and Agricultural-10%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the School District is approximately $3,750 including County, Village, Town and School 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, the latter four of which are indirectly affected by applicability to their respective City.)

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

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

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

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

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

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

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 March 16, 2015, a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016, the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals. See also "State Aid" for a discussion of the New Yorkers for Students' Educational Rights v. State of New York case which includes a challenge to the supermajority requirements regarding school district property tax increases.

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

The School District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of the 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. The School 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 School 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.

Debt Limit. The School District has the power to contract indebtedness for any school 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 School District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional method for determining average full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization ratio) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services.

The School 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. No down payment is required in connection with the issuance of District obligations.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

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 School 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 School District has complied with this estoppel procedure in connection with the Notes.

The Board of Education, as the finance board of the School 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 School District, pursuant to the Local Finance Law.

The School 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 School 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:	2015	2016	2017	2018	2019
Bonds	$ 15,564,053	$ 13,423,423	$ 11,610,226	$ 9,429,713	$ 7,189,200
Bond Anticipation Notes	0	5,500,000	8,362,387	10,726,757	20,538,280
Other Debt	0	0	0	0	0
Total Debt Outstanding	$ 15,564,053	$ 18,923,423	$ 19,972,613	$ 20,156,470	$ 27,727,480

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Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of May 26, 2020.

Type of Indebtedness	Maturity	Amount
Bonds	2020-2024	$ 7,042,000
Bond Anticipation Notes		
Various Capital Projects	June 26, 2020	19,806,847 (1)
Purchase of Buses	September 5, 2020	886,956 (2)
	Total Indebtedness	$ 27,735,803

(1) To be redeemed, renewed and permanently financed at maturity with the proceeds of the Notes, DASNY bonds, and $1,340,847 available funds of the District. See "Capital Project Plans herein.

(2) To be redeemed and renewed at maturity with available funds and bond anticipation renewal notes.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 26, 2020:

Full Valuation of Taxable Real Property			$ 706,675,387
Debt Limit 10% thereof			70,667,539
Inclusions:			
Bonds	$ 7,042,000		
Bond Anticipation Notes	10,973,803		
Principal of this Issue	12,720,000		
Total Inclusions		$ 30,735,803	
Exclusions:			
State Building Aid (1)	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 30,735,803
Net Debt-Contracting Margin			$ 39,931,736
The percent of debt contracting power exhausted is			43.49%

(1) Based on preliminary 2019-2020 building aid estimates, the District anticipates State Building aid of 85.5% 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.

Bonded Debt Service

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

Capital Project Plans

On December 9, 2014, qualified voters of the District approved a bond proposition to construct improvements to and reconstruct various District buildings and facilities at a maximum estimated cost of $12,400,000, and to expend $1,075,000 capital reserve fund monies and $725,000 general fund monies to pay a portion thereof, with the remaining $10,600,000 to be financed with serial bonds. To date, the District has issued $10,600,000 bond anticipation notes pursuant to this authorization, of which $10,206,847 is currently outstanding. The District issued a $9,806,847 portion of $19,806,847 bond anticipation notes on June 27, 2019, along with $400,000 in available funds, to partially redeem and renew $10,206,847 bond anticipation notes that matured on June 28, 2019. The District is in the process of issuing serial bonds through DASNY, along with $1,110,847 available funds of the District to permanently finance a $9,806,847 portion of the $19,806,847 bond anticipation notes maturing June 26, 2020.

On December 5, 2017, the voters of the District approved a bond proposition authorizing the construction of improvements to and reconstruction of various School District buildings and facilities, including site and athletic field improvements at a maximum estimated cost of $15,000,000, and to expend $2,000,000 Capital Reserve Fund monies, with the remaining $13,000,000 to be financed with serial bonds. The District issued a $10,000,000 portion of $19,806,847 bond anticipation notes on June 27, 2019 as new money for this project. The Notes are being issued, along with $230,000 available funds of the District to partially redeem and renew the $10,000,000 bond anticipation notes maturing June 26, 2020 and provide $3,000,000 new money for the aforementioned project.

The District annually issues debt for the purchase of buses. Prior to the 2016 fiscal year, the District issued five-year statutory installment bonds to finance the bus purchases. In recent years, the District has issued bond anticipation notes to finance the purchase of buses. On May 21, 2019, the qualified voters of the District approved a proposition for the purchase of school buses at a total maximum estimated cost of $340,000. The District currently has $886,956 bond anticipation notes that were issued on September 4, 2019, along with $184,477 available funds of the District, to partially redeem and renew the $731,433 bond anticipation notes that matured on September 5, 2019, and provided $340,000 in new monies for the abovementioned purposes. The District intends to authorize a similar amount to purchase buses in June 2020 and finance them in September 2020.

In May 2014, the qualified voters approved a proposition that provided $85,000 in annual funding to the Fenton Free Library (the "Library"). In May 2017 and May 2018, the voters again approved to support propositions to increase that funding level to $117,268. On May 21, 2019, the qualified voters of the District approved a new proposition to increase the level of annual funding in the amount of $2,441 for a total levy of $119,709. The Library is a separate corporate entity from the District, but affiliated with the District, which raises the tax levy within the District on behalf of the Library

Other than as stated above, there are no other capital projects authorized or unissued by the District, nor are any contemplated.

Cash Flow Borrowings

The District has not issued tax anticipation notes and/or revenue anticipation notes in the past five fiscal years, and does not anticipate the need to issue revenue and/or tax anticipation notes in the near future.

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:						
Broome	12/31/2018	$ 138,974,947	$ 10,744,947	$ 128,230,000	7.03%	$ 9,014,569
Towns of:						
Chenango	12/31/2018	8,225,200	5,391,500	2,833,700	47.33%	1,341,190
Colesville	12/31/2018	-	-	-	3.71%	-
Dickinson	12/31/2018	891,000	26,000	865,000	57.96%	501,354
Fenton	12/31/2018	286,186	218,036	68,150	56.55%	38,539
Kirkwood	12/31/2018	2,552,650	67,650	2,485,000	10.13%	251,731
					Total:	$ 11,147,383

(1) Bonds and bond anticipation notes. 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.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2018.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 26, 2020:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 30,735,803	$ 2,376.91	4.35%
Net Indebtedness Plus Net Overlapping Indebtedness [d]............	41,883,186	3,238.98	5.93

(a) The current estimated population of the District is 12,931. (See "THE SCHOOL DISTRICT – Population" herein.)
(b) The District's full value of taxable real estate for the 2019-2020 fiscal year is $706,675,387. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $11,147,383. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept for School Districts. In the event of a default in the payment of the principal of and/or interest on the 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 School 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. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

The financial condition of the School District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the School 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 Notes. 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 School District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The School 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 School District, in any year, the School District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the School District. In several recent years, the School 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 School District could have an impact upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

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

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

COVID-19. The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, which was first detected in China in December of 2019 and has since spread world-wide, was declared a pandemic by the World Health Organization on March 11, 2020.

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. As almost all nations have experienced a rise in infections and implemented containment measures that in the case of some nations (including the United States) have been drastic, economies have suffered in the extreme. The full impact is difficult to predict due to uncertainties regarding the duration and severity of the COVID-19 pandemic, but some economists have predicted that the short-term economic fallout will be worse than the 2008-09 global financial crisis. The World Trade Organization has estimated that world trade will fall by between 13% and 32% in 2020, and news outlets have reported on possibilities of supply chain problems as the pandemic spreads to different countries around the world.

While initially the hospitality and tourism industries were hardest hit, there is now widespread unemployment across all economic sectors in the United States. In the last two weeks of March and the first week of April, 2020, almost 17 million Americans filed for unemployment, and it has been reported that this may not be an accurate count because of the number of persons who attempted to file but were unable to access the overloaded systems in certain states.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic has caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve have taken significant steps to backstop those markets and to provide much-needed liquidity, but the markets remain volatile. Under these conditions, holders of the Notes are likely to have significantly more difficulty trading the Notes on satisfactory terms, or at all.

Federal Response

The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the $2.3 trillion Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which attempt to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Measures for Individuals and Businesses: Individual taxpayers who meet certain income limits will receive direct cash payments from the federal government. Unemployment rules have been changed to allow self-employed workers, independent contractors and others who would not normally qualify to receive benefits, and unemployment insurance recipients will receive an additional $600 per week payment for up to four months.

Businesses will benefit from various federal tax law changes, including a payroll tax credit. Air carriers and businesses critical to national security are eligible for direct loans and loan guarantees from the Treasury, and the Federal Reserve has received financial support for its lending programs. Smaller businesses have been incentivized to keep workers in their jobs through the Paycheck Protection Program (offering short-term loans that can be forgiven in whole or in part).

Stimulus Efforts for State and Local Governments: The CARES Act includes a $150 billion Coronavirus Relief Fund, which provides funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations can receive monies from the amount allocated to their state). This money is intended for programs that are necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money is not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it may indirectly assist with revenue shortfalls in cases where the expenses that are being covered by this fund would otherwise create a further budget shortfall. Because this money is targeted to larger governmental units, it is unlikely that the District will stand to benefit directly from this program.

The CARES Act also includes an Education Stabilization Fund, which provides $30.75 billion for K-12 and higher education systems. There are three main forms of relief: $13.2 billion for K-12 schools that will be administered on a state-by-state basis, $14 billion for public and private colleges and universities, and $3 billion in emergency relief that governors may distribute to schools, colleges and universities that have been particularly affected by COVID-19 and the ensuing crisis.

Municipal Liquidity Facility: The Federal Reserve is establishing a new “Municipal Liquidity Facility” ("MLF") that will offer up to $500 billion in direct federal lending. The MLF will purchase certain short-term debt from states, counties with at least two million residents and cities with at least one million residents. Importantly, these larger issuers may then use their own loan proceeds to make loans to smaller governmental units that would not otherwise qualify for this program. Proceeds may be used to help manage the cash flow impact of income tax deferrals resulting from an extension of income tax filing deadlines, potential reductions of tax and other revenues or increases in expenses related to or resulting from the pandemic, and requirements for the payment of principal and interest on outstanding obligations. It is not yet clear whether New York State will borrow from the MLF. If it does borrow, there is no mechanism or arrangement currently in place for the State to make loans to smaller governments within the State, although the MLF program does authorize this. It is uncertain at this point the extent to which, if at all, the District might ultimately be able to access short-term MLF loan funding through the State.

State Response

Executive orders: Governor Cuomo has released a number of executive orders in response to the COVID-19 pandemic, including various mandates requiring “non-essential” employees to work from home. As of March 22, 100% of such “non-essential” employees have been mandated to work from home or take leave without accruals. Entities providing essential services or functions are not subject to the in-person work restriction, but may only operate at the minimal level necessary to provide such service or function. Local governments are exempt from the 100% requirements, however, they are required to have no more than 50% of employees working in-person.

Pursuant to State Executive Order 202.4, every school in the State was directed to close no later than March 18, 2020. While schools were originally ordered closed until April 1, the time period has since been extended through the remainder of the school year (June 2020). School districts must normally maintain 180-day in-class attendance for State aid; however, this requirement has been waived to the extent attributable to COVID-19 related closures during the 2019-20 school year. Additionally, pursuant to State Executive Order No. 202.13, the school district elections and budget votes that normally would have been held on May 19, 2020 have been postponed until at least June 2. As of the date of this Official Statement, no date has yet been set for such elections/votes.

State budget: The City of New York has been the epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses. At the time that the State budget was being finalized in early April, the Budget Director estimated that, due to COVID-19, the State would suffer an anticipated budget gap of $10-$15 billion.

To mitigate such a potential gap, the State’s adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local school districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 - April 30, May 1- June 30, and July 1 - December 31), tax receipts are lower than anticipated or disbursements from the State’s general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director’s plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances.

While the impacts of COVID-19 on the global, federal, State and local economy cannot be predicted with any certainty, the pandemic will almost certainly have a significant adverse effect on the District’s finances. If the State has a further budget shortfall as stated above, there may be a delay and/or reduction in the State aid received by the District, which would have a negative impact on the District’s finances and operations. The District is continuing to monitor this situation and will attempt to mitigate any such adverse effects through program cuts or staffing reductions as needed.

TAX MATTERS

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

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

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

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

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

LEGAL MATTERS

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

LITIGATION

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

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes 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 an Undertaking to provide Material Event Notices, a 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 Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

If the Notes are issued in book-entry-only format, it is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District provided, however; the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATING

The Notes are <u>not</u> rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX – C", attached hereto).

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their underlying rating of "A+" with a stable outlook to the District's outstanding bonds. The rating reflects only the view of S&P and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

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 Notes.

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 Notes.

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

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

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

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

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

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

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

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District contact information is as follows: Ms. Elizabeth Donahue, School Business Executive, District Offices, 221 Chenango Bridge Road, Binghamton, New York 13901, Phone: (607) 779-4718, Fax: (607) 779-8610, email: edonahue@cvcsd.stier.org.

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

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

Dated: May 26, 2020

KELLY WARWICK
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
ASSETS					
Unrestricted Cash	$ 2,802,360	$ 2,243,306	$ 1,009,661	$ 267,370	$ 1,298,076
Restricted Cash	3,237,460	3,903,935	5,206,281	4,003,750	4,807,429
Due from Other Funds	421,758	250,785	1,139,440	1,599,307	291,628
State and Federal Aid	532,995	584,162	529,873	538,918	519,719
Due from Other Governments	815,128	739,985	792,240	975,459	1,203,033
Due from Fiduciary Funds	53,505	56,804	-	-	-
Other Receivables	20,739	20,284	22,061	111,316	111,311
Prepaid Items	-	1,726	-	-	-
TOTAL ASSETS	$ 7,883,945	$ 7,800,987	$ 8,699,556	$ 7,496,120	$ 8,231,196
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 121,807	$ 146,514	$ 136,661	$ 129,881	$ 171,597
Accrued Liabilites	98,029	8,665	30,610	38,400	52,850
Due to Other Funds	286,210	59,871	2,497	8,108	5,351
Due to Other Governments	-	38	52	40	68
Due to Fiduciary Funds	-	-	-	-	-
Due to Teachers' Retirement System	1,875,315	1,515,399	1,332,897	1,153,119	1,231,970
Due to Employees' Retirement System	120,975	112,782	113,127	109,756	108,868
Deferred Revenues	45,999	45,999	68,208	68,208	68,208
Compensated Absences Payable	47,639	-	-	-	-
TOTAL LIABILITIES	2,595,974	1,889,268	1,684,052	1,507,512	1,638,912
FUND EQUITY					
Reserved	$ 3,237,460	$ 3,905,661	$ 4,998,062	$ 3,885,741	$ 4,788,383
Unreserved:					
Appropriated	391,235	350,394	453,463	570,993	409,888
Unappropriated	1,659,276	1,655,664	1,563,979	1,531,874	1,394,013
TOTAL FUND EQUITY	5,287,971	5,911,719	7,015,504	5,988,608	6,592,284
TOTAL LIABILITIES & FUND EQUITY	$ 7,883,945	$ 7,800,987	$ 8,699,556	$ 7,496,120	$ 8,231,196

Source: Audited financial reports of the District. This table is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
REVENUES					
Real Property Taxes	$ 14,793,070	$ 14,814,562	$ 14,867,644	$ 14,961,193	$ 15,265,782
Other Tax Items	3,857,976	3,829,430	3,879,760	3,818,775	3,782,343
Charges for Services	234,686	152,554	87,842	122,674	99,868
Use of Money & Property	48,045	42,623	107,213	98,864	194,208
Sale of Property and Compensation for Loss	7,581	29,242	71,005	10,718	14,944
Miscellaneous	906,685	833,186	1,066,040	1,001,135	1,188,001
Revenues from State Sources	13,188,307	14,447,001	14,977,059	15,591,313	16,772,267
Revenues from Federal Sources	22,755	26,747	25,216	36,643	68,377
Total Revenues	$ 33,059,105	$ 34,175,345	$ 35,081,779	$ 35,641,315	$ 37,385,790
Other Sources:					
Interfund Transfers	-	-	12,857	25,781	4,832
Total Revenues and Other Sources	33,059,105	34,175,345	35,094,636	35,667,096	37,390,622
EXPENDITURES					
General Support	$ 3,591,850	$ 3,676,678	$ 3,943,634	$ 3,818,897	$ 3,997,000
Instruction	15,221,326	16,085,663	17,320,452	17,463,030	18,231,398
Pupil Transportation	877,876	878,340	913,857	989,981	1,041,219
Community Services	7,308	7,409	7,657	4,916	5,447
Employee Benefits	9,629,512	9,441,038	9,515,759	9,511,032	9,790,684
Debt Service	3,204,844	2,937,014	2,594,959	2,651,172	3,223,326
Total Expenditures	$ 32,532,716	$ 33,026,142	$ 34,296,318	$ 34,439,028	$ 36,289,074
Other Uses:					
Interfund Transfers	120,273	1,924,861	174,570	124,283	2,128,444
Total Expenditures and Other Uses	32,652,989	34,951,003	34,470,888	34,563,311	38,417,518
Excess (Deficit) Revenues Over Expenditures	406,116	(775,658)	623,748	1,103,785	(1,026,896)
FUND BALANCE					
Fund Balance - Beginning of Year	5,657,512	6,063,629	5,287,971	5,911,719	7,015,504
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 6,063,628	$ 5,287,971	$ 5,911,719	$ 7,015,504	$ 5,988,608

Source: Audited financial reports of the District. This table is not audited.

GENERAL FUND

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

Fiscal Years Ending June 30:	2019 Adopted Budget	2019 Modified Budget	2019 Actual	2020 Adopted Budget	2021 Proposed Budget
REVENUES					
Real Property Taxes	$ 19,296,446	$ 15,777,779	$ 15,775,714	$ 19,849,067	$ 20,250,342
Other Tax Items	163,658	3,682,325	3,690,283	-	-
Charges for Services	127,000	127,000	64,270	-	-
Use of Money & Property	130,000	130,000	213,317	-	-
Sale of Property and Compensation for Loss	-	12,025	29,401	-	-
Miscellaneous	693,500	694,601	858,775	1,193,802	1,105,370
Revenues from State Sources	17,450,400	17,450,401	17,255,585	18,134,886	19,291,870
Revenues from Federal Sources	35,000	35,000	84,744	-	-
Total Revenues	$ 37,896,004	$ 37,909,131	$ 37,972,089	$ 39,177,755	$ 40,647,582
Other Sources:					
Appropriated Reserves	309,000	309,000	-	300,000	-
Interfund Transfers	2,789	2,789	8,743	-	-
Total Revenues and Other Sources	38,207,793	38,220,920	37,980,832	39,477,755	40,647,582
EXPENDITURES					
General Support	$ 4,097,002	$ 4,216,018	$ 4,064,774	$ 4,127,711	$ 4,252,408
Instruction	19,160,580	19,347,294	18,640,386	19,737,868	19,533,022
Pupil Transportation	1,146,531	1,187,748	1,149,079	1,257,394	1,342,472
Community Services	7,900	3,900	1,770	7,900	7,900
Employee Benefits	10,711,075	10,372,255	10,159,259	10,697,075	11,126,527
Debt Service	3,528,698	3,528,698	3,229,192	3,770,807	4,498,253
Total Expenditures	$ 38,651,786	$ 38,655,913	$ 37,244,460	$ 39,598,755	$ 40,760,582
Other Uses:					
Interfund Transfers	127,000	136,000	132,696	129,000	137,000
Total Expenditures and Other Uses	38,778,786	38,791,913	37,377,156	39,727,755	40,897,582
Expenditures	(570,993)	(570,993)	603,676	(250,000)	(250,000)
FUND BALANCE					
Fund Balance - Beginning of Year	570,993	570,993	5,988,608	250,000	250,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 6,592,284	$ -	$ -

Source: Audited financial report and adopted budgets (unaudited) of the District. This table is not audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	$ 1,777,200	$ 209,810.73	$ 1,987,010.73
2021	1,742,000	166,778.15	1,908,778.15
2022	1,710,000	121,493.75	1,831,493.75
2023	1,755,000	79,693.75	1,834,693.75
2024	205,000	8,200.00	213,200.00
TOTALS	$ 7,189,200	$ 585,976.38	$ 7,775,176.38

APPENDIX - B1
Chenango Valley CSD

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2010 Reconstruction Principal	Interest	Total	2012 Refunding of 2005 Serial Bonds Principal	Interest	Total
2020	$ 175,000	$ 36,400.00	$ 211,400.00	$ 1,455,000	$ 165,931.25	$ 1,620,931.25
2021	185,000	30,275.00	215,275.00	1,480,000	133,831.25	1,613,831.25
2022	190,000	23,800.00	213,800.00	1,520,000	97,693.75	1,617,693.75
2023	200,000	16,200.00	216,200.00	1,555,000	63,493.75	1,618,493.75
2024	205,000	8,200.00	213,200.00	-	-	-
TOTALS	$ 955,000	$ 114,875.00	$1,069,875.00	$ 6,010,000	$ 460,950.00	$6,470,950.00

Fiscal Year Ending June 30th	2014 SIB Buses Principal	Interest	Total	2015 SIB Buses Principal	Interest	Total
2020	$ 70,200	$ 2,106.00	$ 72,306.00	$ 77,000	$ 5,373.48	$ 82,373.48
2021	-	-	-	77,000	2,671.90	79,671.90
TOTALS	$ 70,200	$ 2,106.00	$ 72,306.00	$ 154,000	$ 8,045.38	$ 162,045.38

MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Commission pursuant to the Securities Exchange Act of 1934, the District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the 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, notice of the occurrence of any of the following events with respect to the Notes:

(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 Notes, 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 Note, or other material events affecting the tax status of the Notes

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

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

(k) rating changes

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

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

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

(o) incurrence of a "financial obligation" (as defined in the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Note holders, if material; and

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

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

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 Notes.

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, 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 District.

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

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

The District reserves the right to terminate its obligation to provide the aforedescribed notices of material events, as set forth above, if and when the District no longer remains an obligated person with respect to the Note 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 Note (including holders of beneficial interests in the Note). The right of holders of the Note to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the District’s obligations under its material event notices undertaking and any failure by the District to comply with the provisions of the undertaking will neither be a default with respect to the Note nor entitle any holder of the Note 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.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser at closing.

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CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

BROOME COUNTY, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2019

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

CHENANGO VALLEY
CENTRAL SCHOOL DISTRICT

Binghamton, New York

FINANCIAL REPORT

For the Year Ended
June 30, 2019

insero&co

Certified Public Accountants | Business Advisors

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

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Certified Public Accountants | Business Advisors

INDEPENDENT AUDITORS' REPORT

Board of Education
Chenango Valley Central School District
Binghamton, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chenango Valley Central School District (the School District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 School District'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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2019, and the respective changes in financial position 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, Budgetary Comparison Schedule, Schedule of Changes in the School District's Total OPEB Liability and Related Ratios, the Schedule of School District's Contributions - NYSLRS and NYSTRS Pension Plans, the Schedule of the School District's Proportionate Share of the Net Pension Asset/Liability, and related notes on pages 4-4k and 48-56 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 School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures - Capital Projects Fund, and Schedule of Net Investment in Capital Assets (supplementary information) on pages 57-59 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2019 on our consideration of the School District's internal control over financial reporting and 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 School District's internal control over financial reporting and compliance.

Respectfully Submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 10, 2019

The following is a discussion and analysis of the Chenango Valley Central School District's (the School District) financial performance for the fiscal year ended June 30, 2019. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and Governmental 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. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Total revenues exceeded expenditures by $1,568,123 in 2019 compared to expenses exceeding revenues in the amount of $525,580 in 2018.

- Liabilities and deferred inflows of resources of the School District exceeded its assets and deferred outflows of resources at June 30, 2019 by $58,504,350 (net deficit), largely due to net other postemployment benefits liability of $90,994,413.

- The General Fund budgeted expenditures and other financing uses were underspent by $1,254,869, while revenues and other financing sources exceeded budget by $68,912.

- The School District invested $4,422,596 in capital assets, resulting in an increase in capital assets of $2,712,756, net of depreciation of $1,687,965 and $21,875 in disposals.

- The School District's total debt obligations increased $7,511,283 during the current year due to the issuance of additional bond anticipation notes.

- Unassigned fund balance in the General Fund showed a decrease in 2019, from $1,531,874 to $1,394,013. Total fund balance in the General Fund, including reserves, was $6,592,284 at June 30, 2019, compared to $5,988,608 at June 30, 2018. Appropriated fund balance amounted to $250,000 at June 30, 2019 and $250,000 at June 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

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

- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds.

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 School District's budget for the year, a Schedule of Changes in the School District's Total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for other postemployment benefits, the Schedule of School District's Contributions, and the School District's Proportionate Share of the Net Pension Asset/Liability.

District-wide Financial Statements

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School 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 financial statements report the School District's net assets and how they have changed. Net position - the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

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

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School 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.

Governmental Fund Financial Statements
The Governmental Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

- Governmental Funds: Most of the School 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 one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds financial statements explains the relationship (or differences) between them.

- Fiduciary Funds: The School District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund and the Student Activities Funds. The School 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 School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's combined net (deficit) for fiscal year ended June 30, 2019 decreased. Our following analysis focuses on the net position (*Figure 1*) and changes in net position *(Figure 2)* of the School District's Governmental Activities.

Figure 1

Condensed Statement of Net Position	Governmental Activities and Total School District 2018	Governmental Activities and Total School District 2019	Total Dollar Change 2018 - 2019
Current Assets	$ 4,997,455	$ 12,756,464	$ 7,759,009
Noncurrent Assets	4,911,149	6,015,806	1,104,657
Capital Assets, Net	40,048,319	42,761,075	2,712,756
Total Assets	49,956,923	61,533,345	11,576,422
Pensions	7,956,233	7,076,258	(879,975)
Other Postemployment Benefits	303,255	255,871	(47,384)
Deferred Charges on Defeased Debt	282,476	197,673	(84,803)
Total Deferred Outflows of Resources	8,541,964	7,529,802	(1,012,162)
Current Liabilities	14,576,841	24,467,614	9,890,773
Noncurrent Liabilities	101,436,360	98,200,236	(3,236,124)
Total Liabilities	116,013,201	122,667,850	6,654,649
Pensions	2,558,159	1,886,826	(671,333)
Other Postemployment Benefits	-	3,012,821	3,012,821
Total Deferred Inflows of Resources	2,558,159	4,899,647	2,341,488
Net Investment in Capital Assets	20,401,177	21,517,528	1,116,351
Restricted	4,563,457	5,455,510	892,053
Unrestricted (Deficit)	(85,037,107)	(85,477,388)	(440,281)
Total Net (Deficit)	**$ (60,072,473)**	**$ (58,504,350)**	**$ 1,568,123**

Assets increased 23.17%. This change stems from an increase cash and cash equivalents due to the issuance of additional bond anticipation notes (BANs) as well as an increase in capital assets, net, due to capital outlay exceeding depreciation expense.

Deferred outflows of resources decreased 11.85% and deferred inflows of resources increased 91.53%. The change in deferred outflows and deferred inflows of resources is the result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for other postemployment benefits (OPEB) plan.

Total liabilities increased 5.74%. This change stems from an increase in BANs offset by a decrease in the School District's OPEB liability.

Total net position (deficit) decreased 2.61%. This change stems from an increase in net investment in capital assets and restricted net position. Net investment in capital assets increased based on capital outlay and unspent debt proceeds in exceeding of debt used to finance those acquisitions. Restricted net position increased due to increases in General Fund reserves.

Our analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

Condensed Statement of Net Position	*Governmental Activities and Total School District* 2018	*Governmental Activities and Total School District* 2019	*Total Dollar Change* 2018 - 2019
REVENUES			
Program Revenues:			
Charges for Services	$ 499,211	$ 474,821	$ (24,390)
Operating Grants and Contributions	1,960,588	2,139,654	179,066
General Revenues:			
Real Property Taxes	15,265,782	15,775,714	509,932
Real Property Tax Items	3,782,343	3,690,283	(92,060)
State Sources	16,671,775	18,109,583	1,437,808
Use of Money and Property	196,730	215,361	18,631
Other General Revenues	1,195,513	873,181	(322,332)
Total Revenues	**$ 39,571,942**	**$ 41,278,597**	**$ 1,706,655**
PROGRAM EXPENSES			
General Support	$ 5,309,972	$ 5,251,679	$ (58,293)
Instruction	31,510,026	30,798,216	(711,810)
Pupil Transportation	2,043,417	2,082,636	39,219
Community Service	9,964	5,828	(4,136)
School Lunch Program	828,580	1,111,692	283,112
Interest on Debt	395,563	460,423	64,860
Total Expenses	**$ 40,097,522**	**$ 39,710,474**	**$ (387,048)**
CHANGE IN NET POSITION	**$ (525,580)**	**$ 1,568,123**	**$ 2,093,703**

Total revenues for the School District's Governmental Activities increased 4.31%, while total expenses decreased 0.97%. The increase in total revenues is primarily due to an increase in real property taxes and basic formula state aid.

The decrease in program expenses is primarily due to a net decrease in OPEB expense in comparison to expense recorded in the prior year offset by an increase in school lunch program expenses due to additional students qualifying for free and reduced lunch.

Figures 3 and 4 show the sources of revenue for 2019 and 2018.

Figure 3

Sources of Revenue for 2019

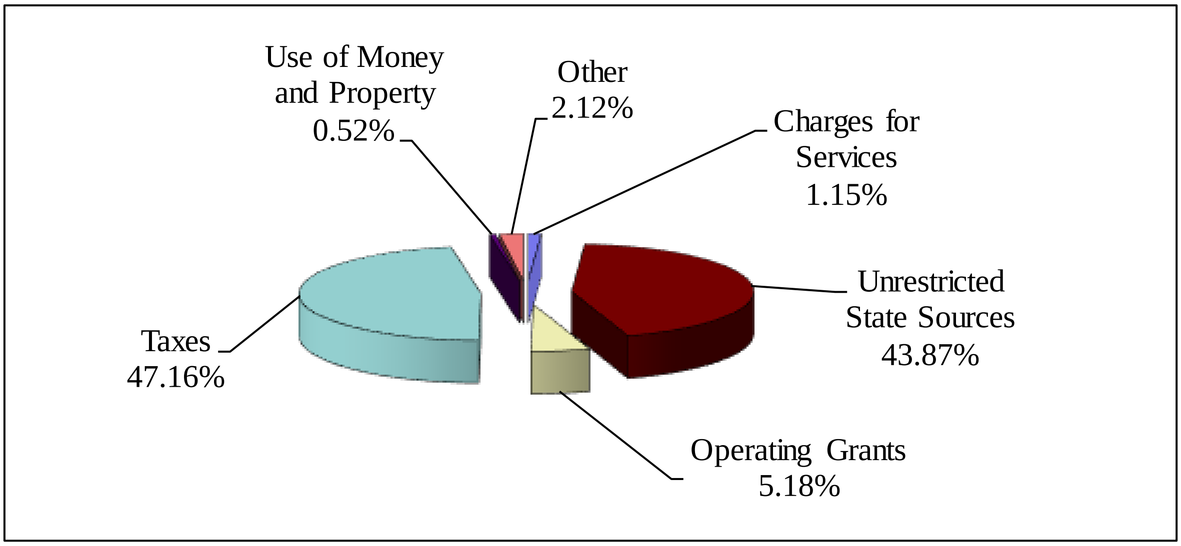
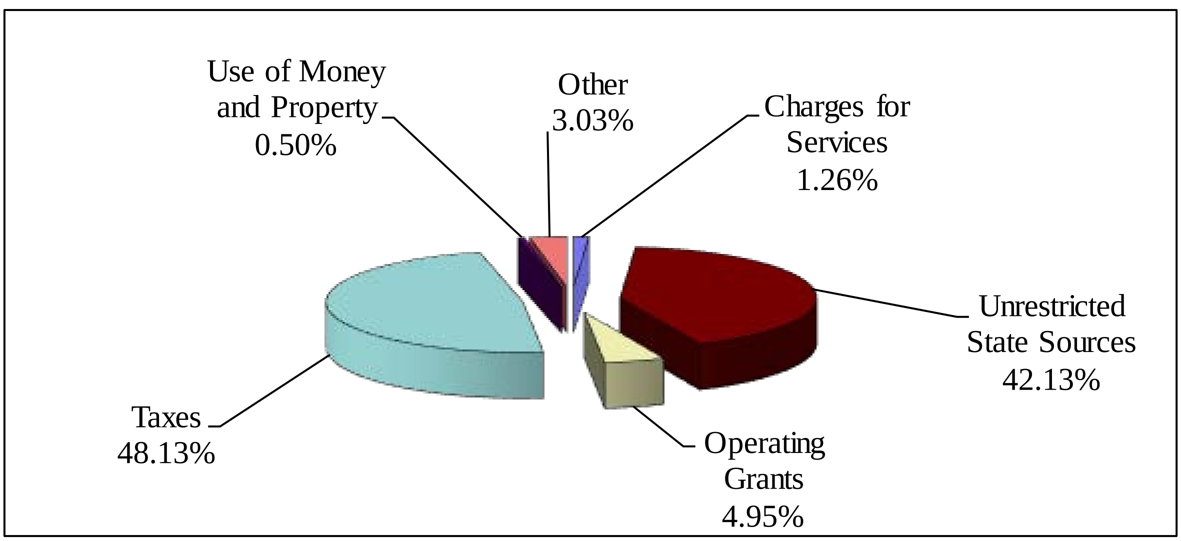


Figure 4

Sources of Revenue for 2018



Figures 5 and 6 present the cost of each of the School District's programs for 2019 and 2018.

Figure 5

Cost of Programs for 2019

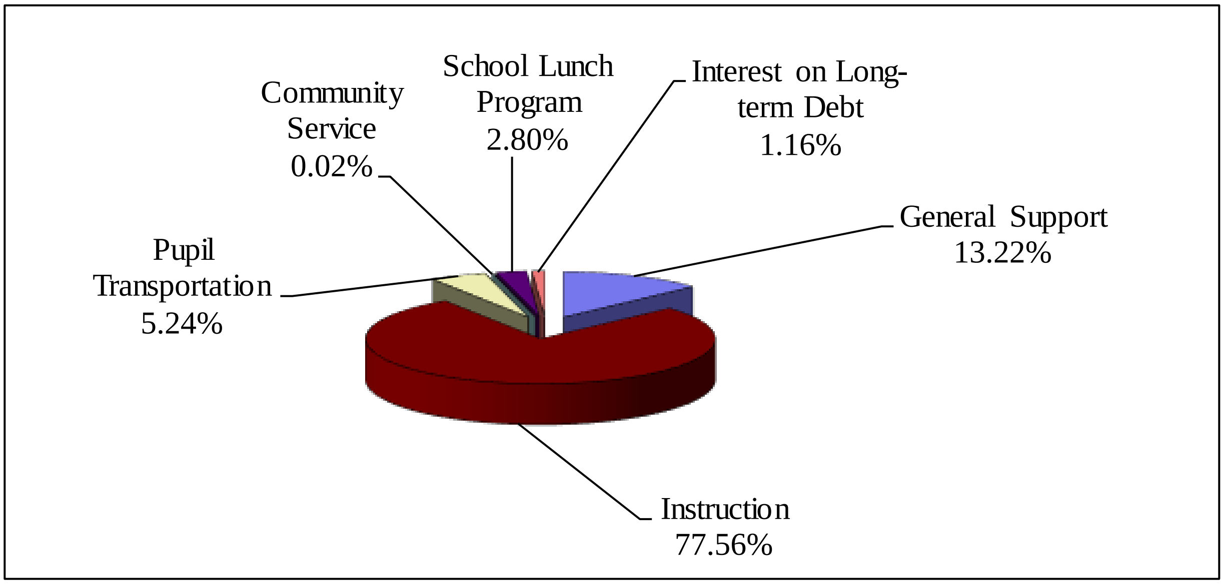
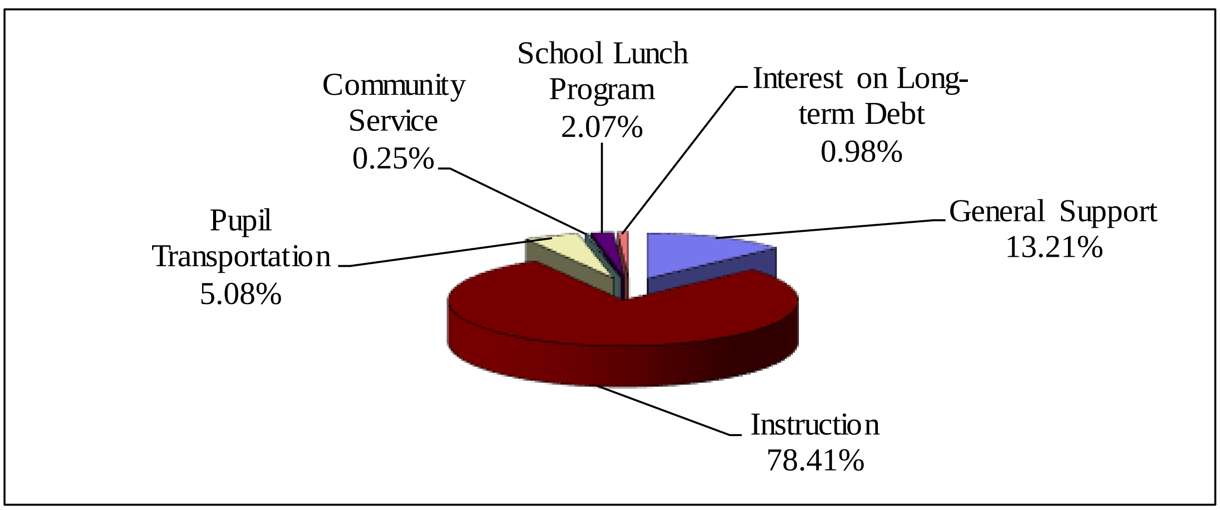


Figure 6

Cost of Programs for 2018



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the change in total fund balances for the year for the School District's Governmental Funds. Total fund balance (deficit) increased by 76.28%. This is largely attributable to an increase in bond anticipation note issuances within the Capital Projects Fund.

Figure 7

Governmental Fund Balances	*2018*	*2019*	*Total Dollar Change 2018-2019*
General Fund	$ 5,988,608	$ 6,592,284	$ 603,676
School Lunch Fund	304,423	226,692	(77,731)
Debt Service Fund	402,714	476,396	73,682
Capital Projects Fund	(9,604,681)	(12,423,136)	(2,818,455)
Total Governmental Funds (Deficit)	**$ (2,908,936)**	**$ (5,127,764)**	**$ (2,218,828)**

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Education approved budgetary transfers that revised the School District's budget line items. These budget amendments consisted of budget transfers between functions, which did not increase the overall budget.

The School District received more revenue than budgeted; primarily from refunds of prior years' expenses. Expenditures and other financing uses were less than budget (with carryover encumbrances) by $1,254,869. This is primarily due to lower than expected costs related to programs for children with special needs, teaching - regular school, employee benefits, pupil transportation, and debt service.

Figure 8

Condensed Budgetary Comparison General Fund - 2019	*Original Budget*	*Revised Budget*	*Actual w/ Encumbrances*	*Favorable (Unfavorable) Variance*
REVENUES				
Real Property Taxes	$ 19,296,446	$ 15,777,779	$ 15,775,714	$ (2,065)
Other Tax Items	163,658	3,682,325	3,690,283	7,958
State Sources	17,450,400	17,450,401	17,255,585	(194,816)
Other, Including Financing Sources	988,289	1,001,415	1,259,250	257,835
Total Revenues and Other Financing Sources	**$ 37,898,793**	**$ 37,911,920**	**$ 37,980,832**	**$ 68,912**
Appropriated Fund Balances, Reserves, and Encumbrances	**$ 879,993**	**$ 879,993**		
EXPENDITURES				
General Support	$ 4,097,002	$ 4,216,018	$ 4,118,339	$ 97,679
Instruction	19,160,580	19,347,294	18,739,790	607,504
Pupil Transportation	1,146,531	1,187,748	1,155,998	31,750
Community Service	7,900	3,900	1,770	2,130
Employee Benefits	10,711,075	10,372,255	10,159,259	212,996
Debt Service	3,528,698	3,528,698	3,229,192	299,506
Other Financing Uses	127,000	136,000	132,696	3,304
Total Expenditures and Other Financing (Uses)	**$ 38,778,786**	**$ 38,791,913**	**$ 37,537,044**	**$ 1,254,869**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019, the School District had invested in a broad range of capital assets totaling $74,902,379 offset by accumulated depreciation of $32,141,304. Total capital assets, net increased by 6.77% as shown in *Figure 9*.

Figure 9

Changes in Capital Assets	*2018*	*2019*	*Total Dollar Change 2018-2019*
Land	$ 1,385,715	$ 1,387,215	$ 1,500
Construction in Progress	5,396,361	9,325,319	3,928,958
Buildings and Improvements	31,122,644	29,969,379	(1,153,265)
Equipment	2,143,599	2,079,162	(64,437)
Total	**$ 40,048,319**	**$ 42,761,075**	**$ 2,712,756**

Capital asset activity for the year ended June 30, 2019 included the following:	
Construction in Progress	$ 4,023,004
Land	1,500
Furniture and Equipment	398,092
Total Additions	4,422,596
Less Net Book Value of Disposed Equipment	(21,875)
Less Depreciation Expense	(1,687,965)
Net Increase in Capital Assets	**$ 2,712,756**

Debt Administration

The School District's short and long-term debt obligations increased 36.92% at June 30, 2019 as shown in *Figure 10*. Total indebtedness represented 40.1% of the constitutional debt limit, exclusive of building aid estimates.

Figure 10

Outstanding Debt	*Governmental Activities and Total School District*		*Total Dollar Change 2018-2019*
	2018	*2019*	
Bond Anticipation Notes	$ 10,726,757	$ 20,538,280	$ 9,811,523
Bonds and Installment Purchase Debt	9,617,861	7,317,621	(2,300,240)
Total	**$ 20,344,618**	**$ 27,855,901**	**$ 7,511,283**

Additional information on the maturities and terms of the School District's outstanding obligations can be found in the notes to these financial statements.

The School District's bond rating is A+, which did not change from the prior year.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- Chenango Valley Central School District is pleased with the passage of the 2019-2020 budget of $39,727,755. 386 voters came to the polls and passed the budget by a margin of 4:1. The budget increased by 3.30% from the previous year. The corresponding tax levy was an increase of $552,621 or 2.86% from the previous year tax levy.

- The School District will continue to rely on long term projections and available resources to maintain limited use of fund balance and reserves to support future budgets. The School District currently has the following amounts in the various reserves as of June 30, 2019:

o Retirement Contribution Reserve	$2,088,173
o Teachers' Retirement System Sub-Reserve	210,000
o Capital Reserve	1,997,519
o Unemployment Insurance Reserve	305,835
o Tax Certiorari Reserve	169,233
o Employee Benefit Accrued Liability Reserve	17,623

- Chenango Valley Central School District has completed all 4 phases of our 2014 voter-approved project. This project, which was completed along with many features of our Smart Schools project, addressed safety and security concerns, various maintenance items, and development of the newly acquired Depot Property. The voter-approved project employed a combination of Capital Reserve, Fund Balance, and remaining EXCEL Funds to substantially reduce reliance on local share. The Smart Schools project was financed entirely through the School District's Smart Schools allocation.

- The School District has completed Phase 1 of our 2017 voter-approved project. This project was designed in conjunction with the 2016-2021 Building Condition Survey and input from the community. Phase 2 of this project will occur from July 1, 2019 - August 31, 2020. Much of this phase of the project will be dedicated to refurbishing our two elementary buildings, which includes classrooms, hallways, large spaces, and replacement windows. It will also include adding energy efficient lighting at both elementary buildings, additional safety measures including the application of a secure window film at all first floor windows that are currently not bullet resistant, and some pavement reconstruction. The School District used a combination of funds from a Capital Reserve and retiring debt to minimize local impact.

- The School District is considering another capital project to bring out to voters within the next 2 years. The size and scope of this project has not yet been determined. Again, the School District will utilize a combination of Capital Reserve and retiring debt to minimize local impact.

- Chenango Valley Central School District intends to continue to identify and support mini capital projects (up to $100,000) as part of the annual budget process in order to sustain our facilities while maximizing our building aid revenue stream.

- The School District has maintained a bond rating of A+ with a stable outlook as assigned by Standard & Poor's Rating Services. This rating reflects their opinion of the School District's own general creditworthiness.

- The School District continues to remain in compliance with all required actuarial calculations and reporting as it relates to GASB Statement No. 75 - Other Postemployment Benefits. There is still no legally acceptable method for funding this long-term obligation of the School District; therefore, the current methodology of "pay-as-you-go" will be continued until such time that statutory or regulatory changes allow the School District to consider other options.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Chenango Valley Central School District, at 221 Chenango Bridge Road, Binghamton, NY 13901.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	
Current Assets	
Cash - Unrestricted	$ 3,480,716
Cash - Restricted	7,081,927
Receivables:	
State and Federal Aid	848,986
Due from Other Governments	1,203,033
Other	112,721
Inventories	29,081
Total Current Assets	12,756,464
Noncurrent Assets	
Restricted Cash	4,788,383
Net Pension Asset - Proportionate Share	1,227,423
Land and Other Nondepreciable Capital Assets	10,712,534
Capital Assets, Net	32,048,541
Total Noncurrent Assets	48,776,881
Total Assets	61,533,345
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges on Defeased Debt	197,673
Pensions	7,076,258
Other Postemployment Benefits	255,871
Total Deferred Outflows of Resources	7,529,802

See Notes to Basic Financial Statements

STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2019

LIABILITIES	
Current Liabilities	
Payables:	
Accounts Payable	$ 651,828
Accrued Liabilities	55,534
Due to Other Governments	168
Bond Interest and Matured Bonds	39,782
Bond Anticipation Notes Payable	20,538,280
Unearned Revenue	17,755
Due to Teachers' Retirement System	1,231,970
Due to Employees' Retirement System	108,868
Current Portion of Long-Term Obligations:	
Bonds Payable	1,823,429
Total Current Liabilities	24,467,614
Noncurrent Liabilities	
Bonds Payable	5,494,192
Compensated Absences Payable	1,015,028
Other Postemployment Benefits Liability	90,994,413
Net Pension Liability - Proportionate Share	696,603
Total Noncurrent Liabilities	98,200,236
Total Liabilities	122,667,850
DEFERRED INFLOWS OF RESOURCES	
Pensions	1,886,826
Other Postemployment Benefits	3,012,821
Total Deferred Inflows of Resources	4,899,647
NET POSITION	
Net Investment in Capital Assets	21,517,528
Restricted Net Position	5,455,510
Unrestricted Net (Deficit)	(85,477,388)
Total Net (Deficit)	**$ (58,504,350)**

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
General Support	$ 5,251,679	$	$	$	$ (5,251,679)
Instruction	30,798,216	149,014	1,488,807		(29,160,395)
Pupil Transportation	2,082,636				(2,082,636)
Community Services	5,828				(5,828)
School Lunch Program	1,111,692	325,807	650,847		(135,038)
Interest on Debt	460,423				(460,423)
Total Functions and Programs	**$ 39,710,474**	**$ 474,821**	**$ 2,139,654**	**$ -**	(37,095,999)

GENERAL REVENUES	
Real Property Taxes	15,775,714
Real Property Tax Items	3,690,283
Use of Money and Property	215,361
State Sources	18,109,583
Sale of Property and Compensation for Loss	7,526
Miscellaneous	865,655
Total General Revenues	38,664,122
Change in Net Position	1,568,123
Total Net (Deficit) - Beginning of Year	(60,072,473)
Total Net (Deficit) - End of Year	**$ (58,504,350)**

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	Major Funds		
		Special Revenue Funds	
	General Fund	Special Aid Fund	School Lunch Fund
ASSETS			
Cash - Unrestricted	$ 1,298,076	$ 1,320	$
Cash - Restricted	4,807,429		171,804
Receivables:			
Due from Other Funds	291,628		5,351
State and Federal Aid	519,719	284,719	44,548
Due from Other Governments	1,203,033		
Other	111,311		1,410
Inventories			29,081
Total Assets	**$ 8,231,196**	**$ 286,039**	**$ 252,194**
LIABILITIES			
Payables:			
Accounts Payable	$ 171,597	$ 5,098	$ 203
Accrued Liabilities	52,850		2,684
Due to Other Funds	5,351	275,676	10,025
Due to Other Governments	68		100
Bond Anticipation Notes Payable			
Unearned Revenue		5,265	12,490
Due to Teachers' Retirement System	1,231,970		
Due to Employees' Retirement System	108,868		
Total Liabilities	1,570,704	286,039	25,502
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	68,208		
Total Deferred Inflows of Resources	68,208	-	-
FUND BALANCES			
Nonspendable			29,081
Restricted	4,788,383		197,611
Assigned	409,888		
Unassigned	1,394,013		
Total Fund Balances (Deficit)	6,592,284	-	226,692
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 8,231,196**	**$ 286,039**	**$ 252,194**

See Notes to Basic Financial Statements

	Major Funds		
	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
	$	$ 2,181,320	$ 3,480,716
	476,100	6,414,977	11,870,310
	296		297,275
			848,986
			1,203,033
			112,721
			29,081
	$ 476,396	**$ 8,596,297**	**$ 17,842,122**
	$	$ 474,930	$ 651,828
			55,534
		6,223	297,275
			168
		20,538,280	20,538,280
			17,755
			1,231,970
			108,868
	-	21,019,433	22,901,678
			68,208
	-	-	68,208
			29,081
	476,396		5,462,390
			409,888
		(12,423,136)	(11,029,123)
	476,396	(12,423,136)	(5,127,764)
	$ 476,396	**$ 8,596,297**	**$ 17,842,122**

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Fund Balances (Deficit) - Total Governmental Funds		**$ (5,127,764)**
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		
Total Historical Cost	$ 74,902,379	
Less Accumulated Depreciation	(32,141,304)	42,761,075
The School District's proportion of the collective net pension asset/liability is not reported in the funds.		
TRS Net Pension Asset - Proportionate Share	$ 1,227,423	
ERS Net Pension Liability - Proportionate Share	(696,603)	530,820
Deferred outflows of resources, including deferred charges on defeased debt, pensions, and other postemployment benefits, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.		
Unavailable Revenue	$ 68,208	
Deferred Charges on Defeased Debt	197,673	
Other Postemployment Benefits Deferred Outflows of Resources	255,871	
Other Postemployment Benefits Deferred Inflows of Resources	(3,012,821)	
TRS Deferred Inflows of Resources - Pension	(1,638,015)	
ERS Deferred Inflows of Resources - Pension	(248,811)	
TRS Deferred Outflows of Resources - Pension	6,557,858	
ERS Deferred Outflows of Resources - Pension	518,400	2,698,363
Long-term bond payable liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds Payable		(7,317,621)
Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.		
Compensated Absences	$ (1,015,028)	
Other Postemployment Benefits Liability	(90,994,413)	
Accrued Interest on Long-Term Debt	(39,782)	(92,049,223)
Net (Deficit) of Governmental Activities		**$(58,504,350)**

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Major Funds		
		Special Revenue Funds	
	General Fund	Special Aid Fund	School Lunch Fund
REVENUES			
Real Property Taxes	$ 15,775,714	$	$
Other Tax Items	3,690,283		
Charges for Services	64,270		
Use of Money and Property	213,317		474
Sale of Property and Compensation for Loss	29,401		
Miscellaneous	858,775	9,218	6,880
State Sources	17,255,585	318,286	118,459
Medicaid Reimbursement	84,744		
Federal Sources		998,587	627,077
Sales - School Lunch			325,333
Total Revenues	37,972,089	1,326,091	1,078,223
EXPENDITURES			
General Support	4,064,774		
Instruction	18,640,386	1,314,843	635,242
Pupil Transportation	1,149,079	24,106	
Community Services	1,770		
Employee Benefits	10,159,259	6,554	108,293
Debt Service:			
Principal	2,758,990		
Interest	470,202		
Cost of Sales			425,703
Capital Outlay			
Total Expenditures	37,244,460	1,345,503	1,169,238
Excess (Deficiency) of Revenues Over Expenditures	727,629	(19,412)	(91,015)
OTHER FINANCING SOURCES AND (USES)			
BANs Redeemed from Appropriations			
Premium on Obligations			
Operating Transfers In	8,743	19,412	13,284
Operating Transfers (Out)	(132,696)		
Total Other (Uses) Sources	(123,953)	19,412	13,284
Net Change in Fund Balance	603,676	-	(77,731)
Fund Balances (Deficit) - Beginning of Year	5,988,608	-	304,423
Fund Balances (Deficit) - End of Year	**$ 6,592,284**	**$ -**	**$ 226,692**

See Notes to Basic Financial Statements

Major Funds		
Debt Service Fund	**Capital Projects Fund**	**Total Governmental Funds**
$	$	$ 15,775,714
		3,690,283
		64,270
2,044		215,835
		29,401
		874,873
	922,025	18,614,355
		84,744
		1,625,664
		325,333
2,044	922,025	41,300,472
		4,064,774
		20,590,471
		1,173,185
		1,770
		10,274,106
		2,758,990
92,169		562,371
		425,703
	4,313,151	4,313,151
92,169	4,313,151	44,164,521
(90,125)	(3,391,126)	(2,864,049)
	518,477	518,477
126,744		126,744
39,852	100,000	181,291
(2,789)	(45,806)	(181,291)
163,807	572,671	645,221
73,682	(2,818,455)	(2,218,828)
402,714	(9,604,681)	(2,908,936)
$ 476,396	**$(12,423,136)**	**$ (5,127,764)**

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds		**$ (2,218,828)**
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the net change in capital assets.		
Capital Asset Additions	$ 4,422,596	
Depreciation Expense	(1,687,965)	
Net Book Value of Disposed Assets	(21,875)	2,712,756
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term debt in the Statement of Net Position. This is the amount of repayments.		
Principal Payment		2,240,513
Long-term obligations, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements. This is the change in the amount of compensated absences and other postemployment benefit liability reported in the Statement of Activities.		
Compensated Absences	$ (49,546)	
Other Postemployment Benefits Liability	(1,225,964)	(1,275,510)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. This is the change in interest payable.		280
Premiums received on obligations are recorded as revenues and expenditures in the Governmental Funds when received, but are deferred and amortized in the Governmental Activities. This is the amortization of premiums received in previous years, and the adjustment for premiums and costs received in the current year.		
Amortization of Premiums		59,727
The issuance of refunding bonds results in a deferral of the change in the amount of debt. The deferred amount is amortized annually. This is the current amortization.		
Amortization of Deferred Amounts on Refunding of Debt		(84,803)
Changes in the School District's proportionate share of net pension assets/liabilities have no effect on current financial resources and therefore, are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to pensions do not effect current financial resources and are also not reported in the Governmental Funds.		
ERS	$ (60,843)	
TRS	194,831	133,988
Net Change in Net Position of Governmental Activities		**$ 1,568,123**

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Private Purpose Trust Fund	**Agency Funds**
ASSETS		
Cash - Unrestricted	$	$ 245,819
Cash - Restricted	5,768	
Investments - Restricted	24,055	
Accounts Receivable		
Total Assets	29,823	**$ 245,819**
LIABILITIES		
Extraclassroom Activity Funds Balances		$ 155,602
Other Liabilities		90,217
Total Liabilities	-	**$ 245,819**
NET POSITION		
Reserved for Scholarships	**$ 29,823**	

See Notes to Basic Financial Statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Fund
ADDITIONS	
Gifts and Contributions	$ 4,475
Investment Earnings	608
Total Additions	5,083
DEDUCTIONS	
Scholarships and Awards	6,315
Change in Net Position	(1,232)
Net Position - Beginning of Year	31,055
Net Position - End of Year	**$ 29,823**

See Notes to Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies**

The accompanying financial statements of the Chenango Valley Central School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is the School District;
- 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 basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School 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 Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School 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 obtained from the School District's business office, located at 221 Chenango Bridge Road, Binghamton, NY 13901.

Note 1 Summary of Significant Accounting Policies - Continued

Joint Venture

The School District is one of 16 component School Districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. 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 General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component School District's share of administrative and capital cost is determined by resident public School District enrollment as defined in Education Law, §1950(4)(b)(7).

There is no authority or process by which a School District can terminate its status as a BOCES component. In addition, component School Districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law.

Basis of Presentation - District-wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those that are specifically associated with and clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the School District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Note 1 Summary of Significant Accounting Policies - Continued

Basis of Presentation - Governmental Fund Financial Statements
The Governmental Fund financial statements provide information about the School District's funds, including Fiduciary Funds. Separate statements for each fund category (Governmental and Fiduciary) are presented. The emphasis of Governmental Fund financial statements is on Major Governmental Funds, each displayed in a separate column.

The School District reports the following Major Governmental Funds:

- General Fund: The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.

- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

    - Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for special educational programs.

    - School Lunch Fund: Accounts for revenues and expenditures in connection with the School District's food service program.

- Debt Service Fund: Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.

- Capital Projects Fund: Accounts for financial resources used for renovation of the School District's educational complex and purchase of buses.

Fiduciary Activities are those in which the School 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 School District, and are not available to be used.

Note 1 **Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Governmental Fund Financial Statements - Continued

The School District reports the following Fiduciary Funds:

- Private-Purpose Trust Fund: Accounts for Scholarship Funds awarded to individual students. These activities, and those of the Agency Funds described below, are not included in the District-wide financial statements because their resources do not belong to the School District and are not available to be used.

- Agency Funds: Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the School District as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

Measurement Focus and Basis of Accounting
The District-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the School 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 financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within six months after the end of the fiscal year.

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

Note 1 Summary of Significant Accounting Policies - Continued

Cash and Investments

The School 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 School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value. 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 School Districts.

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. 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 School 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 Governmental 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.

Nonspendable fund balances associated with these non-liquid assets (inventories and prepaid items) have been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Note 1 **Summary of Significant Accounting Policies - Continued**

Capital Assets
Capital assets are reported at actual cost. Donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	$ 5,000	40 Years
Building Improvements	5,000	Various
Furniture and Equipment	2,000	Various

Capital assets are depreciated using the straight-line method.

Vested Employee Benefits - Compensated Absences
Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation are specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

School District employees are granted vacation time 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.

Consistent with GASB Statement No. 16, “Accounting for Compensated Absences,” the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on pay rates in effect at year end.

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

Note 1 Summary of Significant Accounting Policies - Continued

Vested Employee Benefits - Other Postemployment Benefits

School 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 School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postretirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 10 and 11, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District reports items that qualify for reporting in this category. The first arises only under the modified accrual basis of accounting and is reported as unavailable revenue. The other types of deferred inflows of resources are related to pensions and OPEB plans are described in Notes 10 and 11, respectively.

Note 1 **Summary of Significant Accounting Policies - Continued**

Unearned and Unavailable Revenues
Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

The Governmental Fund financial statements sometimes report unavailable revenues when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for unavailable revenues is removed and revenues are recorded.

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

Restricted Resources
When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Equity Classifications - District-wide Financial Statements
Equity is classified as net assets and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted - Consists of all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

Note 1 **Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements
Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.

- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.

- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority, the Board of Education, prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.

- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a School District can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

Note 1 **Summary of Significant Accounting Policies - Continued**

The Board of Education of the School District has not adopted any resolutions to commit or assign fund balance. Currently, fund balance is assigned by the Business Official for encumbrances and the Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within the State of New York. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance, except as noted. Reserves currently in use by the School District include the following:

- Tax Reduction Reserve - Used for the gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the School District is permitted to retain the proceeds of the sale for a period not to exceed ten years and to use them during that period for tax reduction. This reserve is accounted for in the General Fund in unassigned fund balance.

- Mandatory Reserve for Debt Service (GML §6-l) - Used to establish a reserve for the purpose of retiring outstanding obligations upon the sale of School District property or capital improvement financed by obligations that remain outstanding at the time of sale. Funding of the reserve is from proceeds of sale of School District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

- Unemployment Insurance Reserve (GML §6-m) - 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 60 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 School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other Reserve Fund. This reserve is accounted for in the General Fund.

Note 1 Summary of Significant Accounting Policies - Continued

Legally Adopted Reserves - Continued

- Capital Reserve (Education Law §3651) - 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. Expenditures may be made from the reserves 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 reserves and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the General Fund.

- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds 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. This reserve is accounted for in the General Fund.

- Retirement Contributions Reserve (GML §6-r) - Used to reserve funds for the payment of retirement contributions, due to volatility in the economic marketplace. 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. This reserve is accounted for in the General Fund.

- Tax Certiorari Reserve (Education Law §3651.1-a) - 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 which 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. This reserve is accounted for in the General Fund.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 4, and became lien on September 1. Taxes were collected during the period September 4, 2018 to October 31, 2018.

Uncollected real property taxes are subsequently enforced by Broome County. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the county to the School District no later than the following April 1.

Note 1 Summary of Significant Accounting Policies - Continued

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

Use of Estimates

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

New Accounting Standards

The School District has adopted and implemented the following Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2019:

- GASB has issued Statement No. 83, “Certain Asset Retirement Obligations,” effective for the year ended June 30, 2019.

- GASB has issued Statement No. 88, “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,” effective for the year ended June 30, 2019. This statement improves the information disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements.

Note 1 **Summary of Significant Accounting Policies - Continued**

Future Changes in Accounting Standards

- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ending June 30, 2020. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.

- GASB has issued Statement No. 87, "Leases," effective for the year ending June 30, 2021.

- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," effective for the year ending June 30, 2021.

- GASB has issued Statement No. 90, "Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61," effective for the year ending June 30, 2020.

The School District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Note 2 **Participation in BOCES**

During the year ended June 30, 2018, the School District's share of BOCES income amounted to $2,413,218. The School District was billed $6,838,303 for BOCES administration and program costs. Financial statements for the Broome-Tioga BOCES are available from the BOCES administrative office at 435 Upper Glenwood Road, Binghamton, New York 13905.

Note 3 **Cash and Cash Equivalents - Custodial and Concentration of Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of $16,391,671 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

Note 3 **Cash and Cash Equivalents - Custodial and Concentration of Credit Risk - Continued**

The School District has few investments (primarily donated Scholarship Funds) and chooses to disclose its investments by specifically identifying each.

The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

1) Insured or registered, or investments held by the School District or by the School District's agent in the School District's name, or

2) Uninsured and unregistered, with investments held by the financial institution's trust department in the School District's name, or

3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

The School District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The School District does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

	Cost	Carrying Amount Fair Value	Type of Investment	Category
Private Purpose Trust Fund	**$ 24,055**	**$ 24,055**	Certificate of Deposit	(1)

Restricted cash and investments consisted of the following at June 30, 2019:

Restricted for General Fund Reserves	$	4,788,383
Restricted for Debt Service		476,396
Restricted for School Lunch		190,850
Restricted for Capital Projects		6,414,681
Subtotal		11,870,310
Private Purpose Trust Fund		29,823
Total	**$**	**11,900,133**

Note 4 **Due from State, Federal, and Other Governments**

State and federal aid, and other government receivables consisted of the following, which are stated at net realizable value.

Description	Amount
BOCES September Aid	$ 1,203,033
Total Due from Other Governments	1,203,033
Excess Cost	447,777
Transportation Aid	42,542
Federal Aid	198,287
Universal Prekindergaten	56,095
School Lunch	44,548
Miscellaneous	59,737
Total State and Federal aid	848,986
Total	**$ 2,052,019**

Note 5 **Interfund Balances and Activity**

Interfund balances at June 30, 2019, are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	$ 291,628	$ 5,351	$ 8,743	$ 132,696
Special Aid Fund		275,676	19,412	
School Lunch Fund	5,351	10,025	13,284	
Debt Service Fund	296		39,852	2,789
Capital Project Fund		6,223	100,000	45,806
Total	**$ 297,275**	**$ 297,275**	**$ 181,291**	**$ 181,291**

Interfund receivables and payables are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Projects Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as excess funds are accumulated from the School Lunch Fund.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Note 6 **Capital Assets**

Capital asset balances and activity for the year ended June 30, 2019, were as follows:

Governmental Activities	Beginning Balance	Additions	Reclassifications and Disposals	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	$ 1,385,715	$ 1,500	$	$ 1,387,215
Construction in Progress	5,396,361	4,023,004	(94,046)	9,325,319
Total Nondepreciable Historical Cost	6,782,076	4,024,504	(94,046)	10,712,534
Capital Assets That Are Depreciated:				
Buildings	56,915,218		94,046	57,009,264
Furniture and Equipment	7,017,695	398,092	(235,206)	7,180,581
Total Depreciable Historical Cost	63,932,913	398,092	(141,160)	64,189,845
Total Historical Cost	70,714,989	4,422,596	(235,206)	74,902,379
Less Accumulated Depreciation:				
Buildings	(25,792,574)	(1,247,311)		(27,039,885)
Furniture and Equipment	(4,874,096)	(440,654)	213,331	(5,101,419)
Total Accumulated Depreciation	(30,666,670)	(1,687,965)	213,331	(32,141,304)
Total Historical Cost, Net	**$ 40,048,319**	**$ 2,734,631**	**$ (21,875)**	**$ 42,761,075**

Depreciation expense was charged to governmental functions as follows:

General Support	$ 72,967
Instruction	1,290,913
Pupil Transportation	315,537
School Lunch Program	8,548
Total Depreciation Expense	**$ 1,687,965**

Note 7 **Short-term Debt**

The School District may issue revenue anticipation notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's represent a liability that will be extinguished by the use of expendable, available resources of the General Fund. There were no RAN's issued or redeemed during the year.

The School 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 no later than the close of the second fiscal year succeeding the year in which the note was issued. The School District did not issue or redeem any budget notes during the year.

The School District may issue bond anticipation notes (BANs), 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. BANs activity for the year is as follows:

Description of Issue	Interest Rate	Maturity Date	Beginning Balance	Issued	Renewed or Redeemed	Ending Balance
BAN 2018 - Construction	2.75%	06/28/2019	$ 10,206,847	$	$ (10,206,847)	$ -
BAN 2018 - Buses	1.57%	09/06/2018	519,910		(519,910)	-
BAN 2019 - Construction	3.00%	09/05/2019	-	731,433		731,433
BAN 2019 - Construction	2.00%	06/26/2020	-	10,000,000		10,000,000
BAN 2019 - Buses	2.25%	06/26/2020	-	9,806,847		9,806,847
Total			**$ 10,726,757**	**$ 20,538,280**	**$ (10,726,757)**	**$ 20,538,280**

Interest expense related to short-term debt during the year was:

Interest Paid	$ 288,851
(Less) Interest Accrued in the Prior Year	(8,225)
Plus Interest Accrued in the Current Year	21,669
(Less) Amortization of BAN Premium	(126,744)
Total	**$ 175,551**

Note 8 **Long-term Debt**

At June 30, 2019, the total outstanding indebtedness of the School District represented 40.1% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows.

Serial Bonds and Statutory Installment Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving institution or investor and are not offered for public sale. There are no terms that present additional risk to the School District associated with these direct borrowings or placements.

The following is a summary of the School District's notes payable and long-term debt for the year ended June 30, 2019.

	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2019
Serial Bonds:				
Serial Bond	06/24/2010	06/15/2024	3.00% - 4.00%	$ 955,000
Refunding Serial Bonds	10/30/2012	06/15/2023	2.00% - 4.50%	6,010,000
Statutory Installment Bond	08/28/2014	08/28/2019	3.00%	70,200
Statutory Installment Bond	08/03/2015	08/02/2020	3.47%	154,000
Total Bond Principal				7,189,200
Unamortized Premium				128,421
Total				**$ 7,317,621**

Interest expense related to long-term debt during the year was comprised of:

Interest Paid	$ 273,520
Less Interest Accrued in the Prior Year	(31,837)
Less Premium Recognized in the Current Year	(59,727)
Plus Interest Accrued in the Current Year	18,113
Plus Amortization of Deferred Charges on Defeased Debt	84,803
Total	**$ 284,872**

Interest rates on the serial bonds vary from year to year, in accordance with the interest rates specified in the bond agreements.

Note 8 **Long-term Debt - Continued**

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

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Serial Bonds	$ 8,970,000	$	$ (2,005,000)	$ 6,965,000	$ 1,630,000
Statutory Installment Bonds	459,713		(235,513)	224,200	147,200
Total Bonds	9,429,713	-	(2,240,513)	7,189,200	1,777,200
Unamortized Premiums	188,148		(59,727)	128,421	46,229
Total	**$ 9,617,861**	**$ -**	**$ (2,300,240)**	**$ 7,317,621**	**$ 1,823,429**

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. Deferred charges on defeased debt are summarized as follows:

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Deferred Charges on Defeased Debt	$ (282,476)	$	$ 84,803	$ (197,673)	$ (71,158)
Total	**$ (282,476)**	**$ -**	**$ 84,803**	**$ (197,673)**	**$ (71,158)**

Unamortized defeased debt related to the 2012 bond refunding is amortized over the life of the bonds and the balance and activity are shown above.

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

Year	Principal	Interest	Total
2020	$ 1,777,200	$ 209,810	$ 1,987,010
2021	1,742,000	166,779	1,908,779
2022	1,710,000	121,494	1,831,494
2023	1,755,000	79,694	1,834,694
2024	205,000	8,200	213,200
Total	**$ 7,189,200**	**$ 585,977**	**$ 7,775,177**

Note 9 **Compensated Absences**

Represents the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds.

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	**$ 965,482**	**$ 49,546**	**$ -**	**$ 1,015,028**

Changes to long-term compensated absences are reported net, as it is impractical to individually determine the amount of additions and deletions during the fiscal year.

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS) (System)

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee 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 (RSSL) 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, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Teachers' Retirement System (TRS) (System) - Continued
Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

Employees' Retirement System (ERS) (System)
The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. 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 School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard 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, New York 12244.

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Employees' Retirement System (ERS) - Continued

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' respective fiduciary net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

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

	ERS	TRS
2019	**$ 440,098**	**$ 1,098,092**
2018	432,907	1,270,963
2017	439,804	1,461,950

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

At June 30, 2019, the School District reported the following asset/liability for its proportionate share of the net pension asset/liability for each of the Systems. The net pension asset/liability was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension asset/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

	ERS	TRS
Actuarial Valuation Date	04/01/2018	06/30/2017
Net Pension Asset/Liability	$ 7,085,304,242	$ (1,808,264,334)
School District's Proportionate Share of the Plan's Total Net Pension Asset/Liability	696,603	(1,227,423)
School District's Share of the Plan's Net Pension Asset/Liability	0.00983%	0.067879%

For the year ended June 30, 2019, the School District recognized pension expense of $493,296 for ERS and $962,112 for TRS in the District-wide financial statements. At June 30, 2019 the School District 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	$ 137,176	$ 917,243	$ 46,762	$ 166,148
Changes of Assumptions	175,098	4,290,647		
Net Differences Between Projected and Actual Earnings on Pension Plan Investments			178,787	1,362,533
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	97,258	179,048	23,262	109,334
School District's Contributions Subsequent to the Measurement Date	108,868	1,170,920		
Total	**$ 518,400**	**$ 6,557,858**	**$ 248,811**	**$ 1,638,015**

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension asset/liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	ERS	TRS
2020	$ 182,362	$ 1,239,800
2021	(121,398)	844,807
2022	(1,315)	97,604
2023	101,072	841,915
2024		591,738
Thereafter		133,059

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:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2019	June 30, 2018
Actuarial Valuation Date	April 1, 2018	June 30, 2017
Investment Rate of Return	7.0%	7.3%
Salary Increases	4.2%	1.90% - 4.72%
Cost of Living Adjustment	1.3%	1.5%
Inflation Rate	2.5%	2.3%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014, applied on a generational basis.

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Actuarial Assumptions - Continued

For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

For ERS, the long term rate of return on pension plan investments was determined using a building block method in which 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 the target asset allocation percentage and by adding expected inflation. The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

	ERS	TRS
Measurement Date	March 31, 2019	June 30, 2018
Asset Type		
Domestic Equities	4.6%	5.8%
International Equities	6.4%	7.3%
Global Equities		6.7%
Real Estate	5.6%	4.9%
Private Equity/Alternative Investments	7.5%	8.9%
Absolute Return Strategies	3.8%	
Opportunistic Portfolio	5.7%	
Real Assets	5.3%	
Cash	(0.3)%	
Inflation-indexed Bonds	1.3%	
Domestic Fixed Income Securities		1.3%
Global Fixed Income Securities		0.9%
Private Debt		6.8%
High-yield Fixed Income Securities		3.5%
Mortgages and Bonds	1.3%	
Short-term		0.3%

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Discount Rate

The discount rate used to calculate the total pension asset/liability was 7.0% for ERS and 7.25% 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 contributions from employers will be made at statutorily required rates, actuarially determined. Based on 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 asset/liability.

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

The following presents the School District's proportionate share of the net pension asset/liability calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the School 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 or higher than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's Proportionate Share of the Net Pension Asset/Liability	$ 3,045,659	$ 696,603	$ (1,276,771)

TRS	1% Decrease (6.25)%	Current Assumption (7.25)%	1% Increase (8.25)%
School District's Proportionate Share of the Net Pension Asset/Liability	$ 8,432,594	$ (1,227,423)	$ (9,319,832)

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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**
Measurement Date	March 31, 2019	June 30, 2018
Employers' Total Pension Asset/Liability	$ 189,803,429	$ 118,107,253
Plan Net Position	(182,718,124)	(119,915,518)
Employers' Net Pension Asset/Liability	**$ 7,085,305**	**$ (1,808,265)**
Ratio of Plan Net Position to the Employers' Total Pension Asset/Liability	96.3%	(101.5%)

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to $108,868.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October, and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to $1,231,970.

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Current Year Activity
The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension Liability	$ 324,603	$ 372,000	$ 696,603
Deferred Outflows of Resources	(1,004,556)	486,156	(518,400)
Deferred Inflows of Resources	1,046,124	(797,313)	248,811
Subtotal	366,171	60,843	427,014
TRS			
Net Pension Asset	(512,793)	(714,630)	(1,227,423)
Deferred Outflows of Resources	(6,951,677)	393,819	(6,557,858)
Deferred Inflows of Resources	1,512,035	125,980	1,638,015
Subtotal	(5,952,435)	(194,831)	(6,147,266)
Total	**$ (5,586,264)**	**$ (133,988)**	**$ (5,720,252)**

Note 11 **Postemployment Benefits Other Than Pensions (OPEB)**

General Information about the OPEB Plan
Plan Description - The Plan is a single-employer, defined benefit healthcare plan administered by the School District. The Plan provides medical and dental benefits to eligible retirees and their spouses. Benefit provisions are established through negotiations between the School District and bargaining units and are renegotiated each three-year period. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report, as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Note 11 **Other Postemployment Benefits**

Benefits Provided - The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

Employees Covered by Benefit Terms - At July 1, 2018, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	358
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	224
	582

Total OPEB Liability

The School District's total OPEB liability of $90,994,413 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate	3.5%
Salary Increases Including Inflation	2.6%
Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	6.1% for 2019, Decreasing to an Ultimate Rate of 4.1% for Years After 2076

The long term bond rate was based on a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Retirement rates are based on tables used by the New York State Teachers' Retirement System and New York State and Local Retirement System.

The actuarial assumptions used in the July 1, 2018 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Note 11 **Other Postemployment Benefits - Continued**

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	$ 92,828,654
Changes for the Year	
Service Cost	2,496,697
Interest Cost	2,807,607
Changes of Benefit Terms	(20,325)
Differences Between Expected and Actual Experience	(3,135,968)
Changes in Assumptions or Other Inputs Benefit Payments	(479,417)
Benefit Payments	(3,502,835)
	(1,834,241)
Balance at June 30, 2019	**$ 90,994,413**

Sensitivity of the total OPEB liability to changes in the discount rate - the following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (1.50%) or 1-percentage-point higher (3.50%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	$ 106,038,546	$ 90,994,413	$ 78,974,780

Changes of assumptions and other inputs reflect a change in the healthcare cost trend rate from 7.5% in 2018 to 6.1% in 2019, as well as the discount rate from 3.0% in 2018 to 3.5% in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (5.1% to 3.1%) or 1 percentage point higher (7.1% to 5.1%) than the current healthcare cost trend rate:

	1% Decrease (5.1% to 3.1%)	Healthcare Cost Trend Rate (6.1% to 4.1%)	1% Increase (7.1% to 5.1%)
Total OPEB Liability	$ 77,221,644	$ 90,994,413	$ 109,825,838

Note 11 **Other Postemployment Benefits - Continued**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2019, the School District recognized OPEB expense of $4,728,799.

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 255,871	$ 2,613,307
Changes in Assumptions or Other Inputs	-	399,514
Total	**$ 255,871**	**$ 3,012,821**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2020	$ (555,180)
2021	(555,180)
2022	(555,180)
2023	(555,180)
2024	(555,181)
Thereafter	18,951

Current Year Activity
The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	$ 92,828,654	$ (1,834,241)	$ 90,994,413
Deferred Outflows of Resources	(303,255)	47,384	(255,871)
Deferred Inflows of Resources		3,012,821	3,012,821
Total	**$ 92,525,399**	**$ 1,225,964**	**$ 93,751,363**

Note 12 Commitments and Contingencies

Risk Financing and Related Insurance - General Information
The School District is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. 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 three years.

Health Insurance
The School District incurs costs related to an employee health insurance plan (Plan) sponsored by BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of one year; a member district may withdraw from the Plan after that time by providing notice to the consortium prior to May 1, immediately preceding the commencement of the next school year. Plan members include eight districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Rd., Binghamton NY 13760.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2019, the School District incurred premiums or contribution expenditures totaling $7,279,269.

Note 12 **Commitments and Contingencies - Continued**

Workers' Compensation
The School District incurs costs related to a workers' compensation insurance plan (Plan). The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members include 11 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Rd., Binghamton NY 13760.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2019, the School District incurred premiums or contribution expenditures of $165,344.

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

Note 13 **Fund Balance Detail**

At June 30, 2019, non-spendable, restricted, assigned, and unassigned fund balances in the Governmental Funds were as follows:

	General Fund	School Lunch Fund	Debt Service Fund	Capital Projects Fund
Nonspendable				
Inventory	$	$ 29,081	$	$
Total Nonspendable Fund Balance	**$ -**	**$ 29,081**	**$ -**	**$ -**
Restricted				
Reserve for Employees' Retirement Contributions	$ 2,088,173	$	$	$
Reserve for Teachers' Retirement Contributions	210,000			
Tax Certiorari Reserve	169,233			
Unemployment Insurance Reserve	305,835			
Employee Benefit Accrued Liability Reserve	17,623			
Capital Reserve	1,997,519			
School Lunch		197,611		
Debt			476,396	
Total Restricted Fund Balance	**$ 4,788,383**	**$ 197,611**	**$ 476,396**	**$ -**
Assigned				
Appropriated for Next Year’s Budget	$ 250,000	$	$	$
Encumbered for:				
General Support	53,565			
Instruction	99,404			
Pupil Transportation	6,919			
Total Assigned Fund Balance	**$ 409,888**	**$ -**	**$ -**	**$ -**
Unassigned				
Unreserved, Undesignated	$ 1,394,013	$	$	$ (12,423,136)
Total Unassigned Fund Balance (Deficit)	**$ 1,394,013**	**$ -**	**$ -**	**$ (12,423,136)**

Note 14 **Restricted/Reserved Fund Balances**

Portions of restricted fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet.

The balances and activity for the year ended June 30, 2019 of the General Fund reserves were as follows:

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Restricted					
Unemployment Insurance Reserve	$ 302,515	$	$ 3,320	$	$ 305,835
Reserve for Employees' Retirement Contributions	2,065,506		22,667		2,088,173
Reserve for Teachers' Retirement Contributions		210,000			210,000
Tax Certiorari Reserve	167,396		1,837		169,233
Employee Benefit Accrued Liability Reserve	17,432		191		17,623
Capital Reserve	1,332,892	650,000	14,627		1,997,519
Total	**$ 3,885,741**	**$ 860,000**	**$ 42,642**	**$ -**	**$ 4,788,383**
Unassigned					
Tax Reduction Reserve	**$ 109,901**	**$ -**	**$ 1,203**	**$ (111,104)**	**$ -**

Note 15 **Tax Abatements**

For the year ended June 30, 2019 the School District was subject to tax abatements negotiated by the Broome County Industrial Development Agency (BCIDA).

BCIDA enters into various property tax abatement programs for the purpose of economic development. School District property tax revenue was reduced by $135,219, and the School District subsequently received payment in lieu of taxes (PILOT) payments totaling $133,597.

Note 16 **Stewardship, Compliance and Accountability**

Deficit Fund Balance

The Capital Project Fund has a deficit fund balance of $12,423,136 at year end. This deficit will be eliminated as short-term financing is repaid or converted into long-term financing and additional long-term financing is obtained for the renovation project.

Deficit Net Position

At June 30, 2019, the District-wide Statement of Net Position had an unrestricted deficit net position of $85,477,388. This is primarily the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability. (See Note 11.) This deficit is not expected to be eliminated during the normal course of operations.

Note 17 **Subsequent Event**

On September 4, 2019, the School District issued bond anticipation notes of $886,956 at an interest rate of 2.25% to finance the purchase of school buses with equipment.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real Property Taxes	$ 19,296,446	$ 15,777,779	$ 15,775,714	$ (2,065)
Other Tax Items	163,658	3,682,325	3,690,283	7,958
Charges for Services	127,000	127,000	64,270	(62,730)
Use of Money and Property	130,000	130,000	213,317	83,317
Sale of Property and Compensation for Loss		12,025	29,401	17,376
Miscellaneous	693,500	694,601	858,775	164,174
Total Local Sources	20,410,604	20,423,730	20,631,760	208,030
State Sources	17,450,400	17,450,401	17,255,585	(194,816)
Medicaid Reimbursement	35,000	35,000	84,744	49,744
Total Revenues	37,896,004	37,909,131	37,972,089	62,958
OTHER FINANCING SOURCES				
Operating Transfers In	2,789	2,789	8,743	5,954
Total Revenues and Other Financing Sources	37,898,793	37,911,920	**$ 37,980,832**	**$ 68,912**
Appropriated Fund Balance	250,000	250,000		
Appropriated Reserves	309,000	309,000		
Designated Fund Balance Encumbrances Carried Forward from Prior Year	320,993	320,993		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	**$ 38,778,786**	**$ 38,791,913**		

See Notes to Required Supplementary Information

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget
EXPENDITURES		
General Support		
Board of Education	$ 41,902	$ 41,902
Central Administration	385,045	384,175
Finance	580,017	579,011
Staff	304,080	305,173
Central Services	2,406,991	2,526,788
Special Items	378,967	378,969
Total General Support	4,097,002	4,216,018
Instruction		
Instruction, Administration, and Improvement	1,248,168	1,277,089
Teaching - Regular School	8,122,570	8,388,506
Programs for Children with Handicapping Conditions	4,904,555	4,730,710
Occupational Education	827,809	827,809
Teaching - Special School	225,000	225,000
Instructional Media	2,049,021	2,049,110
Pupil Services	1,783,457	1,849,070
Total Instruction	19,160,580	19,347,294
Pupil Transportation	1,146,531	1,187,748
Community Services	7,900	3,900
Employee Benefits	10,711,075	10,372,255
Debt Service		
Principal	2,974,991	3,057,991
Interest	553,707	470,707
Total Debt Service	3,528,698	3,528,698
Total Expenditures	38,651,786	38,655,913
OTHER FINANCING USES		
Operating Transfers Out	127,000	136,000
Total Expenditures and Other Financing Uses	**$ 38,778,786**	**$ 38,791,913**
Net Change in Fund Balance		
Fund Balance - Beginning of Year		
Fund Balance - End of Year		

See Notes to Required Supplementary Information

Actual	Encumbrances	Variance Favorable (Unfavorable)
$ 34,607	$ 1,500	$ 5,795
377,672	165	6,338
551,387	1,294	26,330
279,010	4,712	21,451
2,450,314	45,894	30,580
371,784		7,185
4,064,774	53,565	97,679
1,216,131		60,958
8,192,846	74,852	120,808
4,377,569	6,980	346,161
822,809		5,000
196,752		28,248
2,019,070		30,040
1,815,209	17,572	16,289
18,640,386	99,404	607,504
1,149,079	6,919	31,750
1,770		2,130
10,159,259		212,996
2,758,990		299,001
470,202		505
3,229,192	-	299,506
37,244,460	159,888	1,251,565
132,696		3,304
37,377,156	**$ 159,888**	**$ 1,254,869**
603,676		
5,988,608		
$ 6,592,284		

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE LAST 10 FISCAL YEARS

	2019	2018	2017
Contractually Required Contribution	**$ 440,098**	$ 432,907	$ 439,804
Contributions in Relation to the Contractually Required Contribution	**(440,098)**	(432,907)	(439,804)
Contribution Deficiency (Excess)	**-**	-	-
School District's Covered - Employee Payroll	**3,154,922**	3,045,683	3,097,134
Contributions as a Percentage of Covered - Employee Payroll	**13.9%**	14.2%	14.2%

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS
NYSTRS PENSION PLAN
FOR THE LAST 10 FISCAL YEARS

	2019	2018	2017
Contractually Required Contribution	**$ 1,170,920**	$ 1,098,092	$ 1,270,963
Contributions in Relation to the Contractually Required Contribution	**(1,170,920)**	(1,098,092)	(1,270,963)
Contribution Deficiency (Excess)	**-**	-	-
School District's Covered - Employee Payroll	**11,025,612**	11,205,020	10,844,394
Contributions as a Percentage of Covered - Employee Payroll	**10.6%**	9.8%	11.7%

See Notes to Required Supplementary Information

2016	2015	2014	2013	2012	2011	2010
$ 543,201	$ 475,731	$ 544,064	$ 533,516	$ 455,836	$ 310,035	$ 187,603
(543,201)	(475,731)	(544,064)	(533,516)	(455,836)	(310,035)	(187,603)
-	-	-	-	-	-	-
2,970,158	2,790,507	2,792,567	2,869,191	2,790,625	2,654,572	2,611,748
18.3%	17.0%	19.5%	18.6%	16.3%	11.7%	7.2%

2016	2015	2014	2013	2012	2011	2010
$ 1,461,950	$ 1,826,206	$ 1,670,185	$ 1,220,417	$ 1,145,226	$ 876,685	$ 638,267
(1,461,950)	(1,826,206)	(1,670,185)	(1,220,417)	(1,145,226)	(876,685)	(638,267)
-	-	-	-	-	-	-
11,025,264	10,417,604	10,278,062	10,307,576	10,308,065	10,170,360	10,311,260
13.3%	17.5%	16.3%	11.8%	11.1%	8.6%	6.2%

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION (ASSET) LIABILITY
NYSLRS PENSION PLAN
FOR THE YEARS ENDED JUNE 30,

	2019	**2018**	**2017**	**2016**	**2015**
School District's Proportion of the Net Pension Asset/Liability	**0.00983%**	0.01006%	0.01031%	0.01062%	0.00954%
School District's Proportion of the Net Pension Asset/Liability	**$ 696,603**	$ 324,603	$ 968,504	$ 1,705,262	$ 322,167
School District's Covered-employee Payroll During the Measurement Period	**3,144,624**	3,012,703	3,131,810	2,916,274	2,748,584
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered-employee Payroll	**22.2%**	10.8%	30.9%	58.5%	11.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	**96.3%**	98.2%	94.7%	90.7%	97.9%

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION (ASSET) LIABILITY
NYSTRS PENSION PLAN
FOR THE YEARS ENDED JUNE 30,

	2019	**2018**	**2017**	**2016**	**2015**
School District's Proportion of the Net Pension Asset/Liability	**0.067879%**	0.067464%	0.070535%	0.068454%	0.069580%
School District's Proportion of the Net Pension Asset/Liability	**$(1,227,423)**	$ (512,793)	$ 755,464	$ (7,110,173)	$ (7,750,789)
School District's Covered-employee Payroll During the Measurement Period	**11,205,020**	10,844,394	11,025,264	10,417,604	10,278,061
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered-employee Payroll	**11.0%**	4.7%	3.4%	68.3%	75.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	**(101.5)%**	(100.7)%	99.0%	(110.4)%	(111.5)%

See Notes to Required Supplementary Information

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2019	**2018**	**2017**
Service Cost	**$ 2,496,697**	$ 3,139,894	$ *
Interest Cost	**2,807,607**	2,743,217	*
Changes of Benefit Terms	**(20,325)**	-	*
Differences Between Expected and Actual Experience	**(3,135,968)**	350,639	*
Changes in Assumptions or Other Inputs Benefit	**(479,417)**	-	*
Benefit Payments	**(3,502,835)**	(3,386,528)	*
	(1,834,241)	2,847,222	*
Total OPEB Liabilty - Beginning	**92,828,654**	89,981,432	*
Total OPEB Liabilty - Ending	**$90,994,413**	$92,828,654	$89,981,432
Covered Employee Payroll	**$11,957,772**	$14,908,208	$ *
Total OPEB Liability as a % of Covered Payroll	**761.0%**	622.7%	

* Informations for period prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it becomes available.

See Notes to Required Supplementary Information

2016	2015	2014	2013	2012	2011	2010
$ *	$ *	$ *	$ *	$ *	$ *	$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
$ *	$ *	$ *	$ *	$ *	$ *	$ *
$ *	$ *	$ *	$ *	$ *	$ *	$ *

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Note 1 **Budgetary Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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.

The original adopted budget and changes are as follows:

Original Adopted Budget	$ 38,457,793
Prior Year Encumbrances	320,993
Gifts and Donations	1,102
Insurance Recoveries	12,025
Final Budget	**$ 38,791,913**

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

Note 2 **Reconciliation of the General Fund Budget Basis to GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2019.

Note 3 **Schedule of Changes in the School District's Total OPEB Liability and Related Ratios**

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates in each period:

2019 - 3.5%
2018 - 3.0%

Note 4 **Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability**

The Schedule of the School District's Proportionate Share of the Net Pension Asset/Liability, required supplementary information, presents five years of information. These schedules will present ten years of information as it becomes available from the pension plans.

Note 5 **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability**

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2018 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2018 actuarial valuation.

The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2019. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	3.8% in ERS, indexed by service.
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

Note 5 **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

NYSTRS

Changes in Benefit Terms

Chapter 504 of the Laws of 2009 created a new tier of membership (Tier 5) for members with a date of membership on or after January 1, 2010. The Tier 5 benefit structure represents a reduction in benefits from those of prior tiers and an increase in the required employee contribution rate. The Tier 5 benefit changes were first included in the 2010 actuarial valuation. Chapter 18 of the Laws of 2012 created a new tier of membership (Tier 6) for members who join on or after April 1, 2012. The Tier 6 benefit formula is slightly less generous than that of Tier 5, and the required employee contribution rate was increased further. The Tier 6 benefit changes were first included in the 2012 actuarial valuation.

Changes of Assumptions

Actuarial assumptions are revised periodically to more closely reflect actual, as well as anticipated future experience. The actuarial assumptions used in the actuarial valuations prior to 2011 were adopted by the Retirement Board on October 26, 2006. Revised assumptions were adopted by the Retirement Board on October 27, 2011 and first used in the 2011 actuarial valuation. The actuarial assumptions were revised again in 2015. These assumptions were adopted by the Retirement Board on October 29, 2015 and first used in the 2015 actuarial valuation.

The System’s valuation rate of interest of 7.5% is effective with the 2015 actuarial valuation. Prior to the 2015 actuarial valuation, the System’s valuation rate of interest assumption was 8.0%.

Prior to the 2007 actuarial valuation, the asset valuation method used was a five-year market smoothing for equities, real estate, and alternative investments, based upon book values. The asset valuation method was changed effective with the 2007 actuarial valuation to use a five-year phased in deferred recognition, at a rate of 20% per year, of each year’s realized and unrealized appreciation in excess of (or less than) an assumed inflationary gain of 3.0%. The asset valuation method was changed again effective with the 2015 actuarial valuation to recognize each year’s net investment income/ loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 3.0% is recognized at a rate of 20% per year, until fully recognized after five years.

Prior to the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.75% annually. Effective with the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually. Effective with the 2015 actuarial valuation, COLAs are projected to increase at a rate of 1.50% annually.

Note 5 **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

NYSTRS - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions
The actuarially determined contribution rates in the Schedule of School District's Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the School District's Contributions.

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
Asset Valuation Method	5 year phased in deferred recognition of each year's actual gain or loss above (or below) an assumed inflationary gain of 7.5%. at a rate of 20.0% per year, until fully recognized after five years.
Inflation	2.5%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment Rate of Return	7.5% compounded annually, net of investment expenses, including inflation.
Projected Cost of Living Adjustments	1.5% compounded annually.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2019

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET		
Adopted Budget		$ 38,457,793
Prior Year's Encumbrances		320,993
Original Budget		38,778,786
Insurance Recoveries		12,025
Gifts and Donations		1,102
Total Additions		13,127
Final Budget		**$ 38,791,913**
§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION		
Next Year's Budget is a Voter Approved Budget	**$ 39,727,755**	
Maximum Allowed (4% of the 2019-2020 Budget)		**$ 1,589,110**
General Fund fund balance subject to §1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	$ 409,888	
Unassigned Fund Balance	1,394,013	
Total Unrestricted Fund Balance	1,803,901	
Less:		
Appropriated Fund Balance	250,000	
Encumbrances Included in Assigned Fund Balance	159,888	
Total Adjustments	409,888	
General Fund Fund Balance Subject to §1318 of Real Property Tax Law		**$ 1,394,013**
Actual Percentage		3.5%

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

			Expenditures			
	Original Budget	**Revised Budget**	**Prior Years**	**Current Year**	**Transfers**	**Total**
Port Dickinson Elementary Reconstruction 0001-007	$ 1,964,322	$ 1,322,758	$ 1,243,255	$ 175,035	$	$ 1,418,290
Port Dickinson Elementary Reconstruction 0001-008	357,927	396,382	385,255	22,884		408,139
Port Dickinson Elementary Reconstruction 0001-011	1,085,000	1,382,232	50,496	587,976		638,472
Port Dickinson Elementary Reconstruction 0001-012	250,440	250,440		217,450		217,450
Port Dickinson Elementary Reconstruction 0001-013	3,608,040	3,608,040	105,176	320,917		426,093
Port Dickinson Elementary Reconstruction 0001-014	98,000	98,000		104,486		104,486
Middle/High School Reconstruction 0002-012	22,057	22,057	20,899	2,235		23,134
Middle/High School Reconstruction 0002-013	599,967	511,518	1,408,274			1,408,274
Middle/High School Reconstruction 0002-017	100,000	100,000		94,046	5,954	100,000
Middle/High School Reconstruction 0002-018	1,692,198	1,692,198	64,086	1,421,026		1,485,112
Middle/High School Reconstruction 0002-019	2,996,200	2,996,200	87,401	269,483		356,884
Chenango Bridge Elementary Reconstruction 0004-010	1,420,552	1,352,372	1,240,840	118,374		1,359,214
Chenango Bridge Elementary Reconstruction 0004-011	285,844	374,298	437,033	22,884		459,917
Chenango Bridge Elementary Reconstruction 0004-014	825,530	825,530	30,807	317,169		347,976
Chenango Bridge Elementary Reconstruction 0004-015	3,195,328	3,195,328	93,457	214,714		308,171
Chenango Bridge Elementary Reconstruction 4007-001	109,368	109,368	3,524	8,872		12,396
Bus Garage Reconstruction 5006-005	439,823	438,508	14,942	6,445		21,387
Bus Garage Reconstruction 5006-006	55,104	13,488	10,926			10,926
Bus Garage Reconstruction 5006-009	1,186,634	1,186,634	35,423	89,819		125,242
Outdoor Classroom 0013-001	601,000	601,000		28,109		28,109
New Concession/Storage Building 7010-003	4,000	4,000	5	1,079		1,084
2018-2019 Buses	330,000	290,148		290,148	39,852	330,000
Unredeemed BANs						-
Total	**$21,227,334**	**$20,770,499**	**$ 5,231,799**	**$ 4,313,151**	**$ 45,806**	**$ 9,590,756**

***Architectural and State Approved Budget Modifications for Subproject Reallocations not yet Finalized and Available at this Report Date.**

	Methods of Financing				Fund	
Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance (Deficit) June 30, 2019	
$ (95,532)	$ 1,308,273	$	$	$ 1,308,273	$ (110,017)	*
(11,757)	472,488	461,013		933,501	525,362	*
743,760	1,804,070		214,705	2,018,775	1,380,303	*
32,990				-	(217,450)	*
3,181,947	984,660		447,201	1,431,861	1,005,768	*
(6,486)				-	(104,486)	*
(1,077)	16,705			16,705	(6,429)	*
(896,756)	1,101,916			1,101,916	(306,358)	*
			100,000	100,000	-	
207,086	4,360,094		272,489	4,632,583	3,147,471	*
2,639,316	826,847		371,623	1,198,470	841,586	*
(6,842)	884,768			884,768	(474,446)	*
(85,619)	513,003	461,013		974,016	514,099	*
477,554	973,161		130,989	1,104,150	756,174	*
2,887,157	658,801		397,372	1,056,173	748,002	*
96,972	27,222		14,984	42,206	29,810	*
417,121	48,172			48,172	26,785	*
2,562	8,549			8,549	(2,377)	*
1,061,392	275,589		150,616	426,205	300,963	*
572,891	86,246			86,246	58,137	*
2,916	3,310		21	3,331	2,247	*
(39,852)	330,000			330,000	-	
	(20,538,280)			(20,538,280)	(20,538,280)	
$11,179,743	**$(5,854,406)**	**$ 922,026**	**$ 2,100,000**	**$(2,832,380)**	**$ (12,423,136)**	

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

Capital Assets, Net	$ 42,761,075
Add:	
Deferred Charges on Defeased Debt	197,673
Unspent Debt Proceeds	6,414,681
Deduct:	
Bond Anticipation Notes	(20,538,280)
Unamortized Premium on Bonds Payable	(128,421)
Bonds Payable	(7,189,200)
Net Investment in Capital Assets	**$ 21,517,528**

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

Board of Education
Chenango Valley Central School District
Binghamton, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chenango Valley Central School District (the School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 10, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 10, 2019

insero&co

Certified Public Accountants | Business Advisors

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

Board of Education
Chenango Valley Central School District
Binghamton, New York

<u>Report on Compliance for Each Major Federal Program</u>

We have audited Chenango Valley Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2019. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Respectfully Submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 10, 2019

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	Pass - Through Grantor #	Pass - Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021190165	$	$ 420,107
Title I Grants to Local Educational Agencies	84.010	0021180165		3,256
		Subtotal		423,363
Special Education Cluster:				
Special Education - Grants to States	84.027	0032190053		452,887
Special Education - Preschool Grants	84.173	0033190053		8,580
Total Special Education Cluster		Subtotal		461,467
Improving Teacher Quality State Grants	84.367	0147190165		52,035
Improving Teacher Quality State Grants	84.367	0147180165		4,847
		Subtotal		56,882
Title I, Part D Prevention and Intervention Programs for Children and Youth who are Neglected, Delinquent or at Risk	84.013	0016190165		55,875
Title IV, Part A Student Support and Academic Enrichment Program	84.424A	0204191165		1,000
Total U.S. Department of Education				998,587
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	(1)		376,345
School Breakfast Program	10.553	(1)		250,732
Total Child Nutrition Cluster				627,077
Total U.S. Department of Agriculture				627,077
Total Expenditures of Federal Awards			**$ -**	**$ 1,625,664**

(1) - Unable to Detemine

See Notes to Schedule of Expenditures of Federal Awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimis indirect cost rate.

Note 4 **Matching Costs**

Matching costs, i.e., the School District's share of certain program costs, are not included in the reported expenditures.

Note 5 **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a “non-monetary program.” During the year ended June 30, 2019, the School District received $52,897 worth of commodities under the National School Lunch Program (CFDA #10.555).

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **Other Disclosures**

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

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

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ____ yes _X_ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ yes _X_ none reported

Noncompliance material to financial statements noted? ____ yes _X_ none reported

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ____ yes _X_ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ yes _X_ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes _X_ no

Identification of major programs

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk? _X_ yes ____ no

Section II - Financial Statement Findings None

Section III - Federal Award Findings and Questioned Costs None

FORM OF BOND COUNSEL'S OPINION

June 25, 2020

Chenango Valley Central School District
Broome County
State of New York

Re: Chenango Valley Central School District, Broome County, New York
$12,720,000 Bond Anticipation Notes, 2020

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a $12,720,000 Bond Anticipation Notes, 2020 (the "Obligation"), of the Chenango Valley Central School District, Broome County, New York (the "Obligor"), dated June 25, 2020, numbered 1, of the denomination of $12,720,000, bearing interest at the rate of ___% per annum, payable at maturity, and maturing June 25, 2021.

We have examined:

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

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

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

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

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

In our opinion:

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

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

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

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP