

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 10, 2019

RENEWAL ISSUE

BOND ANTICIPATION NOTES

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

The School District will designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265 of the Code.

\$2,224,460

**GUILDERLAND CENTRAL SCHOOL DISTRICT
ALBANY COUNTY, NEW YORK**

GENERAL OBLIGATIONS

**\$2,224,460 Bond Anticipation Notes – 2019 Series A
(the "Notes")**

Dated: July 11, 2019

Due: July 10, 2020

The Notes will be general obligations of the Guilderland Central School District, Albany County, New York (the "District" or "School District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount.

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

If the Notes are issued registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination. Purchasers will not receive certificates representing their ownership interest in the Notes.

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

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about July 11, 2019.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on June 20, 2019 by no later than 11:30 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

June __, 2019

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-D, FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS" HEREIN.

GUILDERLAND CENTRAL SCHOOL DISTRICT ALBANY COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2018-2019 BOARD OF EDUCATION

CHRISTINE HAYES
President



SEEMA RIVERA
Vice President

BARBARA FRATERIGO
TERESA GITTO
BENJAMIN GOES
TIMOTHY HORAN
SEAN MAGUIRE
JUDY SLACK
GLORIA TOWLE-HILT

* * * * *

DR. MARIE WILES
Superintendent of Schools

NEIL SANDERS
Assistant Superintendent for Business

JOHN RIZZO
Business Administrator / District Treasurer

LINDA LIVINGSTON
District Clerk



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

Hawkins
DELAFIELD & WOOD LLP

Bond Counsel

No person has been authorized by the Guilderland 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 the Guilderland Central School District.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
GUILDERLAND CENTRAL SCHOOL DISTRICT
ALBANY COUNTY, NEW YORK
Relating To
\$2,224,460 Bond Anticipation Notes – 2019 Series A

This Official Statement, which includes the cover page, has been prepared by the Guilderland Central School District, Albany County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$2,224,460 principal amount of Bond Anticipation Notes – 2019 Series A (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.

THE NOTES

Description of the Notes

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof. The District will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s).

Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Authority for and Purpose of Issue

The Notes are issued pursuant to the Constitution and laws of the State, including the Education Law, constituting Chapter 16, and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York and various bond resolutions adopted by the Board of Education of the District on their respective dates, authorizing the issuance of serial bonds for the purchase of various vehicles for use by the District (the "Vehicle Acquisition Project").

The proceeds of the Notes will be applied to renew a \$2,224,460 portion of \$3,317,500 bond anticipation notes outstanding and maturing on July 12, 2019, with the balance of such outstanding bond anticipation notes being retired with \$1,093,040 in available funds of the District.

NATURE OF OBLIGATION

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

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

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. However, the Tax Levy Limit Law imposes a statutory limitation on the District's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. (See also "*TAX LEVY LIMIT LAW*" herein)

REMEDIES UPON DEFAULT

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

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

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 41 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

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

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court

of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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

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

SECTION 99-B OF THE STATE FINANCE LAW

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

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

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

NO PAST DUE DEBT

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

BANKRUPTCY

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

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

BOOK-ENTRY-ONLY-SYSTEM

In the event that the Notes are issued in registered book-entry form, 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.

THE SCHOOL DISTRICT

General Information

The District, established in 1950, covers 66 square miles and is comprised of portions of the Towns of Guilderland, Bethlehem, Knox and New Scotland, all of which are located in Albany County. The District borders the City of Albany, the capital of the State of New York, on the west and is approximately 10 miles south of the City of Schenectady. The District is an integral part of the area known as the Capital District, or tri-city area, which includes the Cities of Albany, Schenectady and Troy, and has an aggregate population of approximately 800,000.

Major expressways serving the District include the New York State Thruway #90 and US Route #20 and Interstate #87. Amtrak provides rail passenger service from stations located in nearby Schenectady and Rensselaer. Conrail provides freight service on two lines which pass through the District. Air transportation is available at the Albany International Airport where several major airlines and various commuter airlines provide service. Gas and electric services are provided by National Grid. Sewer and water services are available to residents in most areas by municipalities located in the District.

Source: District officials.

District Population

The 2017 estimated population of the District is 36,787. (2017 U.S. Census Bureau estimate)

Major Employers

<u>Name of Employer</u>	<u>Nature of Business</u>	<u># Employed</u>
Executive Park	Office Building	A
Crossgates Mall	Shopping Center	A
Guilderland Central Schools	Education	B
Northeast Industrial Park	Commercial	C
Town of Guilderland	Government	D
National Grid	Public Utility	D
Intermagnetics	Manufacturing	D
Agway Feed Division	Agriculture	D
Diamond W. Products	Production	D
Turbonetics	Research & Development	D

Key: A - Employees 1000-and more; B - Employees 500-999; C - Employees 250-499; D - Employees 100-249

Source: Albany County Planning Board.

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, County and State are 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 or the State are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
Towns of:						
Bethlehem	\$ 31,492	39,867	\$ 49,794	\$ 77,211	\$ 104,387	\$ 125,092
Guilderland	29,508	38,039	43,336	68,472	99,529	112,418
Knox	22,670	29,968	33,480	63,697	89,583	95,729
New Scotland	29,231	40,542	42,961	65,753	84,072	111,324
County of:						
Albany	23,345	30,863	35,278	56,724	76,159	90,031
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

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

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

Unemployment Rate Statistics

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

	<u>Annual Average</u>						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Albany County	7.1%	6.1%	4.9%	4.3%	4.1%	4.2%	3.7%
New York State	8.5%	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%

	<u>2018-19 Monthly Figures</u>											
	<u>2018</u>						<u>2019</u>					
	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Albany County	3.9%	3.7%	3.5%	3.3%	3.1%	3.1%	3.3%	3.8%	3.7%	3.6%	3.2%	N/A
New York State	4.1%	4.2%	4.0%	3.6%	3.6%	3.5%	3.9%	4.6%	4.4%	4.1%	3.6%	N/A

Note: Unemployment rates for May 2019 are unavailable as of the date of this Official Statement.

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

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Assistant Superintendent for Business and the Supervisor of Finance / District Treasurer.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education. Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board of Education. Board members are generally elected for a term of three years, unless filling a vacancy.

In early July of each year, the Board of Education meets for the purpose of reorganization. At that time, the Board elects a President and Vice President, and appoints a District Clerk and District Treasurer.

Budgetary Procedures and Recent Budget Votes

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. Under current law, the budget is submitted to voter referendum on the third Tuesday of May each year.

Recent Budget Votes

The budget for the 2015-16 fiscal year was approved by the qualified voters on May 19, 2015 by a vote of 1,880 yes to 738 no. The budget included a total tax levy increase of 2.76%, which was below the District tax levy limit of 2.78%.

The budget for the 2016-17 fiscal year was approved by the qualified voters on May 17, 2016 by a vote of 1,489 yes to 582 no. The budget called for a total tax levy increase of 1.35% which was below the District tax levy limit of 1.37%

The budget for the 2017-18 fiscal year was approved by the qualified voters on May 16, 2017 by a vote of 1,963 yes to 663 no. The budget called for a total tax levy increase of 2.11% which was below the District tax levy limit of 2.81%

The budget for the 2018-19 fiscal year was approved by the qualified voters on May 15, 2018 by a vote of 1,405 yes to 567 no. The budget called for a total tax levy increase of 2.22% which was below the District tax levy limit of 2.23%

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019 by a vote of 2,698 yes to 1,414 no. The budget called for a total tax levy increase of 1.44% which was below the District tax levy limit of 1.77%

A summary of the District's recent budgets may be found in APPENDIX - A.

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 School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act be secured by a pledge of eligible securities as that term is defined in the law.

The Board of Education of the District has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

State Aid

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

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See “STAR – School Tax Exemption” herein). The District has received timely STAR aid from the State for the current fiscal year.

Potential reductions in Federal aid received by the State.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See “STAR – School Tax Exemption” herein). The District has received timely STAR aid from the State for the current fiscal year.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. During the 2012 to 2018 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 fiscal year, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. Although the State’s 2018-2019 Budget was adopted on March 30, 2018, in advance of the April 1 deadline, the State’s 2017-2018 Budget was adopted on April 9, 2017, a delay of approximately 8 days. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy.

The Federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State’s 2019-2020 Budget continues authorization for a process by which the State would manage significant reductions in Federal aid during fiscal year 2019-2020 and fiscal year 2020-2021 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the Federal government (i) reduces Federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces Federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State’s General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which are effective in the 2018 tax year. The new federal tax law makes extensive changes to federal personal income taxes, corporate income taxes, and estate taxes, and the deductibility of various taxes and interest costs. The State’s income tax system interacts with the federal system in numerous ways. The federal changes are expected to have significant flow-through effects on State tax burdens and revenues. The State’s 2018-2019 Enacted Budget includes legislation decoupling certain linkages between federal and local income tax and corporate taxes, increasing the opportunities for charitable contributions, and providing an option to employers to shift to an employer compensation tax and reduce State personal income taxes. In addition, the State’s 2018-2019 Enacted Budget includes legislation that grants localities the option to establish local charitable funds that would provide taxpayers with a credit against their property taxes. The District has not exercised this option.

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

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

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

State Aid Litigation

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2019-20 preliminary building aid ratios, the District expects to receive State building aid of approximately 66.3% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

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

School district fiscal year (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 consists of traditional operating aid. In addition to full-funding of expense based aids (\$408 million), the budget also includes a \$266 million increase in Foundation Aid and an \$189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase 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 is not a part of the Community Schools Grant Initiative (CSGI).

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. Since its inception, the total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately \$12,726,142. 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 included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately \$859 million of that increase was 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 included 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 was 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 was “set aside” for certain school districts to fund community schools. The State’s 2018-19 Enacted Budget fully funded 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 allowed 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.

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 2018-19 and 2019-20 fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2013-2014	\$ 88,846,108	\$ 21,070,636	23.72%
2014-2015	90,814,260	22,187,029	24.43
2015-2016	94,350,292	23,902,380	25.33
2016-2017	96,348,933	25,127,850	26.08
2017-2018	98,675,082	25,685,817	26.03
2018-2019 (Budgeted)	100,925,515	25,842,855	25.61
2019-2020 (Budgeted)	102,107,375	25,801,894	25.27

Source: 2014 through 2018 audited financial statements, 2018-19 and 2019-20 adopted budgets of the District. This table is not audited.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Originally Built</u>	<u>Additions</u>
Guilderland Elementary	K-5	750	1956	1991
Altamont Elementary	K-5	594	1953	1991
Lynnwood Elementary	K-5	621	1967	2015
Pine Bush Elementary	K-5	765	1994	N/A
Westmere Elementary	K-5	864	1953	1991
Farnsworth Middle School	6-8	1,800	1970	2005
Guilderland High School	9-12	2,200	1954	2015

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2014-15	4,917	2019-20	4,891
2015-16	4,862	2020-21	4,976
2016-17	4,818	2021-22	5,024
2017-18	4,840	2022-23	5,082
2018-19	4,885	2023-24	5,155

Source: District officials.

Employees

The District employs approximately 918 full-time and 52 part-time employees. The number of employees represented by unions, the names of the collective bargaining agents and the contract expiration dates are as follows:

<u>Number of Employees</u>	<u>Unit</u>	<u>Contract Expiration Date</u>
489	Guilderland Teachers' Association	June 30, 2020
127	Teaching Assistant Unit of GTA	June 30, 2019 ⁽¹⁾
115	Guilderland Support Staff Association	June 30, 2021
83	Guilderland Employees Association	June 30, 2020
51	Guilderland Office Workers	June 30, 2019 ⁽¹⁾
15	Guilderland Administrators' Association	June 30, 2022
12	Non-instructional Supervisors & Other Personnel	June 30, 2022
8	Building Principals	June 30, 2021
8	Technology & Communications Personnel	June 30, 2019 ⁽¹⁾
7	Confidential Personnel	June 30, 2020
3	District Office Administrators	June 30, 2021

⁽¹⁾ Currently under negotiations

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 System 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 (other than those in Tier V and VI, as described below) 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 law became effective for new ERS and TRS hires on January 1, 2010. 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 a 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%, 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's payments to ERS and TRS since the 2013-14 fiscal year and the budgeted payments for the 2018-19 and 2019-20 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2013-2014	\$ 1,654,290	\$ 5,834,586
2014-2015	1,668,999	6,226,759
2015-2016	1,526,177	4,962,288
2016-2017	1,336,163	4,501,289
2017-2018	1,441,159	4,024,618
2018-2019 (Budgeted)	1,415,300	4,530,500
2019-2020 (Budgeted)	1,356,630	3,894,070

Source: District records.

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

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.

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 (2014-15 to 2019-20) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2014-15	20.1%	17.53%
2015-16	18.2	13.26
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86*

* Estimated. The final rate will be adopted by the NYSTRS Board at its July 31, 2019 meeting.

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to

be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. For 2016-17 the stable contribution option rate is 15.1% for ERS and 14.13% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years. The District is not participating in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

Although permitted by recently enacted laws, the District is not amortizing any pension payments 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. As of the date of this Official Statement, the District has not yet determined whether it will establish such a fund.

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

Other Post-Employment Benefits

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

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

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

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

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

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

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

Balance at June 30, 2017:	<u>\$ 177,339,087</u>
<u>Changes for the year:</u>	
Service cost	4,595,077
Interest	6,283,921
Differences between expected and actual experience	0
Changes of benefit terms	0
Changes in assumptions	(8,866,954)
Benefit payments	<u>(3,621,119)</u>
Net Changes	<u>(1,609,075)</u>
Balance at June 30, 2018:	<u>\$ 175,730,012</u>

Source: 2018 audited financial statement of the District. For additional information see "APPENDIX – E" attached hereto.
The above table is not audited.

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

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

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

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

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

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

For prior valuations under GASB 45, the District contracted with an actuarial firm to calculate its OPEB in accordance with GASB 45. Based on the most recent actuarial valuation dated July 1, 2016 and financial data as of June 30, 2017, the following tables show the components of the District's annual OPEB cost, the amount actuarially contributed to the plan, changes in the District's net OPEB obligation and funding status for the fiscal years ending June 30, 2016 and 2017:

<i>Annual OPEB Cost and Net OPEB Obligation:</i>	<u>2016</u>	<u>2017</u>
Annual required contribution (ARC)	\$ 8,856,627	\$ 8,686,659
Interest on net OPEB obligation	2,092,059	2,388,432
Adjustment to ARC	<u>(1,567,145)</u>	<u>(1,789,155)</u>
Annual OPEB cost (expense)	9,381,541	9,285,936
Contributions made	<u>(3,454,093)</u>	<u>(3,780,319)</u>
Increase in net OPEB obligation	5,927,448	5,505,617
Net OPEB obligation - beginning of year	<u>41,841,187</u>	<u>47,768,635</u>
Net OPEB obligation - end of year	<u>\$ 47,768,635</u>	<u>\$ 47,768,635</u>
Percentage of annual OPEB cost contributed	36.8%	40.7%

Funding Status:

Actuarial Accrued Liability (AAL)	\$ 120,899,504	\$ 123,355,633
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 120,899,504</u>	<u>\$ 123,355,633</u>
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 9,285,936	40.7%	\$ 53,274,252
2016	9,381,541	36.8	47,768,635
2015	8,878,262	32.1	41,841,187
2014	9,149,093	34.1	35,814,999
2013	8,583,637	36.1	29,654,772

Source: Audited Financial Statements of the District. The above tables are not audited.

General Fund Operations

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A statement of such revenues and expenditures for the five year period ending June 30, 2018 is contained in the Appendices). As reflected in the Appendices, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2018 and is attached hereto as "APPENDIX – E". Certain summary 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 Reports of Examination

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

The State Comptroller's office released an audit report of the District on January 1, 2011. The purpose of the audit was to examine the District's internal controls over claims processing for the period July 1, 2009 to June 30, 2010.

The State Comptroller's office released an audit report of the District on June 2, 2017. The purpose of the audit was to review the District's cash disbursement transactions using computer-assisted auditing techniques for the period July 1, 2015 through September 23, 2016. Key findings and recommendations of the audit report are summarized below:

Key Findings:

- District officials have ensured that cash disbursements are adequately supported, for District purposes and properly recorded.

Key Recommendations:

- There were no recommendations as a result of this audit.

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

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the 2014 through 2018 fiscal years of the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2018	No Designation	0.0%
2017	No Designation	0.0%
2016	No Designation	0.0%
2015	No Designation	15.0%
2014	Susceptible to Fiscal Stress	26.7%

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

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the 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.

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Towns of:					
Bethlehem	\$ 234,579,104	\$ 235,461,239	\$ 247,159,522	\$ 256,213,269	\$ 260,685,693
Guilderland	2,813,612,947	2,846,397,814	2,872,469,926	2,902,265,641	2,894,207,601
Knox	14,085,055	14,037,481	14,241,039	14,284,582	13,953,346
New Scotland	15,179,637	15,170,765	15,368,897	15,310,568	15,316,266
Total Assessed Values	<u>\$ 3,077,456,743</u>	<u>\$ 3,111,067,299</u>	<u>\$ 3,149,239,384</u>	<u>\$ 3,188,074,060</u>	<u>\$ 3,184,162,906</u>
State Equalization Rates					
Towns of:					
Bethlehem	100.00%	100.00%	100.00%	100.00%	95.00%
Guilderland	90.00%	88.00%	88.00%	75.58%	77.90%
Knox	62.00%	62.00%	62.00%	60.00%	58.00%
New Scotland	100.00%	100.00%	100.00%	98.00%	96.00%
Total Taxable Full Valuation	<u>\$ 3,398,713,179</u>	<u>\$ 3,507,816,073</u>	<u>\$ 3,549,668,207</u>	<u>\$ 4,135,635,521</u>	<u>\$ 4,029,703,682</u>

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Towns of:					
Bethlehem	\$ 19.65	\$ 19.57	\$ 19.60	\$ 17.10	\$ 18.89
Guilderland	21.84	22.23	22.27	22.63	23.03
Knox	31.70	31.56	31.61	28.50	30.93
New Scotland	19.65	19.57	19.60	17.45	18.69

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Tax Levy	\$ 66,790,715	\$ 68,631,860	\$ 69,561,435	\$ 70,726,397	\$ 72,297,457
Amount Uncollected ⁽¹⁾	1,626,077	1,636,322	1,497,788	1,447,721	1,640,456
% Uncollected	2.43%	2.38%	2.15%	2.05%	2.27%

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

Tax Collection Procedure

Property taxes for the District are levied by the District and are collected by the town tax receivers. Such taxes are due and payable on September 1 but may be paid without penalty by September 30. Penalties on unpaid taxes are 2% from October 1 through November 15 and 3% per month thereafter.

On or about November 15, the tax receiver files a report of any uncollected school taxes with the County. The County thereafter on or before April 30 pays to the District the amount of its uncollected taxes. Thus, the District receives its full levy prior to the end of its fiscal year.

On June 24, 2011, Chapter 97 of the Laws of 2011 was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. (See "TAX LEVY LIMIT LAW," herein.)

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for the last five completed fiscal years and budgeted figures for the 2018-19 and 2019-20 fiscal years comprised of Real Property Taxes and Tax Items.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2013-2014	\$ 88,846,108	\$ 65,860,601	74.13%
2014-2015	90,814,260	66,792,699	73.55
2015-2016	94,350,292	68,637,100	72.75
2016-2017	96,348,933	69,567,537	72.20
2017-2018	98,675,082	70,732,014	71.68
2018-2019 (Budgeted)	100,925,515	72,371,027	71.71
2019-2020 (Budgeted)	102,107,375	73,598,221	72.08

Source: 2014 through 2018 audited financial statements, 2018-19 and 2019-20 adopted budgets of the District. This table is not audited.

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

<u>Name</u>	<u>Type</u>	<u>Taxable Full Valuation</u>
Pyramid Crossgates Company	Shopping Center	\$ 262,223,700
National Grid	Public Utility	47,090,137
Stuyvesant Plaza, Inc.	Shopping Center	45,989,200
Northeastern Industrial Park	Industrial Park	22,146,000
Woodlake Apartments	Apartments	19,763,500
Regency Park Association	Apartments	18,746,000
Heritage Village Apartments	Apartments	17,586,500
Rosenblum Associates (Great Oaks)	Office Building	16,403,600
Fairwood Apartments	Apartments	10,735,400
Twenty Mall	Shopping Center	10,483,700

The ten larger taxpayers listed above have a total full valuation of \$471,167,737 which represents 11.4% of the tax base of the District.

The District experiences the impact of tax certiorari filings on a regular basis for which the District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings are within acceptable norms and are not anticipated or believed to have a material impact on the District's finances.

Source: District officials and 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. Chapter 60 of the Laws of 2016 has “converted” STAR to a personal income tax credit instead of a property tax exemption for all new homeowners who purchased their home after August 1, 2015.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities (“STAR Adjusted Gross Income”) of \$86,300 or less for 2019 benefits and \$88,050 or less for 2020 benefits, 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 \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners 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. 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 2019-20 District tax roll for the municipalities applicable to the District:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Bethlehem	\$ 65,270	\$ 28,500	4/9/2019
Guilderland	68,700	30,000	4/9/2019
Knox	39,850	17,400	4/9/2019
New Scotland	65,950	28,800	4/9/2019

\$5,472,353 of the District’s \$70,726,397 school tax levy for 2017-18 was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2018.

\$5,238,015 of the District’s \$72,297,457 school tax levy for 2018-19 was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2019.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-80%, Commercial-4%, Agriculture-1%, Other -15%

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$2,340 including County, Town, School District, and Fire District taxes.

TAX LEVY LIMIT LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 (herein referred to as the “Tax Levy Limit Law” or “Law”) was signed by the Governor. The Tax Levy Limit Law modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. The Law is effective for school district’s 2012-2013 fiscal year, commencing July 1, 2012. As a result, the Law applies to taxes levied or to be levied to pay debt service on the Notes, which are expected to be paid from taxes levied during the 2013-2014 fiscal year.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year’s budget or one hundred twenty percent (120%) of the consumer price index (“CPI”). Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district’s budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, such as the Notes, and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See “*THE NOTES - Nature of the Obligation*” herein).

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

Real Property Tax Rebate

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

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

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

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

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

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

See “*THE SCHOOL DISTRICT – Budgetary Procedures and Recent Budget Votes*” herein for additional information regarding the District’s Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional and Statutory Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness is contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been initially contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in such law. (See “*TAX LEVY LIMIT LAW*,” herein).

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in the anticipation of the bonds. No down payment is required in connection with the issuance of District obligations. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specifications for such project have been approved by the commissioner of Education of the State.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, or summary thereof, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District expects to have complied with such procedure with respect to the Notes by the dated date of the Notes.

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Bonds ⁽¹⁾	\$ 37,675,000	\$ 32,210,000	\$ 25,890,000	\$ 38,813,000	\$ 33,835,000
Bond Anticipation Notes	2,878,226	2,946,800	16,604,740	3,268,360	3,271,900
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 40,553,226</u>	<u>\$ 35,156,800</u>	<u>\$ 42,494,740</u>	<u>\$ 42,081,360</u>	<u>\$ 37,106,900</u>

⁽¹⁾ Does not include advance refunded bonds outstanding as of the end of the fiscal year where applicable.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 10, 2019.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2019-2032	\$ 30,150,000
<u>Bond Anticipation Notes</u>		
Vehicle Acquisition Project	July 12, 2019	<u>3,317,500</u> ⁽¹⁾
	Total Indebtedness	<u>\$ 33,467,500</u>

⁽¹⁾ To be redeemed with a \$2,224,460 portion of the proceeds of the Notes together with \$1,093,040 available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 10, 2019:

Full Valuation of Taxable Real Property \$ 4,029,703,682
Debt Limit 10% thereof..... 402,970,368

Inclusions:

Bonds ⁽¹⁾ \$ 30,150,000
Bond Anticipation Notes 3,317,500
Total Inclusions..... \$ 33,467,500

Exclusions:

Building Aid ⁽¹⁾ \$ 0
Total Exclusions..... \$ 0

Total Net Indebtedness \$ 33,467,500

Net Debt-Contracting Margin..... \$ 369,502,868

The percent of debt contracting power exhausted is..... 8.31%

- ⁽¹⁾ Based on 2019-2020 preliminary building aid estimates, the District anticipates State Building aid of 66.3% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Exclusion. 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 issuance of the Notes will decrease the net indebtedness of the District by \$1,093,040.

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

Bonded Debt Service

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

Cash Flow Borrowings

The District has found it necessary to borrow from time to time in anticipation of taxes and revenues, which borrowing is necessitated by the schedule of State aid revenue payments.

The following is a history of such tax and revenue anticipation note borrowing since the 2010-11 fiscal year.

<u>Fiscal Year</u>	<u>Amount Issued</u>	<u>Type</u>	<u>Issued Date</u>	<u>Maturity Date</u>
2010-11	\$ 5,000,000	TAN	7/21/10	10/20/10
2011-12	5,000,000	TAN	7/20/11	10/20/11
2013-14	4,000,000	TAN	7/17/13	10/25/13

The District has not issued revenue or tax anticipation notes since the 2013-14 fiscal year, and does not plan to issue revenue or tax anticipation notes in 2019-20 fiscal year or for the foreseeable future.

Capital Project Plans

On May 21, 2019 the qualified voters of the District approved a \$30,926,000 capital project that would address the District's most immediate needs: aging infrastructure in the District's seven school buildings; improvements for safety, security and technology systems District-wide; and modernizing high school science labs. The District plans to utilize \$3,150,000 of capital reserves with the balance of costs to be financed with the issuance of serial bonds and District funds. Construction is expected to begin summer of 2020.

On May 21, 2019, the qualified voters of the District approved a proposition for the purchase of buses at a maximum cost of \$939,400. The District expects to issue \$939,400 bond anticipation notes July 31, 2019 to finance the purchase of school buses

On May 21, 2019 the qualified voters of the District approved an \$8,353,698 capital project for the construction of improvements to the Guilderland Public Library. The voters authorized the issuance of \$6,953,698 bonds of the District to finance a portion of said cost. The balance of the cost of said project will be applied from Library funds to be made available therefore.

The District has no other significant capital projects authorized or contemplated at this time.

Estimated Overlapping Indebtedness

In addition to the School 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 School District. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Albany	5/14/2019 ⁽³⁾	\$ 276,475,000	\$ 21,019,563	\$ 255,455,437	14.13%	\$ 36,095,853
Town of:						
Bethlehem	5/1/2019 ⁽³⁾	26,175,000	11,285,936	14,889,064	6.24%	929,078
Guilderland	12/31/2017 ⁽³⁾	14,950,000	12,745,000	2,205,000	91.14%	2,009,637
Knox	12/31/2016 ⁽⁴⁾	-	-	-	10.43%	-
New Scotland	12/31/2016 ⁽⁴⁾	4,858,588	4,365,388	493,200	1.66%	8,187
Village of:						
Altamont	05/31/2017 ⁽⁴⁾	4,015,000	855,000	3,160,000	100.00%	<u>3,160,000</u>
					Total:	<u>\$ 42,202,755</u>

Notes:

- (1) Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.
- (2) Water and sewer debt and / or appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Sources of information:

- (3) Most recent available official statement or annual disclosure filing of the municipality obtained from the Electronic Municipal Market Access Website.
- (4) Most recent available State Comptroller's Special Report for the respective fiscal year of the municipality.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 10, 2019:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 33,467,500	\$ 909.76	0.83%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	75,670,255	2,056.98	1.88%

(a) The 2017 estimated population of the District is 36,787. (See "THE SCHOOL DISTRICT –District Population" herein.)

(b) The District's full value of taxable real estate for 2018-19 is \$4,029,703,682. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is \$42,202,755. (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.

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

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

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The District's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the District fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the District is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the District will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "*THE SCHOOL DISTRICT - State Aid*" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "Tax Matters" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See “*TAX LEVY LIMIT LAW*” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Notes.

Cybersecurity. The School 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.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the School District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the School District (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the School District in connection with the Notes, and Bond Counsel has assumed compliance by the School District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

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

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

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

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

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

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

Note Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LITIGATION

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School 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 School 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 School District, threatened against or affecting the School 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 School District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the School District.

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into an Undertaking to Provide Notice of Material Events Certificate, the form, substantially of which, is attached hereto as “*APPENDIX-D – FORM OF UNDERTAKING TO PROVIDE NOTICE OF EVENTS*”.

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 Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

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.

RATINGS

The Notes are not rated.

Moody's Investors Service ("Moody's") has assigned their underlying rating of "Aa3" with a Positive outlook to the District's outstanding general obligation bonds. The rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich St., New York, New York 10007. Phone: (212) 553-0038, Fax: (212) 553-1390.

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

Hawkins, Delafield & Wood, 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 School District will act as Paying Agent for the Bonds. The School District contact information is as follows: Mr. Neil Sanders, Assistant Superintendent for Business, 8 School Road, PO Box 18, Guilderland Center, New York 12085, phone: (518) 456-6200, fax: (518) 456-1152, email address: sandersn@guilderlandschools.org.

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

GUILDERLAND CENTRAL SCHOOL DISTRICT

Dated: June 10, 2019

**CHRISTINE HAYES
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER**

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 8,973,851	\$ 7,350,714	\$ 7,604,510	\$ 3,299,715	\$ 5,231,847
Restricted Cash	1,772,055	2,523,838	5,418,200	7,763,899	867,039
Due from Other Funds	1,300,957	3,780,829	1,366,806	520,170	617,760
Due from Fiduciary Funds	-	906	928	235	381
State and Federal Aid Receivable	1,238,519	702,919	914,206	771,404	741,231
Due from Other Governments	-	579,136	994,344	615,128	610,427
Other Receivables	180,649	105,146	121,068	213,244	242,756
Investments	-	-	-	5,422,868	11,473,219
Prepaid Expenses	1,772	1,427	1,229	1,229	3,393
TOTAL ASSETS	<u><u>\$ 13,467,803</u></u>	<u><u>\$ 15,044,915</u></u>	<u><u>\$ 16,421,291</u></u>	<u><u>\$ 18,607,892</u></u>	<u><u>\$ 19,788,053</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable and Accrued Liabilities	\$ 1,105,201	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	709,462	655,472	701,787	695,476
Accrued Liabilities	-	869,195	285,796	305,343	325,898
Due to Other Funds	-	-	-	-	22,219
Due to Other Governments	-	-	-	-	-
Due to Employee's Retirement System	463,466	418,627	356,358	379,520	370,733
Due to Teachers' Retirement System	6,052,782	6,438,732	5,337,117	4,808,280	4,280,005
Deferred Revenues	6,800	4,400	6,800	3,472	-
TOTAL LIABILITIES	<u><u>\$ 7,628,249</u></u>	<u><u>\$ 8,440,416</u></u>	<u><u>\$ 6,641,543</u></u>	<u><u>\$ 6,198,402</u></u>	<u><u>\$ 5,694,331</u></u>
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ 1,427	\$ 1,229	\$ 1,229	\$ 3,393
Restricted	1,772,055	2,523,838	5,418,200	7,763,899	8,630,970
Assigned	1,592,589	398,284	497,387	744,362	1,422,338
Unassigned	2,474,910	3,680,950	3,862,932	3,900,000	4,037,021
TOTAL FUND EQUITY	<u><u>\$ 5,839,554</u></u>	<u><u>\$ 6,604,499</u></u>	<u><u>\$ 9,779,748</u></u>	<u><u>\$ 12,409,490</u></u>	<u><u>\$ 14,093,722</u></u>
TOTAL LIABILITIES and FUND EQUITY	<u><u>\$ 13,467,803</u></u>	<u><u>\$ 15,044,915</u></u>	<u><u>\$ 16,421,291</u></u>	<u><u>\$ 18,607,892</u></u>	<u><u>\$ 19,788,053</u></u>

Note: The District changed its auditor for the fiscal year ending 2015, which has resulted in a different presentation of the financial data above.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
REVENUES					
Real Property Taxes	\$ 60,070,907	\$ 61,184,798	\$ 62,882,043	\$ 63,923,350	\$ 65,254,031
Real Property Tax Items	5,789,694	5,607,901	5,755,057	5,644,187	5,477,983
Charges for Services	598,972	626,736	653,962	602,552	809,900
Use of Money & Property	402,699	406,405	284,120	360,641	532,946
Sale of Property and					
Compensation for Loss	36,870	13,116	21,264	29,408	18,852
Miscellaneous	527,963	646,289	722,963	512,106	536,201
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	21,070,636	22,187,029	23,902,380	25,127,850	25,685,817
Revenues from Federal Sources	248,367	141,986	128,503	148,839	167,352
Total Revenues	<u>\$ 88,746,108</u>	<u>\$ 90,814,260</u>	<u>\$ 94,350,292</u>	<u>\$ 96,348,933</u>	<u>\$ 98,483,082</u>
Other Sources:					
Interfund Transfers	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,000</u>
Total Revenues and Other Sources	<u>\$ 88,846,108</u>	<u>\$ 90,814,260</u>	<u>\$ 94,350,292</u>	<u>\$ 96,348,933</u>	<u>\$ 98,675,082</u>
EXPENDITURES					
General Support	\$ 7,927,410	\$ 7,496,144	\$ 8,003,995	\$ 7,841,911	\$ 8,487,426
Instruction	45,611,189	46,375,262	47,525,555	49,341,156	51,108,202
Pupil Transportation	4,343,057	4,140,944	4,039,223	4,083,092	4,247,180
Community Services	-	-	-	-	-
Employee Benefits	23,607,112	24,244,902	23,765,093	24,408,567	25,506,449
Debt Service	7,526,831	7,545,716	7,570,499	7,743,609	7,183,358
Total Expenditures	<u>\$ 89,015,599</u>	<u>\$ 89,802,968</u>	<u>\$ 90,904,365</u>	<u>\$ 93,418,335</u>	<u>\$ 96,532,615</u>
Other Uses:					
Interfund Transfers	<u>327,330</u>	<u>246,347</u>	<u>270,678</u>	<u>300,856</u>	<u>458,235</u>
Total Expenditures and Other Uses	<u>\$ 89,342,929</u>	<u>\$ 90,049,315</u>	<u>\$ 91,175,043</u>	<u>\$ 93,719,191</u>	<u>\$ 96,990,850</u>
Excess (Deficit) Revenues Over Expenditures	<u>(496,821)</u>	<u>764,945</u>	<u>3,175,249</u>	<u>2,629,742</u>	<u>1,684,232</u>
FUND BALANCE					
Fund Balance - Beginning of Year	6,336,375	5,839,554	6,604,499	9,779,748	12,409,490
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 5,839,554</u>	<u>\$ 6,604,499</u>	<u>\$ 9,779,748</u>	<u>\$ 12,409,490</u>	<u>\$ 14,093,722</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:

	2018			2019	2020
	Adopted Budget	Modified Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 65,361,397	\$ 65,512,297	\$ 65,254,031	\$ 72,297,457	\$ 73,338,941
Real Property Tax Items	5,670,000	5,519,100	5,477,983	73,570	259,280
Charges for Services	532,300	532,300	809,900	493,600	501,100
Use of Money & Property	318,430	318,430	532,946	412,733	523,860
Sale of Property and Compensation for Loss	18,400	18,400	18,852	300	300
Miscellaneous	305,500	305,500	536,201	410,500	412,500
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	25,433,083	25,433,083	25,685,817	25,842,855	25,801,894
Revenues from Federal Sources	125,000	125,000	167,352	125,000	-
Total Revenues	<u>\$ 97,764,110</u>	<u>\$ 97,764,110</u>	<u>\$ 98,483,082</u>	<u>\$ 99,656,015</u>	<u>\$ 100,837,875</u>
Other Sources:					
Interfund Transfers	<u>250,000</u>	<u>250,000</u>	<u>192,000</u>	<u>250,000</u>	<u>250,000</u>
Total Revenues and Other Sources	<u>\$ 98,014,110</u>	<u>\$ 98,014,110</u>	<u>\$ 98,675,082</u>	<u>\$ 99,906,015</u>	<u>\$ 101,087,875</u>
EXPENDITURES					
General Support	\$ 8,568,464	\$ 8,935,794	\$ 8,487,426	\$ 8,595,580	\$ 8,942,799
Instruction	51,984,647	51,656,662	51,108,202	53,573,448	55,400,719
Pupil Transportation	4,526,899	4,876,231	4,247,180	4,562,100	5,227,701
Community Services	-	-	-	-	-
Employee Benefits	25,636,610	25,506,743	25,506,449	27,071,170	26,192,510
Debt Service	7,342,490	7,189,806	7,183,358	6,823,217	5,891,646
Total Expenditures	<u>\$ 98,059,110</u>	<u>\$ 98,165,236</u>	<u>\$ 96,532,615</u>	<u>\$ 100,625,515</u>	<u>\$ 101,655,375</u>
Other Uses:					
Interfund Transfers	<u>425,000</u>	<u>458,236</u>	<u>458,235</u>	<u>300,000</u>	<u>452,000</u>
Total Expenditures and Other Uses	<u>\$ 98,484,110</u>	<u>\$ 98,623,472</u>	<u>\$ 96,990,850</u>	<u>\$ 100,925,515</u>	<u>\$ 102,107,375</u>
Excess (Deficit) Revenues Over Expenditures	<u>(470,000)</u>	<u>(609,362)</u>	<u>1,684,232</u>	<u>(1,019,500)</u>	<u>(1,019,500)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	470,000	609,362	12,409,490	1,019,500	1,019,500
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,093,722</u>	<u>\$ -</u>	<u>\$ -</u>

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2019	\$ 4,710,000	\$ 967,500	\$ 5,677,500
2020	3,845,000	862,375	4,707,375
2021	3,055,000	766,700	3,821,700
2022	3,155,000	679,888	3,834,888
2023	3,260,000	576,238	3,836,238
2024	3,045,000	473,488	3,518,488
2025	3,150,000	375,106	3,525,106
2026	1,415,000	297,819	1,712,819
2027	1,455,000	254,869	1,709,869
2028	1,510,000	210,450	1,720,450
2029	1,555,000	164,075	1,719,075
2030	1,605,000	116,050	1,721,050
2031	1,660,000	66,463	1,726,463
2032	415,000	14,900	429,900
TOTALS	\$ 33,835,000	\$ 5,825,919	\$ 39,660,919

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2012 Refunding of 2002A & 2002B			2012 Refunding of 2003A & 2003B			2013 Refunding of 2006 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 280,000	\$ 37,163	\$ 317,163	\$ 155,000	\$ 95,688	\$ 250,688	\$ 1,790,000	\$ 53,000	\$ 1,843,000
2020	280,000	31,563	311,563	165,000	89,488	254,488	860,000	17,200	877,200
2021	285,000	25,963	310,963	170,000	82,888	252,888	-	-	-
2022	295,000	19,550	314,550	175,000	78,638	253,638	-	-	-
2023	310,000	7,750	317,750	180,000	73,388	253,388	-	-	-
2024	-	-	-	185,000	67,988	252,988	-	-	-
2025	-	-	-	195,000	62,206	257,206	-	-	-
2026	-	-	-	200,000	55,869	255,869	-	-	-
2027	-	-	-	205,000	49,369	254,369	-	-	-
2028	-	-	-	215,000	42,450	257,450	-	-	-
2029	-	-	-	220,000	34,925	254,925	-	-	-
2030	-	-	-	230,000	26,950	256,950	-	-	-
2031	-	-	-	235,000	18,613	253,613	-	-	-
2032	-	-	-	245,000	9,800	254,800	-	-	-
TOTALS	\$ 1,450,000	\$ 121,988	\$ 1,571,988	\$ 2,775,000	\$ 788,256	\$ 3,563,256	\$ 2,650,000	\$ 70,200	\$ 2,720,200

Fiscal Year Ending June 30th	2016 Refunding of 2010 Bonds			2017 Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,460,000	\$ 373,950	\$ 1,833,950	\$ 1,025,000	\$ 407,700	\$ 1,432,700
2020	1,495,000	336,925	1,831,925	1,045,000	387,200	1,432,200
2021	1,530,000	291,550	1,821,550	1,070,000	366,300	1,436,300
2022	1,590,000	236,800	1,826,800	1,095,000	344,900	1,439,900
2023	1,645,000	172,100	1,817,100	1,125,000	323,000	1,448,000
2024	1,710,000	105,000	1,815,000	1,150,000	300,500	1,450,500
2025	1,770,000	35,400	1,805,400	1,185,000	277,500	1,462,500
2026	-	-	-	1,215,000	241,950	1,456,950
2027	-	-	-	1,250,000	205,500	1,455,500
2028	-	-	-	1,295,000	168,000	1,463,000
2029	-	-	-	1,335,000	129,150	1,464,150
2030	-	-	-	1,375,000	89,100	1,464,100
2031	-	-	-	1,425,000	47,850	1,472,850
2032	-	-	-	170,000	5,100	175,100
TOTALS	\$ 11,200,000	\$ 1,551,725	\$ 12,751,725	\$ 15,760,000	\$ 3,293,750	\$ 19,053,750

FORM OF APPROVING LEGAL OPINION – THE NOTES

July 11, 2019

The Board of Education of the
Guilderland Central School District,
in the County of Albany, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Guilderland Central School District, (the “School District”), in the County of Albany, a school district of the State of New York and have examined a record of proceedings relating to the authorization, sale and issuance of the \$2,224,460 Bond Anticipation Note-2019 Series A (the “Note”), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean **Guilderland Central School District**, in the County of Albany, a school district of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of July 11, 2019.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s **\$2,224,460 Bond Anticipation Note-2019 Series A**, dated July 11, 2019, maturing on July 10, 2020, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;

- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **July 11, 2019**.

GUILDERLAND CENTRAL SCHOOL DISTRICT

By _____
President of the Board of Education

**GUILDERLAND CENTRAL SCHOOL DISTRICT
ALBANY COUNTY, NEW YORK**

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2018

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

West & Company, CPAs, P.C., the District's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. West & Company, CPAs, P.C. also has not performed any procedures relating to this Official Statement.

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INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Guilderland Central School District
Guilderland Center, 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 Guilderland Central School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress other post-employment benefits and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 11 and pages 46 through 50 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 District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, 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 on pages 51 through 53, as described in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2018, on our consideration of the 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 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 the District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
September 20, 2018

GUILDERLAND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2018. 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 government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's basic financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Following is a summary of the District's most significant and meaningful financial aspects for the fiscal year ended June 30, 2018:

- The District experienced a decrease of approximately \$2.7 million in net position on the District-wide financial statements as shown in the Reconciliation of Changes in Fund Balance to Statement of Activities on page 17. The decrease was due to an increase in other post-employment benefits and net pension liability costs and smaller offsets in expenses for capital outlays and bond anticipation redemptions from the prior year.
- In May, 2017, the 2017-2018 budget proposal and the vehicle and equipment purchase resolution were approved with 74.8% and 74.4% of the vote, respectively.
- The District's total assessed valuation increased by just under \$39 million, or 1.2%, in the 2017-2018 fiscal year which is indicative of a relatively stable and growing commercial tax base.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the 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 *fund* financial statements that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the District-wide statements. The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.

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

The financial statements also include notes that provide additional information about the financial statements and the balances reported. 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.

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

Table A-1 Major Features of the District-wide and Fund Financial Statements

	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as instruction and special education	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The District-wide statements report information about the 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, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the School District's *net position* and how it has changed. Net position – the difference between the School District's assets, deferred outflows of resources and 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.
- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

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.

Fund Financial Statements

The 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:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs.

Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.

- **Fiduciary Fund:** 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. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-2 Condensed Statement of Net Position

	Fiscal Year 2018	Fiscal Year 2017	% Change (Incr.; - Decr.)
Assets			
Current and other assets	\$ 23,856,198	\$ 20,477,497	16
Capital assets - net	93,784,909	96,328,469	-3
Total Assets	117,641,107	116,805,966	1
Deferred Outflows of Resources			
Pensions	28,342,558	28,133,023	1
Deferred amount on prior year bond refunding	109,874	218,751	-50
Total Deferred Outflows of Resources	28,452,432	28,351,774	0
Liabilities			
Current liabilities	4,915,375	4,666,913	5
Long-term liabilities	217,941,095	105,381,500	107
Total Liabilities	222,856,470	110,048,413	103
Deferred Inflows of Resources			
Other post-employment benefits	7,793,342	0	100
Pensions	9,084,013	1,991,309	356
Total Deferred Inflows of Resources	16,877,355	1,991,309	748
Net Position			
Net investment in capital assets	56,595,626	54,127,843	5
Restricted	9,804,035	9,093,418	8
Unrestricted	(160,039,947)	(30,103,243)	-432
Total Net Position	<u>\$ (93,640,286)</u>	<u>\$ 33,118,018</u>	-383

Changes in Net Position

The School District's 2018 revenue was \$102,568,167 (see Table A-3). Property taxes and New York State aid accounted for the majority of revenue by contributing 63.6% and 25.4%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

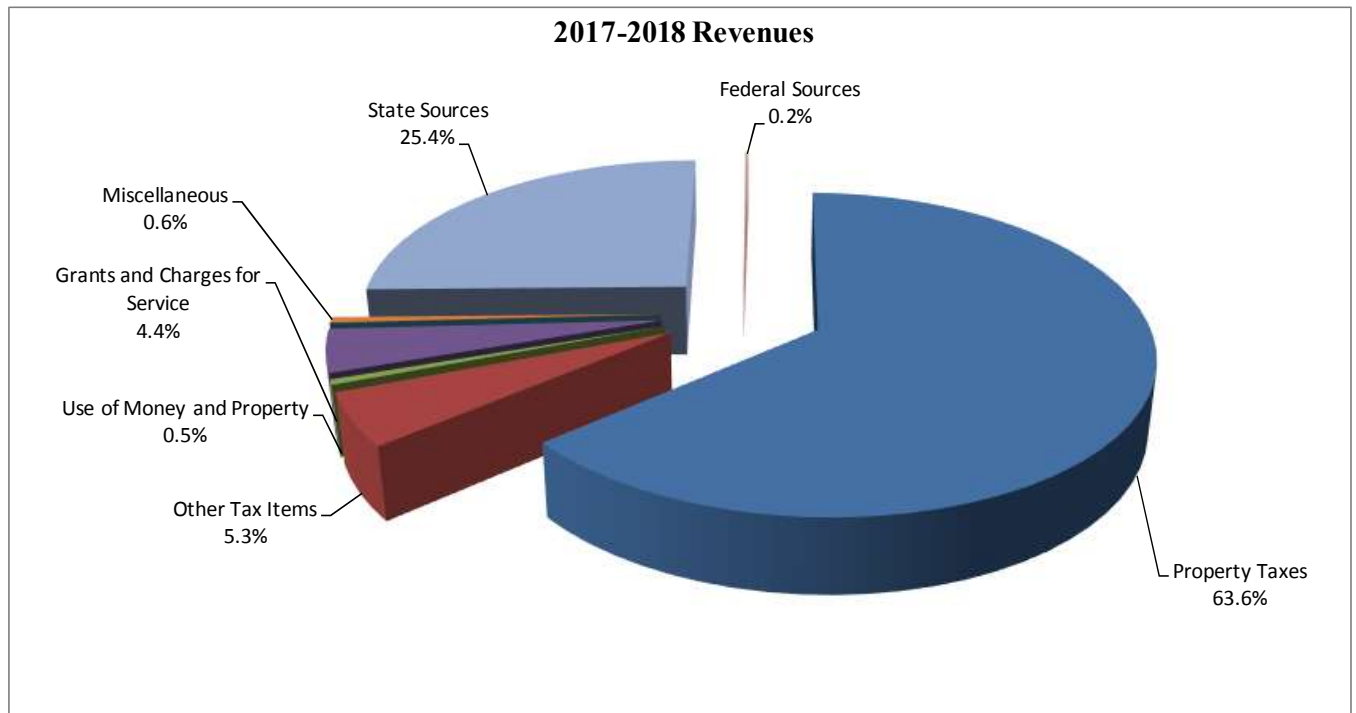
The total cost of all programs and services totaled \$105,261,636 for 2018. These expenses (85%) are predominantly for the education, supervision and transportation of students (see Table A-5). The School District's administrative, occupancy and business activities accounted for 12.5% of total costs.

Net position decreased during the year by \$2,693,469.

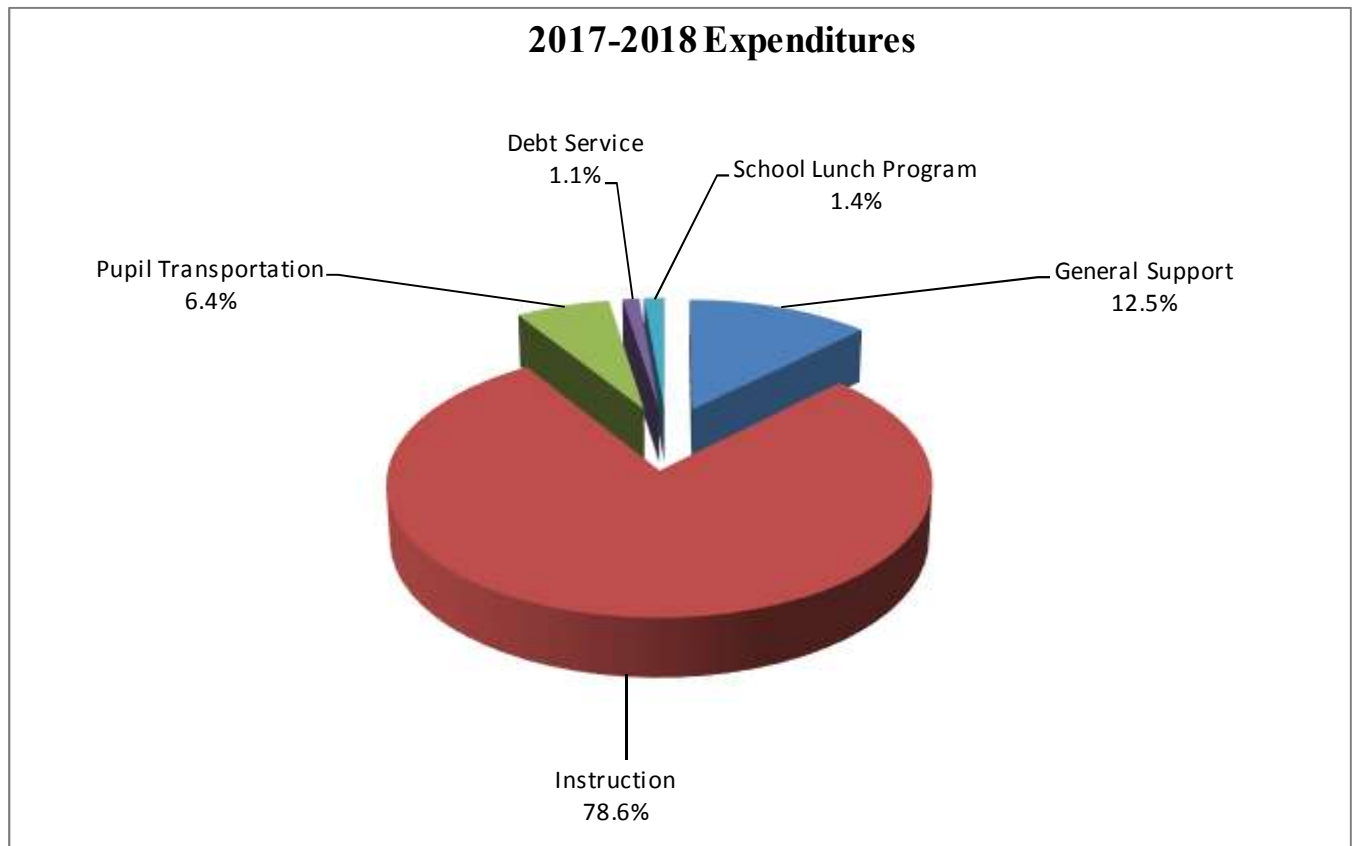
Table A-3 Changes in Net Position from Operating Results

	Fiscal Year 2018	Fiscal Year 2017	% Change Incr.; - Decr.)
Revenues			
Program Revenues			
Charges for services	\$ 1,671,190	\$ 1,434,724	16
Operating grants and contributions	2,814,861	2,706,011	4
General Revenues			
Property taxes	70,732,014	69,567,537	2
State sources	26,054,342	25,127,850	4
Federal sources	167,352	148,839	12
Use of money and property	532,946	362,870	47
Sale of property and compensation for loss	20,311	29,408	-31
Miscellaneous	575,151	720,075	-20
Total Revenues	102,568,167	100,097,314	2
Expenses			
General support	13,142,089	11,886,624	11
Instruction	82,725,939	78,230,824	6
Transportation	6,749,760	7,495,564	-10
Debt service	1,180,770	684,423	73
Cost of sales – Lunch Program	1,463,078	1,464,165	0
Total Expenses	105,261,636	99,761,600	6
Total Change in Net Position	<u>\$ (2,693,469)</u>	<u>\$ 335,714</u>	-902

REVENUES – TABLE A-4



EXPENDITURES – TABLE A-5



Governmental Activities

Revenue for the School District's governmental activities totaled \$102,568,167 while total expenses were \$105,261,636. Accordingly, net position decreased during the year by \$2,693,469.

Table A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Table A-6

Net Cost of Governmental Activities

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2018	2017	(Incr.; -Decr.)	2018	2017	(Incr.; -Decr.)
General support	\$ 13,142,089	\$ 11,886,624	11%	\$ 13,142,089	\$ 11,886,624	11%
Instruction	82,725,939	78,230,824	6%	79,591,070	75,369,583	6%
Pupil transportation	6,749,760	7,495,564	-10%	6,749,760	7,495,564	-10%
Debt service - interest	1,180,770	684,423	73%	1,180,770	684,423	73%
Cost of sales - lunch program	1,463,078	1,464,165	0%	111,896	184,671	-39%
Totals	<u>\$ 105,261,636</u>	<u>\$ 99,761,600</u>	6%	<u>\$ 100,775,585</u>	<u>\$ 95,620,865</u>	5%

- The cost of all governmental activities for the year was \$105,261,636.
- The users of the School District's programs financed \$1,671,190 of the costs.
- The federal and state government grants financed \$2,814,861.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental funds financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt, including the principal and interest payment.

No other variances are reflected in the governmental funds financial statements for 2018.

General Fund Budgetary Highlights

- The District's 2017-2018 general fund budgeted expenditures were under expended by \$1,059,784 due in most part to lower actual expenses than anticipated in general support, instruction, and pupil transportation services.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2018, the School District had \$93,784,909 (net of accumulated depreciation) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

Capital Assets (Net of Depreciation)

	Fiscal Year 2018	Fiscal Year 2017
Land, buildings, improvements and construction in progress	\$ 89,227,449	\$ 91,794,590
Machinery and equipment, vehicles	4,557,460	4,533,879
Totals	<u>\$ 93,784,909</u>	<u>\$ 96,328,469</u>

Long-Term Debt

As of June 30, 2018, the School District had \$212,254,980 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

Outstanding Long-Term Debt

	Fiscal Year 2018	Fiscal Year 2017
General obligation bonds (financed with property taxes)	\$ 33,917,383	\$ 38,932,266
All other debt	178,337,597	55,699,229
Totals	<u>\$ 212,254,980</u>	<u>\$ 94,631,495</u>

During 2018, the School District paid down its debt by retiring \$5,014,883 of outstanding bonds. Other debt represented compensated absences and other post-employment benefits.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Health insurance and other post-retirement costs continue to grow at rates in excess of the rate of inflation. Given the uncertainty with legislation surrounding the Affordable Care Act, it places increased uncertainty in health care costs as well as increased reporting compliance requirements for the School District.
- Fuel and utility costs are projected to trend higher in the coming years due to inflationary and other macroeconomic factors.
- Employee Retirement System and Teachers Retirement System employer contributions rates will remain virtually the same next year; however, the inherent volatility in financial markets could, over time, reverse that trend.
- The New York State limit on tax levy growth will result in further limitations on tax revenue that could affect the financial health of the District.
- The District will hold a voter referendum on a \$42.7 million capital project in October, 2018 and, if approved, construction is expected to commence in the spring of 2020.

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, please contact:

Guilderland Central School District
District Office
PO Box 18
8 School Road
Guilderland Center, New York 12085
(518) 456-6200

GUILDERLAND CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

ASSETS

Cash	
Unrestricted	\$ 5,847,354
Restricted	2,232,104
Receivables	
State and federal aid	1,492,948
Due from fiduciary funds	381
Due from other governments	610,427
Other receivables	242,756
Investments	11,473,219
Inventories	68,218
Net pension asset - proportionate share	1,888,791
Capital assets, net of depreciation	93,784,909
Total Assets	117,641,107

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount on prior year bond refunding	109,874
Pensions	28,342,558
Total Deferred Outflows of Resources	28,452,432

LIABILITIES

Payables	
Accounts payable	1,081,316
Accrued liabilities	326,211
Accrued interest payable	227,011
Unearned grant revenue	8,937
Bond anticipation notes payable	3,271,900
Long-term liabilities	
Due and payable within one year	
Due to Teachers' Retirement System	4,280,005
Due to Employees' Retirement System	370,733
Bonds payable	4,710,000
Due and payable after one year	
Bonds payable	29,207,383
Other post-employment benefits	175,730,012
Net pension liability - proportionate share	1,035,377
Compensated absences payable	2,607,585
Total Liabilities	222,856,470

DEFERRED INFLOWS OF RESOURCES

Other post-employment benefits	7,793,342
Pensions	9,084,013
Total Deferred Inflows of Resources	16,877,355

NET POSITION

Net investment in capital assets	56,595,626
Restricted	
Capital reserve	3,153,076
Reserve for employee benefit liability	927,857
Reserve for debt service	1,173,065
Tax certiorari reserve	354,948
Unemployment insurance reserve	95,734
Reserve for retirement contribution	3,232,577
Workers compensation reserve	810,524
Reserve for repairs	56,254
Unrestricted	(160,039,947)
Total Net Position	\$ (93,640,286)

See notes to basic financial statements.

GUILDERLAND CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues		Net (Expense)
	Expenses	Charges for	Operating	Revenue and
		Services	Grants	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 13,142,089	\$ 0	\$ 0	\$ (13,142,089)
Instruction	82,725,939	(809,900)	(2,324,969)	(79,591,070)
Pupil transportation	6,749,760	0	0	(6,749,760)
Debt service	1,180,770	0	0	(1,180,770)
School lunch program	1,463,078	(861,290)	(489,892)	(111,896)
Total Functions and Programs	\$ 105,261,636	\$ (1,671,190)	\$ (2,814,861)	(100,775,585)
GENERAL REVENUES				
Real property taxes				65,254,031
Other tax items				5,477,983
Use of money and property				532,946
Sale of property and compensation for loss				20,311
Miscellaneous				575,151
State sources				26,054,342
Federal sources				167,352
Total General Revenues				98,082,116
CHANGE IN NET POSITION				(2,693,469)
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED				(90,946,817)
TOTAL NET POSITION - END OF YEAR				\$ (93,640,286)

See notes to basic financial statements.

GUILDERLAND CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2018

	General	Special Aid	School Lunch	Debt Service	Capital	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 5,231,847	\$ 1,097	\$ 293,896	\$ 0	\$ 320,514	\$ 5,847,354
Restricted	867,039	0	0	1,365,065	0	2,232,104
Due from other funds	617,760	0	32,219	0	0	649,979
Due from fiduciary funds	381	0	0	0	0	381
State and federal aid receivable	741,231	430,933	0	0	320,784	1,492,948
Due from other governments	610,427	0	0	0	0	610,427
Other receivables	242,756	0	0	0	0	242,756
Investments	11,473,219	0	0	0	0	11,473,219
Inventories	3,393	0	64,825	0	0	68,218
TOTAL ASSETS	\$ 19,788,053	\$ 432,030	\$ 390,940	\$ 1,365,065	\$ 641,298	\$ 22,617,386
LIABILITIES						
Accounts payable	\$ 695,476	\$ 46,260	\$ 0	\$ 0	\$ 339,580	\$ 1,081,316
Accrued liabilities	325,898	0	313	0	0	326,211
Due to other funds	22,219	385,470	50,290	192,000	0	649,979
Bond anticipation notes payable	0	0	0	0	3,271,900	3,271,900
Due to Employees' Retirement System	370,733	0	0	0	0	370,733
Due to Teachers' Retirement System	4,280,005	0	0	0	0	4,280,005
Unearned revenue	0	300	8,637	0	0	8,937
Total Liabilities	5,694,331	432,030	59,240	192,000	3,611,480	9,989,081
FUND BALANCE						
Nonspendable						
Reserved for inventory	3,393	0	64,825	0	0	68,218
Restricted						
Capital reserve	3,153,076	0	0	0	0	3,153,076
Reserve for employee benefit liability	927,857	0	0	0	0	927,857
Reserve for debt service	0	0	0	1,173,065	0	1,173,065
Tax certiorari reserve	354,948	0	0	0	0	354,948
Unemployment insurance reserve	95,734	0	0	0	0	95,734
Reserve for retirement contribution	3,232,577	0	0	0	0	3,232,577
Workers compensation reserve	810,524	0	0	0	0	810,524
Reserve for repairs	56,254	0	0	0	0	56,254
Assigned	572,838	187	266,875	0	547,573	1,387,473
Assigned - Appropriated	849,500	0	0	0	0	849,500
Unassigned	4,037,021	(187)	0	0	(3,517,755)	519,079
Total Fund Balance	14,093,722	0	331,700	1,173,065	(2,970,182)	12,628,305
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,788,053	\$ 432,030	\$ 390,940	\$ 1,365,065	\$ 641,298	\$ 22,617,386

See notes to basic financial statements.

GUILDERLAND CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION**

JUNE 30, 2018

Total fund balance - governmental funds balance sheet (page 14)	\$ 12,628,305
Add:	
Loss on bond refunding does not expend current resources, and therefore are not reported in the funds	109,874
Net pension asset - proportionate share (TRS) at year-end in District-wide statements under full accrual accounting	1,888,791
Pensions (ERS and TRS) - Deferred outflow under full accrual accounting	28,342,558
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	93,784,909
Total	<u>124,126,132</u>
Deduct:	
Compensated absences at year-end in District-wide statements under full accrual accounting	2,607,585
Other post-employment benefits that are not due and payable in the current period, and therefore are not reported in the funds	183,523,354
Accrued interest payable at year-end in the District-wide statements under full accrual accounting	227,011
Net pension liability - proportionate share (ERS and TRS) at year-end in District-wide statements under full accrual accounting	1,035,377
Pensions (ERS and TRS) - Deferred inflow under full accrual accounting	9,084,013
Bonds payable, including bond premiums that are not due and payable in the current period, and therefore are not reported in the funds	33,917,383
Total	<u>230,394,723</u>
NET POSITION, GOVERNMENTAL ACTIVITIES	<u><u>\$ (93,640,286)</u></u>

See notes to basic financial statements.

GUILDERLAND CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	General	Special Aid	School Lunch	Debt Service	Capital	Total Governmental Funds
REVENUES						
Real property taxes	\$ 65,254,031	\$ 0	\$ 0	\$ 0	\$ 0	\$ 65,254,031
Other tax items	5,477,983	0	0	0	0	5,477,983
Charges for services	809,900	0	0	0	0	809,900
Use of money and property	532,946	0	0	0	0	532,946
Sale of property and compensation for loss	18,852	0	0	1,459	0	20,311
Miscellaneous	536,201	0	4,863	34,087	0	575,151
State sources	25,685,817	737,582	18,986	0	368,525	26,810,910
Federal sources	167,352	1,587,387	414,862	0	0	2,169,601
Surplus food	0	0	56,044	0	0	56,044
Sales - school lunch	0	0	861,290	0	0	861,290
Total Revenues	98,483,082	2,324,969	1,356,045	35,546	368,525	102,568,167
EXPENDITURES						
General support	8,487,426	0	0	0	0	8,487,426
Instruction	51,108,202	2,317,880	0	0	0	53,426,082
Pupil transportation	4,247,180	173,348	0	0	0	4,420,528
Employee benefits	25,506,449	141,976	274,334	0	0	25,922,759
Debt service						
Principal	6,045,960	0	0	0	0	6,045,960
Interest	1,137,398	0	0	0	0	1,137,398
Cost of sales	0	0	986,125	0	0	986,125
Capital outlay	0	0	0	0	1,459,961	1,459,961
Total Expenditures	96,532,615	2,633,204	1,260,459	0	1,459,961	101,886,239
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,950,467	(308,235)	95,586	35,546	(1,091,436)	681,928
OTHER FINANCING SOURCES AND USES						
Operating transfers in	192,000	308,235	0	0	150,000	650,235
Operating transfers (out)	(458,235)	0	0	(192,000)	0	(650,235)
BANs redeemed from appropriations	0	0	0	0	1,067,960	1,067,960
Total Other Sources (Uses)	(266,235)	308,235	0	(192,000)	1,217,960	1,067,960
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	1,684,232	0	95,586	(156,454)	126,524	1,749,888
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	12,409,490	0	236,114	1,329,519	(3,096,706)	10,878,417
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 14,093,722	\$ 0	\$ 331,700	\$ 1,173,065	\$ (2,970,182)	\$ 12,628,305

See notes to basic financial statements.

GUILDERLAND CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2018

REVENUES

Governmental funds	\$ 102,568,167
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EXPENDITURES

\$ 101,886,239

Add:

Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	4,049,845
Current year accrued interest expense does not require the expenditure of current resources, and therefore is not reported as expenditures in the governmental funds	227,011
Increases in proportionate share of net pension liability reported in the Statement of Activities do not provide for or require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds	467,550
Amortization of deferred amount on prior year refunding is not recorded as an addition of interest expense over the life of the bonds in the governmental funds	108,877
Other post-employment benefits do not require the expenditure of current resources, and therefore are not reported as expenditures in the governmental funds	6,184,267
Compensated absences do not require the expenditure of current resources, and therefore are not reported as expenditures in the governmental funds	<u>182,608</u>
	11,220,158

Deduct:

Principal payments of long-term debt (General Fund) are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	4,978,000
Prior year accrued interest does not require the expenditure of current resources, and therefore is not reported as expenditures in the governmental funds	255,633
Amortization of bond premiums is recorded as a reduction of interest expense over the life of the bonds in the governmental funds	36,883
BANs redeemed from appropriations are not recognized as revenue in the statement of activities	1,067,960
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position	<u>1,506,285</u>
	<u>7,844,761</u>

EXPENDITURES - STATEMENT OF ACTIVITIES

105,261,636

CHANGE IN NET POSITION

\$ (2,693,469)

See notes to basic financial statements.

GUILDERLAND CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Private Purpose Trust	Agency
ASSETS		
Cash	\$ 8,333	\$ 3,067,777
Investments	376,409	0
Total Assets	<u>\$ 384,742</u>	<u>\$ 3,067,777</u>
LIABILITIES		
Due to governmental funds	\$ 0	\$ 381
Extraclassroom activity balances	0	181,334
Other liabilities	0	2,886,062
Total Liabilities	<u>0</u>	<u>\$ 3,067,777</u>
NET POSITION	<u>\$ 384,742</u>	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2018

ADDITIONS	
Interest	\$ 3,952
Gifts and contributions	24,670
Total Additions	28,622
DEDUCTIONS	
Scholarships and awards	21,251
Changes in Net Assets	7,371
NET POSITION - BEGINNING OF YEAR	<u>377,371</u>
NET POSITION - END OF YEAR	<u>\$ 384,742</u>

See notes to basic financial statements.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Guilderland Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies used by the District are described below:

A) Reporting Entity

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

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

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

i) Extraclassroom Activity Funds

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

B) Joint Venture

The District is a component school district in Capital Region Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

B) Joint Venture – (Continued)

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

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

During the year, the District was billed \$5,175,969 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$-0- of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$-0-.

The District's share of BOCES aid amounted to \$1,350,463.

Financial statements for the BOCES are available from the BOCES administrative office.

C) Basis of Presentation

1) District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

C) Basis of Presentation – (Continued)

2) Funds Statements

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

The District reports the following major governmental funds:

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

Special Revenue Funds – These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

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

Debt Service Fund – The Debt Service Fund is used to account for and report on the accumulation of resources to be used for redemption of general long-term indebtedness.

The District reports the following fiduciary funds:

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

- i) **Private Purpose Trust Funds** – These funds are used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- ii) **Agency Funds** – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D) Measurement Focus and Basis of Accounting

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

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

D) Measurement Focus and Basis of Accounting – (Continued)

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 120 days after the end of the fiscal year.

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

E) Property Taxes

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

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

F) Restricted Resources

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

G) Interfund Transactions

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

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

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

G) Interfund Transactions – (Continued)

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

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

H) Estimates

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

I) Cash (and Cash Equivalents)/Investments

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

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

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

Investments are stated at fair value.

J) Accounts Receivable

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

K) Inventories and Prepaid Items

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

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

K) Inventories and Prepaid Items – (Continued)

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

A reserve for these nonliquid assets (inventories and prepaids) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Other Assets/Restricted Assets

In the District-wide financial statements, bond issuance costs are expensed when incurred. In the funds statements, these same costs are netted against bond proceeds and recognized in the period of issuance.

M) Capital Assets

Capital assets are reported at actual cost for acquisition subsequent to September 27, 2007. For assets acquired prior to September 27, 2007, estimated historical costs, based on appraisals conducted by third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 15,000	N/A	N/A
Buildings and improvements	15,000	Straight-line	30-50
Furniture and equipment	5,000	Straight-line	5
Buses	15,000	Straight-line	10

N) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The 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 District has four items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The fourth item is deferred amounts on prior year bond refunding.

GUILDERLAND CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

N) Deferred Outflows and Inflows of Resources – (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District's proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
District's proportionate share of the net pension asset (liability)	\$(1,035,377)	\$ 1,888,791
District's portion of the Plan's total net pension asset (liability)	0.0320804%	0.248493%
Change in the proportion since the prior measurement date	0.0011763%	0.000287%

For the year ended June 30, 2018, the District's recognized pension expense of \$1,490,525 for ERS and \$4,024,618 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 369,285	\$ 1,554,011	\$ 305,164	\$ 736,418
Changes of assumptions	686,540	19,218,818	0	0
Net difference between projected and actual earnings on pension plan investments	1,503,803	0	2,968,356	4,488,650
Changes in proportion and differences between the District's contributions and proportionate share of contributions	454,115	160,635	59,317	526,108
District's contributions subsequent to the measurement date	370,733	4,024,618	0	0
Total	<u>\$ 3,384,476</u>	<u>\$24,958,082</u>	<u>\$ 3,332,837</u>	<u>\$ 5,751,176</u>

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

N) Deferred Outflows and Inflows of Resources – (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)

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

Year ended:	<u>ERS</u>	<u>TRS</u>
2019	\$ 362,351	\$ 5,019,209
2020	276,633	3,573,198
2021	(672,826)	837,804
2022	(285,252)	3,562,612
2023	0	1,857,879
Thereafter	0	0

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	Systems experience	Systems experience
Inflation rate	2.5%	2.5%

For ERS, annuitant mortality rates are based on April 1, 2010 through March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 through June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 through March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

N) Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

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 weighing the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	<u>ERS</u> March 31, 2018	<u>TRS</u> June 30, 2017
<u>Asset type</u>		
Domestic equity	4.55%	5.90%
International equity	6.35	7.40
Real estate	5.55	4.30
Domestic fixed income securities	0	1.60
Global fixed income securities	0	1.30
High-yield fixed income securities	0	3.90
Mortgages	0	2.80
Short-term	0	0.60
Private equity/alternative investments	7.50	9.00
Absolute return strategies	3.75	0
Opportunistic portfolio	5.68	0
Bonds and mortgages	1.31	0
Cash	(0.25)	0
Inflation index bonds	1.25	0
Real assets	5.29	0

Discount Rate

The discount rate used to calculate the total pension 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 that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

N) Deferred Outflows and Inflows of Resources – (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – (Continued)

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
<u>ERS</u> District's proportionate share of the net pension asset (liability)	\$ (7,833,941)	\$ (1,035,377)	\$ 4,715,936
	<u>1% Decrease (6.25%)</u>	<u>Current Assumption (7.25%)</u>	<u>1% Increase (8.25%)</u>
<u>TRS</u> District's proportionate share of the net pension asset (liability)	\$ (32,538,278)	\$ 1,888,791	\$ 30,719,752

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)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Measurement date	March 31, 2018	June 30, 2017	
Employers' total pension asset (liability)	\$ (183,400,590)	\$ (114,708,261)	\$ (298,108,851)
Plan fiduciary net position asset (liability)	180,173,145	115,468,360	295,641,505
Employers' net pension asset (liability)	(3,227,445)	760,099	(2,467,346)
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	98.24%	100.7%	99.17%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$370,733.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November, 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amount to \$4,280,005.

Additional pension information can be found in Note 10.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

O) Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

P) Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation and sabbatical time.

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

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

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

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

Q) Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially, all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R) Short-Term Debt

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), 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 RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

R) Short-Term Debt – (Continued)

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

The 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.

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

S) Accrued Liabilities and Long-Term Obligations

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

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

T) Equity Classifications

District-Wide Statements

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

i) Net Investment in Capital Assets

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

ii) Restricted Net Position

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

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

T) Equity Classifications – (Continued)

iii) Unrestricted Net Position

Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Funds Statements

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

1. Nonspendable Fund Balance

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund and the General Fund of \$64,825 and \$3,393, respectively.

2. Restricted

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

Currently Utilized by the District:

Debt Service

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

Unemployment Insurance

According to General Municipal Law §6-m, this reserve must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the 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.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

T) Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Retirement Contributions

According to General Municipal Law §6-r, this reserve must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Capital

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

Tax Certiorari

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

Repairs

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

Workers' Compensation

According to General Municipal Law §6-j, this reserve must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

T) Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Encumbrances

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

3. Committed

Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balance as of June 30, 2018.

4. Assigned

Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

5. Unassigned

Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

T) Equity Classifications – (Continued)

Funds Statements – (Continued)

Order of Use of Fund Balance

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

U) New Accounting Standards

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

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

V) Future Changes in Accounting Standards

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019. This statement establishes criteria for determining the timing and pattern of recognition of liability and corresponding deferred outflow of resources for asset retirement obligations.

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2020. This statement establishes criteria for identifying fiduciary activities.

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2019. This statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as appropriate.

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the year ending June 30, 2019. This statement establishes new disclosure requirements related to debt.

GASB has issued Statement No. 89, *Accounting Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2021. This statement requires that interest cost incurred during construction be expensed in that period rather than being included in the cost of the capital asset.

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.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

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

A) Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balance of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

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

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories, as described below:

i) Long-Term Revenue Differences

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

ii) Capital Related Differences

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

iii) Long-Term Debt Transaction Differences

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

iv) Pension Differences

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

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

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

Budgets – (Continued)

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrances

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

Capital Fund Deficit

The Capital Project had a deficit fund balance of \$2,970,182. This will be funded when the District obtains permanent financing for its current bus purchases.

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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

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

Uncollateralized	\$ 0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	11,502,932

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$2,232,104, within the governmental funds and \$3,076,110 in the fiduciary funds.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 – INVESTMENT POOL

The District participates in multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, § 119-O, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2018, the School District held \$7,763,931 in investments consisting of various investments in securities issued by the United States and its agencies. The investments are highly liquid and considered to be cash equivalents. The following amounts are included as restricted investments:

Fund Amount

General	<u>\$ 7,763,931</u>
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The above amount represents the cost of the investment pool shares and is considered to approximate fair value. The investment pools are SEC registered and categorically exempt from the New York State collateralization requirements.

NOTE 6 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 779,749	\$ 0	\$ 0	\$ 779,749
Construction in process	0	392,903	0	392,903
Total nondepreciable historical cost	<u>779,749</u>	<u>392,903</u>	<u>0</u>	<u>1,172,652</u>
Capital assets that are depreciated:				
Buildings and improvements	143,729,550	0	0	143,729,550
Furniture and equipment	13,350,324	1,128,377	936,314	13,542,387
Total depreciable historical cost	<u>157,079,874</u>	<u>1,128,377</u>	<u>936,314</u>	<u>157,271,937</u>
Less accumulated depreciation:				
Buildings	52,714,709	2,960,044	0	55,674,753
Furniture and equipment	8,816,445	1,089,801	921,319	8,984,927
Total accumulated depreciation	<u>61,531,154</u>	<u>4,049,845</u>	<u>921,319</u>	<u>64,659,680</u>
Net depreciable historical cost	<u>95,548,720</u>	<u>(2,921,468)</u>	<u>14,995</u>	<u>92,612,257</u>
GRAND TOTAL	<u><u>\$ 96,328,469</u></u>	<u><u>\$ (2,528,565)</u></u>	<u><u>\$ 14,995</u></u>	<u><u>\$ 93,784,909</u></u>

Depreciation was allocated to the following programs as follows:

General support	\$ 509,822
Instruction	3,209,191
Pupil transportation	255,119
School lunch program	75,713
TOTAL	<u><u>\$ 4,049,845</u></u>

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 – SHORT-TERM DEBT

Transactions in short-term debt are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	7/14/2017	2.000	\$ 3,268,360	\$ 0	\$ 3,268,360	\$ 0
BAN	7/13/2018	2.250	0	3,271,900	0	3,271,900
TOTALS			<u>\$ 3,268,360</u>	<u>\$ 3,271,900</u>	<u>\$ 3,268,360</u>	<u>\$ 3,271,900</u>

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

Interest paid	\$ 65,367
Less interest accrued in the prior year	(62,681)
Add interest accrued in the current year	<u>70,592</u>
TOTAL	<u>\$ 73,278</u>

NOTE 8 – LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and notes payable:					
General obligation debt:					
DW renovations	\$ 1,520,000	\$ 0	\$ 1,520,000	\$ 0	\$ 0
2012 advance refunding	1,720,000	0	270,000	1,450,000	280,000
2012 advance refunding	3,195,000	0	420,000	2,775,000	155,000
2013 MS renovations refunding	4,395,000	0	1,745,000	2,650,000	1,790,000
2016 DW renovations refunding	11,205,000	0	5,000	11,200,000	1,460,000
2017 Capital Improvements	16,778,000	0	1,018,000	15,760,000	1,025,000
Unamortized premium on obligations	119,266	0	36,883	82,383	0
Total bonds	<u>38,932,266</u>	<u>0</u>	<u>5,014,883</u>	<u>33,917,383</u>	<u>4,710,000</u>
Other liabilities:					
Other post-employment benefits	53,274,252	122,455,760	0	175,730,012	0
Compensated absences, net	2,424,977	182,608	0	2,607,585	0
Total other liabilities	<u>55,699,229</u>	<u>122,638,368</u>	<u>0</u>	<u>178,337,597</u>	<u>0</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 94,631,495</u>	<u>\$ 122,638,368</u>	<u>\$ 5,014,883</u>	<u>\$ 212,254,980</u>	<u>\$ 4,710,000</u>

The current portion (amount due within one year) of other liabilities as of June 30, 2018, was not determinable.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 – LONG-TERM DEBT – (CONTINUED)

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

Interest paid	\$ 1,072,031
Less interest accrued in the prior year	(192,952)
Less amortization of premium	(36,883)
Add amortization of deferred amount on prior year refunding	108,877
Add interest accrued in the current year	156,419
TOTAL EXPENSE	\$ 1,107,492

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

				June 30, 2018
<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
2012 Advance Refunding	2012	2023	2.0-4.00%	\$ 1,450,000
2012 Advance Refunding	2012	2032	3.0-4.00%	2,775,000
2013 MS Renovations Refunding	2013	2020	2.0-4.00%	2,650,000
2016 DW Renovations Refunding	2016	2025	2.0-4.00%	11,200,000
2017 Capital Improvements	2017	2032	2.0-3.00%	15,760,000
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
Fiscal year ended June 30:				
2019	\$ 4,710,000	\$ 967,500	\$ 5,677,500	
2020	3,845,000	862,375	4,707,375	
2021	3,055,000	766,701	3,821,701	
2022	3,155,000	679,888	3,834,888	
2023	3,260,000	576,238	3,836,238	
Thereafter	15,810,000	1,973,219	17,783,219	
TOTALS	\$ 33,835,000	\$ 5,825,921	\$ 39,660,921	

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

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 618,141	\$ 22,219	\$ 192,000	\$ 458,235
Special Aid Fund	0	385,470	308,235	0
School Lunch Fund	32,219	50,290	0	0
Debt Service Fund	0	192,000	0	192,000
Capital Projects Fund	0	0	150,000	0
Total Governmental Activities	650,360	649,979	650,235	650,235
Fiduciary Agency Fund	0	381	0	0
TOTALS	\$ 650,360	\$ 650,360	\$ 650,235	\$ 650,235

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

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

NOTE 10 – PENSION PLANS

General Information

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple-employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 – PENSION PLANS – (CONTINUED)

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' 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, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 2, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2017-2018	\$ 4,024,618	\$ 1,490,525
2016-2017	4,501,289	1,397,600
2015-2016	5,126,427	1,462,883

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District did not exercise.

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

Additional pension information can be found in Note 1 N.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	439
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>809</u>
Total	<u><u>1,248</u></u>

Total OPEB Liability:

The District's total OPEB liability of \$175,730,012 was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary Increases	10.47% - 3.20%, average, including inflation
Discount Rate	3.87%
Healthcare Cost Trend Rates	5.50% for 2018, decreasing to an ultimate rate of 3.84% for 2078 and later years.

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Actuarial Assumptions and Other Inputs – (Continued)

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on April 1, 2010 – March 31, 2015 NYSLRS experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

Changes in the Total OPEB Liability:

Balance at June 30, 2017	\$ 177,339,087
Changes for the year:	
Service cost	4,595,077
Interest	6,283,921
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	(8,866,954)
Benefit payments	<u>(3,621,119)</u>
Net changes	<u>(1,609,075)</u>
Balance at June 30, 2018	<u>\$ 175,730,012</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 5.0% in 2017 to 3.87% in 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 215,469,706	\$ 175,730,012	\$ 152,336,991

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.5% decreasing to 2.84%) or 1 percentage point higher (6.5% decreasing to 4.84%) than the current healthcare cost trend rate:

	1% Decrease (4.5% Decreasing to 2.84%)	Healthcare Cost Trend Rates (5.5% Decreasing to 3.84%)	1% Increase (6.5% Decreasing to 4.84%)
Total OPEB Liability	\$ 150,208,922	\$ 175,730,012	\$ 218,839,149

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$6,184,267. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 0
Changes of assumptions or other inputs	<u>0</u>	<u>7,793,342</u>
Total	<u>\$ 0</u>	<u>\$ 7,793,342</u>

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

Fiscal Year Ending June 30:

2019	\$ 1,073,612
2020	1,073,612
2021	1,073,612
2022	1,073,612
2023	1,073,612
Thereafter	<u>2,425,282</u>
Total	<u>\$ 7,793,342</u>

GUILDERLAND CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 – RISK MANAGEMENT

General Information

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

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation

The District has been named as defendant in several tax certiorari cases. A review by management and the District's attorneys indicate these actions are not substantial enough to materially affect the financial position of the District.

The District has also been named as a defendant in certain other actions. The District intends to defend itself vigorously in each of these cases and management believes that the entire amount will be covered by insurance. Accordingly, no loss contingency has been accrued.

Other Contingencies

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

NOTE 14 – TAX ABATEMENTS

The District has no tax abatement agreements for the year ended June 30, 2018.

NOTE 15 – RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. The implementation of Statement No. 75 resulting in the reporting of a liability and deferred inflows of resources related to the District's other post-employment benefits. The District's net position has been restated as follows:

Net Position beginning of year as previously stated	\$ 33,118,018
GASB Statement No. 75 implementation:	
Difference Beginning OPEB Liability and previously recorded OPEB Liability	<u>(124,064,835)</u>
Net position beginning of year as restated	<u>\$ (90,946,817)</u>

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the issuance of the audit report. There were no issues to report that would have a material effect on the financial statements, except those mentioned in the above paragraph.

GUILDERLAND CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Revenues</u>	<u>Final Budget Variance with Budgetary Actual Over (Under)</u>
REVENUES:				
Local Sources				
Real property taxes	\$ 65,361,397	\$ 65,512,297	\$ 65,254,031	\$ (258,266)
Real property tax items	5,670,000	5,519,100	5,477,983	(41,117)
Charges for services	532,300	532,300	809,900	277,600
Use of money and property	318,430	318,430	532,946	214,516
Sale of property and compensation for loss	18,400	18,400	18,852	452
Miscellaneous	305,500	305,500	536,201	230,701
Total Local Sources	<u>72,206,027</u>	<u>72,206,027</u>	<u>72,629,913</u>	<u>423,886</u>
State Sources	<u>25,433,083</u>	<u>25,433,083</u>	<u>25,685,817</u>	<u>252,734</u>
Federal Sources	<u>125,000</u>	<u>125,000</u>	<u>167,352</u>	<u>42,352</u>
Total Revenues	<u>97,764,110</u>	<u>97,764,110</u>	<u>98,483,082</u>	<u>718,972</u>
OTHER FINANCING SOURCES				
Transfers from other funds	<u>250,000</u>	<u>250,000</u>	<u>192,000</u>	<u>(58,000)</u>
Total Revenues and Other Financing Sources	<u>98,014,110</u>	<u>98,014,110</u>	<u>98,675,082</u>	<u>\$ 660,972</u>

See paragraph on supplementary schedules included in independent auditors' report.

GUILDERLAND CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual Expenditures	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under
EXPENDITURES					
General Support					
Board of Education	42,317	43,142	36,627	\$ 0	\$ 6,515
Central administration	272,379	265,539	259,926	0	5,613
Finance	684,446	699,060	674,996	0	24,064
Staff	776,421	769,437	705,494	415	63,528
Central services	5,896,940	6,071,712	5,727,752	192,851	151,109
Special items	895,961	1,086,904	1,082,631	0	4,273
Instructional					
Instruction, administration and improvements	3,972,160	3,967,175	3,882,046	1,294	83,835
Teaching – regular school	29,924,127	29,930,466	29,878,135	1,807	50,524
Programs for children with handicapping conditions	11,257,175	10,864,562	10,654,640	3,993	205,929
Occupational education	803,312	803,312	791,978	0	11,334
Teaching - special school	71,424	69,207	52,812	0	16,395
Instructional media	2,237,475	2,263,659	2,177,759	28,229	57,671
Pupil services	3,718,974	3,758,281	3,670,832	2,985	84,464
Pupil Transportation	4,526,899	4,876,231	4,247,180	341,264	287,787
Employee Benefits	25,636,610	25,506,743	25,506,449	0	294
Debt Service	7,342,490	7,189,806	7,183,358	0	6,448
Total Expenditures	98,059,110	98,165,236	96,532,615	572,838	1,059,783
Other Financing Uses					
Transfers to other funds	425,000	458,236	458,235	0	1
Total Expenditures and Other Uses	98,484,110	98,623,472	96,990,850	\$ 572,838	\$ 1,059,784
NET CHANGE IN FUND BALANCE	(470,000)	(609,362)	1,684,232		
FUND BALANCE – BEGINNING	12,409,490	12,409,490	12,409,490		
FUND BALANCE – ENDING	\$ 11,939,490	\$ 11,800,128	\$ 14,093,722		

See paragraph on supplementary schedules included in independent auditors' report.

GUILDERLAND CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS OTHER POST-EMPLOYMENT BENEFITS

FOR THE YEAR ENDED JUNE 30, 2018

Measurement Date	June 30, 2018
Total OPEB Liability	
Service cost	\$ 4,595,077
Interest	6,283,921
Change of benefit terms	0
Differences between expected and actual experience	0
Change of assumptions or other inputs	(8,866,954)
Benefit payments	<u>(3,621,119)</u>
Net change in total OPEB liability	(1,609,075)
Total OPEB Liability - beginning	<u>177,339,087</u>
Total OPEB Liability - ending	<u><u>\$175,730,012</u></u>
Covered-employee payroll	\$ 49,786,541
Total OPEB liability as a percentage of covered-employee payroll	352.97%
Plan's fiduciary net position	\$ 0
Net OPEB Liability	\$175,730,012

See paragraph on supplementary schedules included in independent auditors' report.

GUILDERLAND CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016 AND 2015

NYS Teachers' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.248493%	0.248206%	0.237873%	0.244267%
District's proportionate share of the net pension liability (asset)	\$ (1,888,791)	\$ 2,658,388	\$ (24,707,406)	\$ (27,209,825)
District's covered-employee payroll	41,388,367	39,375,708	38,300,652	35,731,449
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4.6%	6.8%	(64.5%)	(76.2%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.70%	99.00%	110.50%	111.48%

NYS Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0320804%	0.0309041%	0.0330322%	0.0337172%
District's proportionate share of the net pension liability (asset)	\$ 1,035,377	\$ 2,903,817	\$ 5,301,766	\$ 1,139,049
District's covered-employee payroll	9,556,753	9,885,176	8,994,815	9,145,916
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.8%	29.4%	58.9%	12.5%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.2%	94.7%	90.7%	97.9%

See paragraph on supplementary schedules included in independent auditors' report.

GUILDERLAND CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016 AND 2015

NYS Teachers' Retirement

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,056,048	\$ 4,614,833	\$ 5,078,666	\$ 6,263,723
Contributions in relation to the contractually required contribution	<u>4,056,048</u>	<u>4,614,833</u>	<u>5,078,666</u>	<u>6,263,723</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 41,388,367	\$ 39,375,708	\$ 38,300,652	\$ 35,731,449
Contribution as a percentage of covered-employee payroll	9.80%	11.72%	13.26%	17.53%

NYS Employees' Retirement

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,370,679	\$ 1,393,056	\$ 1,425,432	\$ 1,674,507
Contributions in relation to the contractually required contribution	<u>1,370,679</u>	<u>1,393,056</u>	<u>1,425,432</u>	<u>1,674,507</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 9,556,753	\$ 9,885,176	\$ 8,994,815	\$ 9,145,916
Contribution as a percentage of covered-employee payroll	14.34%	14.09%	15.85%	18.31%

See paragraph on supplementary schedules included in independent auditors' report.

GUILDERLAND CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET –
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2018

ADOPTED BUDGET	\$ 98,484,110
ADDITIONS:	
Prior year's encumbrances	139,362
FINAL BUDGET	<u>\$ 98,623,472</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2018

2018-2019 voter-approved expenditure budget	\$ 100,925,515
Maximum allowed (4% of 2018-2019 budget)	4,037,021
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,422,338
Unassigned fund balance	4,037,021
Total unrestricted fund balance	<u>5,459,359</u>
Less:	
Appropriated fund balance	849,500
Encumbrances included in assigned fund balance	572,838
Total Adjustments	<u>1,422,338</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 4,037,021</u>
Actual percentage	4.0%

See paragraph on supplementary schedules included in independent auditors' report.

GUILDERLAND CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2018

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balances
			Prior Year	Current Year	Total		Local Sources	Federal Aid	State Aid	Proceeds of Obligations	
Major Projects											
Project #0136-GHS Energy/Wireless	\$ 255,000	\$ 355,000	\$ 349,017	\$ 0	\$ 349,017	\$ 5,983	\$ 200,000	\$ 0	\$ 0	\$ 155,000	\$ 5,983
Project #0136-2013 Capital Improv & Tech	730,210	18,709,996	18,564,813	5,659	18,570,472	139,524	10,000	0	0	18,699,997	139,525
Project #1702-2017 FMS Elevator Reconstruction	150,000	150,000	0	18,796	18,796	131,204	150,000	0	0	0	131,204
Project #9BA1-2014 Smart Schools Bond Act	433,785	368,525	0	368,448	368,448	77	0	0	368,525	0	77
	1,568,995	19,583,521	18,913,830	392,903	19,306,733	276,788	360,000	0	368,525	18,854,997	276,789
Non-Major Projects											
Bus Purchase (2013)	1,013,000	1,013,000	1,008,852	0	1,008,852	4,148	0	0	0	810,400	(198,452)
Bus Purchase (2014)	995,000	995,000	995,000	0	995,000	0	0	0	0	597,000	(398,000)
Bus Purchase (2015)	1,125,000	1,125,000	1,111,672	0	1,111,672	13,328	0	0	0	450,000	(661,672)
Bus Purchase (2016)	1,156,000	1,156,000	1,152,989	0	1,152,989	3,011	0	0	0	231,200	(921,789)
Bus Purchase (2017)	1,071,500	1,071,500	0	1,067,058	1,067,058	4,442	0	0	0	0	(1,067,058)
	5,360,500	5,360,500	4,268,513	1,067,058	5,335,571	24,929	0	0	0	2,088,600	(3,246,971)
TOTALS	\$ 6,929,495	\$ 24,944,021	\$ 23,182,343	\$ 1,459,961	\$ 24,642,304	\$ 301,717	\$ 360,000	\$ 0	\$ 368,525	\$ 20,943,597	\$ (2,970,182)

See paragraph on supplementary schedules included in independent auditors' report.

GUILDERLAND CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS, NET		\$ 93,784,909
DEDUCT:		
Bond anticipation note payable	\$ 3,271,900	
Short-term portion of bonds payable	4,710,000	
Long-term portion of bonds payable	<u>29,207,383</u>	
		<u>37,189,283</u>
NET INVESTMENT IN CAPITAL ASSETS		<u><u>\$ 56,595,626</u></u>

See paragraph on supplementary schedules included in independent auditors' report.

GUILDERLAND CENTRAL SCHOOL DISTRICT

**FEDERAL AWARD PROGRAM INFORMATION
(SINGLE AUDIT)**

(UNIFORM GUIDANCE)

JUNE 30, 2018



**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***

To the President and the Other Members
of the Board of Education of the
Guilderland Central School District
Guilderland Center, 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 Guilderland Central School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 20, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Guilderland Central 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WEST & COMPANY CPAs PC

Gloversville, New York
September 20, 2018



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

To the President and the Other Members
of the Board of Education of the
Guilderland Central School District
Guilderland Center, New York

Report on Compliance for Each Major Federal Program

We have audited Guilderland Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of Guilderland Central School District's major federal programs for the year ended June 30, 2018. Guilderland Central 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Guilderland Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Guilderland Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance 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 Guilderland Central School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

WEST & COMPANY CPAs PC

Gloversville, New York
September 20, 2018

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

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through NYS Education Department:			
Special Education Cluster:			
Special Education - Grants to States	84.027	0032180028	\$ 1,067,748
Special Education - Preschool Grants	84.173	0033180028	34,405
Total Special Education Cluster			1,102,153
Title I - Grants to Local Educational Agencies	84.010	0021180055	287,668
Title I - Grants to Local Educational Agencies	84.010	0021170055	74,539
Total Title I - Grants to Local Educational Agencies			362,207
Improving Teacher Quality State Grants	84.367	0147180055	89,386
Improving Teacher Quality State Grants	84.367	0147170055	2,690
Total Improving Teacher Quality State Grants			92,076
English Language Acquisition State Grants	84.365	0293180055	15,757
English Language Acquisition State Grants	84.365	0293170055	10,336
English Language Acquisition State Grants	84.365	0151170055	4,858
Total English Language Acquisition State Grants			30,951
Total U.S. Department of Education			1,587,387
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through NYS Education Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	Not Applicable	56,044
Cash Assistance			
National School Lunch Program	10.555	Not Applicable	373,179
School Breakfast Program	10.553	Not Applicable	41,683
Total Child Nutrition Cluster			470,906
Total U.S. Department of Agriculture			470,906
TOTAL FEDERAL AWARDS EXPENDED			\$ 2,058,293

See notes to schedule of expenditures of federal awards.

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

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

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

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

NOTE 2 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2018, the District had food commodities totaling \$25,484 in inventory.

NOTE 3 – CLUSTERS

The special education cluster consists of Special Education – Grants to States and Special Education – Preschool Grants.

The child nutrition cluster consists of National School Lunch Program and School Breakfast Program.

NOTE 4 – SUBRECIPIENTS

The District did not provide any amounts to sub recipients during the fiscal year ending June 30, 2018.

NOTE 5 – INDIRECT COST RATE

The District has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

GUILDERLAND CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of auditors' report issued: unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? ___ Yes X No
 - b. Significant deficiency(ies) identified? ___ Yes X No
3. Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

1. Internal control over major programs:
 - a. Material weakness(es) identified? ___ Yes X No
 - b. Significant deficiency(ies) identified? ___ Yes X No
2. Type of auditors' report issued on compliance for major programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? ___ Yes X No
4. Identification of major programs:

CFDA Number

10.555
10.553
84.010

Name of Federal Program

National School Lunch Program
School Breakfast Program
Title I – Grants to Local Educational Agencies

5. Dollar threshold used to distinguish between type A and B programs: \$750,000.
6. Auditee qualified as low-risk auditee? X Yes ___ No

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

GUILDERLAND CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2018



INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Guilderland Central School District
Guilderland, New York

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Guilderland Central School District as of June 30, 2018, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the Guilderland Central School District as of June 30, 2018, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis of Accounting

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

WEST & COMPANY CPAs PC

Gloversville, New York
September 20, 2018

GUILDERLAND CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2018

ASSETS

Cash

\$ 181,334

TOTAL ASSETS

\$ 181,334

LIABILITIES AND CLUB BALANCES

Club balances

\$ 181,334

TOTAL LIABILITIES AND CLUB BALANCES

\$ 181,334

See independent auditors' report.

GUILDERLAND CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
Senior High School:				
Class of '20	\$ 8,920	\$ 13,270	\$ 11,500	\$ 10,690
Class of '19	4,626	27,994	24,444	8,176
Class of '18	8,846	35,691	44,034	503
Class of '17	800	0	800	0
Class of '21	0	7,103	1,342	5,761
Amnesty International	149	0	0	149
Alliance	94	80	15	159
Art Club	199	0	86	113
Invest In Your Future	335	6,194	3,468	3,061
Shakespeare Society	1,661	272	129	1,804
GAPP - German	2,901	0	0	2,901
Film Club	229	159	55	333
Harry Potter Club	148	0	35	113
Natural Helpers	410	400	810	0
Best Buddies	1,082	739	651	1,170
CDOS Bowling	725	1,055	1,038	742
Chem Club	354	65	0	419
Cultural Fair	4,452	3,283	4,190	3,545
Dance Squad	1,836	846	1,287	1,395
Other School Accounts	21,291	78,776	75,508	24,559
Sports Teams	2,578	9,600	7,613	4,565
WE	60	84	100	44
Med Cross Club	112	0	0	112
Guilderland Players	6,854	24,868	26,743	4,979
Months of Hope	268	0	0	268
Math League	372	0	0	372
Journal	6,699	1,231	340	7,590
Environmental Club	524	1,478	127	1,875
Key Club	1,333	7,518	6,921	1,930
Media Club	79	1,120	491	708
Model UN	13,789	16,859	26,713	3,935
Music Department	2,519	15,378	15,898	1,999
Muslim Student Association	277	119	2	394
National Honor Society	1,619	8,220	8,502	1,337
Photo Club	0	26	0	26
Physics Research Club	349	0	0	349
SADD	417	395	401	411
Science Olympiad	376	720	623	473
Ski Club	5,130	11,734	11,219	5,645
STAR	50	0	0	50
Student Government	125	119	0	244
Static	89	0	0	89
Therpy Dog Club	0	38	38	0
Youth Activation Club	1,454	38	164	1,328
Yearbook Account	3,783	14,205	9,432	8,556
Young Democrats	422	0	30	392
Total Senior High School	<u>108,336</u>	<u>289,677</u>	<u>284,749</u>	<u>113,264</u>

See note to financial statements.

GUILDERLAND CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID – (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
Middle School:				
All Team Accounts	0	53,265	53,265	0
TV News Club	6	0	0	6
FMS Mask	11,666	18,066	17,776	11,956
Jr. Ski Club	1,896	29,244	28,407	2,733
Student Council	3,701	8,247	9,008	2,940
Organic Garden	2,103	0	110	1,993
Yearbook	972	5,419	5,500	891
Enrichment	208	0	44	164
Student Funds	24,988	66,977	70,805	21,160
Total Middle School	45,540	181,218	184,915	41,843
Elementary School:				
Altamont Elementary Fund	233	6,526	4,940	1,819
Guilderland Elementary Fund	5,277	12,849	10,083	8,043
Lynnwood Elementary Fund	1,554	13,803	13,967	1,390
Pine Bush Elementary Fund	3,992	17,842	17,569	4,265
Westmere Elementary Fund	7,641	32,326	29,257	10,710
Total Elementary School	18,697	83,346	75,816	26,227
Total Extraclassroom Activity Clubs	\$ 172,573	\$ 554,241	\$ 545,480	\$ 181,334

See note to financial statements.

GUILDERLAND CENTRAL SCHOOL DISTRICT

EXTRAClassroom Activity Funds

NOTE TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Guilderland Central School District. The related year end cash balances are shown as part of the Trust and Agency Fund with the offset being shown as agency liabilities. The Extraclassroom Activity Funds of Guilderland Central School District represent funds of the students of the District. The District's Board exercises general oversight on these funds. The Extraclassroom Activity Funds are independent of the District with respect to the financial transactions and the designation of student management.

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