July 1, 2019

ERRATUM NOTICE

$21,644,092

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL

ONEIDA COUNTY, NEW YORK

GENERAL OBLIGATIONS

$21,644,092 Bond Anticipation Notes, 2019

(the "Notes")

Dated: July 25, 2019 **Due: June 26, 2020**

The Official Statement for the above referenced issue, which is selling via competitive bid on July 16, 2019 at 11:00 A.M., erroneously stated in the section titled "TAX MATTERS" subtitle "Bank Qualified" that:

"The Notes will be designated as "qualified tax-exempt obligations" pursuant to Code section 265."

The subtitle *should* read:
"Not Bank Qualified"

The "Not Bank Qualified" section *should* read:
"The Notes will *NOT* be designated as "qualified tax-exempt obligations" pursuant to Code section 265."

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE | **BOND ANTICIPATION NOTES**

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants described in "Tax Matters" herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

The Notes will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

$21,644,092

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL

ONEIDA COUNTY, NEW YORK

GENERAL OBLIGATIONS

$21,644,092 Bond Anticipation Notes, 2019

(the "Notes")

Dated: July 25, 2019 | **Due: June 26, 2020**

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

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued as registered notes or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of $5,000 or multiples thereof, except for one necessary odd denomination, as may be determined by such successful bidder(s).

Alternatively, if the Notes are issued as registered notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination, as may be determined by such successful bidder(s). If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Hodgson Russ LLP, Bond Counsel, Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon on with the purchaser(s), or about July 25, 2019.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on July 16, 2019 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

June 27, 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 NOTICES OF EVENTS. SEE "APPENDIX D – FORM UNDERTAKING TO PROVIDE NOTICES OF EVENTS" HEREIN.

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL
ONEIDA COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2018-2019 BOARD OF EDUCATION

CATHERINE SUTTMEIER
President

MELISSA PALMER
Vice President

STEVE ADAMKOWSKI
DAVID GROVER
THOMAS MOATS
CHRISTOPHER BREWER
ANN PANGBURN
NANCY PITMAN
PAUL THOMPSON

* * * * * * * * * * *

ADMINISTRATION

MARTHA K. GROUP
Superintendent of Schools

MARK C. WIXSON
Assistant Superintendent for Finance and Operations

TAMARA L. WHOOTEN
District Clerk

ANDY F. BROWN
Assistant Superintendent for Curriculum, Instruction and Assessment

SHERRI L. FROASS
Treasurer

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

Bond Counsel

No person has been authorized by City School District of the City of Sherrill 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 City School District of the City of Sherrill.

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PREPARED WITH THE ASSISTANCE OF

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Syracuse, New York 13202
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OFFICIAL STATEMENT

of the

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL ONEIDA COUNTY, NEW YORK

Relating To

$21,644,092 Bond Anticipation Notes, 2019

This Official Statement, which includes the cover page and appendices, has been prepared by the City School District of the City of Sherrill, Oneida County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $21,644,092 principal amount of Bond Anticipation Notes, 2019 (the "Notes").

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

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

NATURE OF OBLIGATION

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

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

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

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

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

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

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

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

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

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

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

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

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

THE NOTES

Description of the Notes

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

The Notes are dated July 25, 2019 and mature, without option of prior redemption, on June 26, 2020. The Notes will be issued in either (i) registered certificated form registered in the name of the purchaser, in denominations of $5,000 each or multiples thereof, with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) registered book-entry-only form registered to Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution of the District dated October 12, 2016 authorizing the issuance of $25,300,000 obligations of the District to, along with $1,900,000 of District reserves, pay the cost of certain reconstruction, renovation, and new construction projects to the Middle/High School, J.D. George School, W.A. Wettel School, and E.A. McAllister School.

The Notes are being issued, along with $106,867 available funds of the District to partially redeem and renew $14,750,959 bond anticipation notes maturing July 26, 2019 and provide $7,000,000 new money for the aforementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the 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, with a land area of approximately 150 square miles, is located in upstate New York in western Oneida County. The City of Utica is located 10 miles to the east and the City of Syracuse 30 miles to the west. The District comprises all of, or portions of, the Cities of Sherrill, Oneida and Rome, as well as the Towns of Vernon, Verona, Kirkland, Westmoreland and Vienna.

Major highways serving the District include Interstate 90 as well as State highways 365, 5, 26, 31 and 46. Air transportation is available at nearby Oneida County Airport as well as at Syracuse Hancock International Airport.

The District is rural in character with many of its residents employed in and around the Cities of Sherrill, Oneida, Rome and Utica. See "Larger Employers" herein.

Source: District officials.

Population

The current estimated population of the District is 12,833. (Source: 2017 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
Cities of:						
Oneida	$ 18,516	$ 23,553	$ 25,362	$ 45,341	$ 58,078	$ 57,536
Rome	18,604	21,989	24,970	42,928	55,630	58,728
Towns of:						
Kirkland	21,164	27,665	33,440	58,958	77,774	87,009
Vernon	19,523	24,579	30,791	44,951	59,563	73,500
Verona	18,017	22,642	27,342	47,951	54,160	65,255
Vienna	17,195	22,896	23,111	43,871	55,508	55,658
Westmoreland	18,452	28,847	29,893	52,257	75,335	81,223
County of:						
Oneida	18,516	23,458	27,283	45,341	58,017	65,284
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.

Larger Employers

The following is a list of major employers located in and around the District.

Name	Type	Number of Employees
Oneida Indian Nation	Casino & Resort	4,900
Oneida Healthcare Center	Health Care Provider	850
PAR Technology Corporation	Radar Systems Testing	700
Vernon Downs (Mid-State Raceway)	Horse Track/Hotel	450
H.P. Hood	Milk Processing	200

Source: District officials.

Unemployment Rate Statistics

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

Annual Average

	2012	2013	2014	2015	2016	2017	2018
Oneida County	8.2%	7.4%	6.1%	5.3%	4.8%	5.0%	4.4%
New York State	8.5	7.7	6.3	5.3	4.8	4.7	4.1

2019 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul
Oneida County	4.9%	4.6%	4.5%	3.8%	3.8%	N/A	N/A
New York State	4.6%	4.4%	4.1%	3.6%	3.8%	N/A	N/A

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

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

Form of School Government

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

Budgetary Procedures

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

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

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

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

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

Recent Budget Vote Results

The budget for the 2017-18 fiscal year was adopted by the qualified voters on May 16, 2017 with a vote of 341 to 87. The District's adopted budget for 2017-18 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The tax increase is 1.98%, which is below the 2.29% Tax Cap.

The budget for the 2018-19 fiscal year was adopted by the qualified voters on May 15, 2018 with a vote of 373 to 125. The District's adopted budget for 2018-19 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The tax increase is 2.76%, which is below the 2.78% Tax Cap.

The budget for the 2019-20 fiscal year was adopted by the qualified voters on May 21, 2019 with a vote of 318 to 144. The District's adopted budget for 2019-20 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The tax increase is 2.99%, which is below the 4.61% Tax Cap.

Investment Policy

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

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the New York State, (3) obligations of the United States of America, (4) 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, (5) with the approval of the State Comptroller, revenue anticipation notes or tax anticipation notes of other local governments in the State, (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. In the case of obligations of the United States government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-2020 fiscal year, approximately 57.89% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

The Tax Cuts and Jobs Act also made extensive changes to the deductibility of various taxes, including placing a cap of $10,000 on a taxpayer's deduction of state and local taxes (the "SALT Deduction Limitation"). While it cannot yet be predicted what precise effects the SALT Deduction Limitation will have for the State, it is possible that government officials at both the State and local level may find it politically more difficult to raise new revenues via tax increases, since the deduction thereof, for taxpayers who itemize deductions, is now limited.

Potential reductions in Federal aid received by the State.

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

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

The State's Enacted 2019-2020 Budget continues to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by $850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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

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

Building aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2019-2020 preliminary building aid ratios, the District expects to receive State building aid of approximately 87.9% 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 2016-2017 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District is a part of the Community Schools Grant Initiative (CSGI) and has received $75,055 in grant monies from the State.

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $9.7 million. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

School district fiscal year (2017-2018): The State 2017-2018 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 2017-2018 and 2018-2019 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2018-2019): The State's 2018-2019 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-2018. 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 stood at $26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid totaled 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 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. $50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served 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 2018-2019.

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.

State Aid Litigation

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

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

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

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

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

State Aid Revenues

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

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2013-2014	$ 31,198,440	$ 16,739,297	53.65%
2014-2015	32,151,629	17,434,018	54.22
2015-2016	33,879,558	18,804,793	55.50
2016-2017	34,938,490	19,853,868	56.83
2017-2018	36,128,012	20,616,957	57.07
2018-2019 (Budgeted)	34,690,755	19,716,172	56.83
2019-2020 (Budgeted)	36,553,302	21,161,052	57.89

Source: Audited financial statements for the 2013-2014 fiscal year through and including the 2017-2018 fiscal year, and the budgets of the District for the 2018-2019 and 2019-2020 fiscal years. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
E.A. McAllister Elementary School	Pre-K-6	304	1959, '71, '90
J.D. George Elementary School	Pre-K-6	523	1959, '66, 2000
W.A. Wettel Elementary School	Pre-K-6	343	1959, '71, 2000
Middle School/High School	7-12	1,042	1953, '59, '66, '76, '90, '96, 2000, '06

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2014-2015	1,984	2019-2020	1,896
2015-2016	1,976	2020-2021	1,896
2016-2017	1,973	2021-2022	1,896
2017-2018	1,915	2022-2023	1,896
2018-2019	1,936	2023-2024	1,896

Source: District officials.

Employees

The District employees are represented by various unions as follows:

Number of Employees	Bargaining Unit	Contract Expiration Date
128	VVS Civil Service Employees' Association	June 30, 2020
188	VVS Teachers' Association	June 30, 2022
6	VVS Administrators' Association	June 30, 2021
9	Non-Union Confidential/Supervisors	Annually Reviewed

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2019-2020 fiscal year are as follows:

Fiscal Year	ERS	TRS
2014-2015	$ 561,519	$ 2,729,373
2015-2016	565,419	1,690,218
2016-2017	496,649	1,584,181
2017-2018	549,172	1,316,321
2018-2019	545,454	1,165,698
2019-2020 (Budgeted)	561,608	1,389,262

Source: District records.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District currently does not have early retirement incentive programs for its employees.

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

A chart of average ERS and TRS rates as a percent of payroll (2016 to 2020) is shown below:

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

* Estimated. The final rate will be adopted by the New York State Teachers' Retirement System 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 the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

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

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

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

The 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.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve 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.

Other Post Employee Benefits

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

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

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

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

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

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

Balance at July 1, 2017:	$ 72,551,902
Cumulative effect of Change required by GASB 75:	86,378,898
Total OPEB Liability as of July 1, 2017:	$ 158,930,800
Changes for the year:	
Service cost	5,797,273
Interest	4,648,227
Differences between expected and actual experience	(21,463,130)
Benefit payments	(3,264,778)
Net Changes	(14,282,408)
Balance at June 30, 2018:	$ 144,648,392

Note: The above table is not audited. For additional information see "APPENDIX – E" attached hereto.

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

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

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

The District contracted with Armory Associates LLC, and actuarial firm, to calculate its OPEB in accordance with GASB 45. Based on the actuarial valuation as of July 1, 2016 and financial data dated 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, 2017 and June 30, 2016:

Annual OPEB Cost and Net OPEB Obligation:	***2017***	***2016***
Annual required contribution (ARC)	$ 14,075,854	$ 13,913,413
Interest on net OPEB obligation	2,224,786	2,174,150
Adjustment to ARC	(4,409,268)	(3,517,787)
Annual OPEB cost (expense)	12,251,372	12,569,776
Contributions made	(3,264,778)	(3,358,207)
Increase in net OPEB obligation	8,986,594	9,211,569
Net OPEB obligation - beginning of year	63,565,308	54,353,739
Net OPEB obligation - end of year	$ 72,551,902	$ 63,565,308
Percentage of annual OPEB cost contributed	26.65%	26.72%
Funding Status:		
Actuarial Accrued Liability (AAL)	$ 133,320,600	$ 131,236,643
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 133,320,600	$ 131,236,643
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 12,251,372	26.6%	$ 72,551,902
2016	12,569,776	26.7	63,565,308
2015	12,005,532	26.9	54,353,739

Note: The above tables are not audited.

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

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

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

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

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

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

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

Other Information

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

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2018 and is attached hereto as "APPENDIX – E". Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit of the District on February 2, 2018. The purpose of the audit was to determine whether the Board of Education (the "Board") properly established reserve funds and maintained them at reasonable levels for the period July 1, 2015 through July 31, 2017.

<u>Key Findings:</u>

- The Board has not adopted policies for any of its reserve funds other than its health insurance reserve.
- The tax certiorari reserve is overfunded by $4.5 million.

<u>Key Recommendations:</u>

- Adopt policies for reserve funds other than the health insurance reserve that address the purpose of each reserve, optimal funding levels and conditions under which the reserves will be used.
- Use the surplus funds in the tax certiorari reserve to fund one-time expenditures, fund needed reserves, pay off debt or reduce property taxes.

The District provided a complete response to the State Comptroller's office on January 22, 2018. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

The State Comptroller's Office is currently conducting an audit of the District's ExtraClassroom Activity Account, at the request of the District. The results of the audit are not available as of the date of this Official Statement.

Note: 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 past three fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2018	No Designation	3.3%
2017	No Designation	20.0%
2016	No Designation	10.0%

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2014	2015	2016	2017	2018	2019
Taxable Assessed Value [1]	$ 478,535,654	$ 478,535,654	$ 482,546,896	$ 488,451,147	$ 492,975,586	$ 490,894,385
Taxable Full Valuation [2]	642,338,054	618,682,508	629,355,572	667,390,395	663,182,045	658,532,828
Taxable Full Valuation [3]	677,368,874	641,655,073	651,757,380	662,735,094	670,568,067	667,619,108

[1] See APPENDIX - C for full computation of Taxable Full Valuation made with the use of regular State Equalization Rates and special State Equalization Ratios.

[2] Full Valuation computed using regular State Equalization Rates

[3] Full Valuation computed using special State Equalization Rates

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2014	2015	2016	2017	2018	2019
City of:						
Rome	$ 26.53	$ 27.33	$ 27.22	$ 26.19	$ 27.45	$ 28.22
Oneida	20.30	20.77	20.82	20.02	20.55	21.01
Town of:						
Kirkland	31.23	30.99	33.05	31.78	31.61	33.34
Vernon	27.07	27.69	27.76	28.00	27.95	28.58
Verona	25.37	25.96	26.69	27.05	27.77	29.18
Vienna	32.48	33.50	34.13	32.03	34.24	35.01
Westmoreland	30.30	30.54	31.30	32.29	32.10	33.08

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged from October 1st to October 30th. On or about November 15th, uncollected taxes are returnable to the Counties of Oneida and Madison for collection. The District receives this amount from said County prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Total Tax Levy	$ 12,848,862	$ 13,103,269	$ 13,361,403	$ 13,625,958	$ 14,002,034
Amount Uncollected [1]	1,016,701	977,947	1,006,592	894,874	951,782
% Uncollected	7.91%	7.46%	7.53%	6.57%	6.80%

[1] Gross tax levy prior to adjustments (tax roll additions, shortages, cancellations and refunds). See "Tax Collection Procedure" herein.

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Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2013-2014	$ 31,198,440	$ 13,436,190	43.07%
2014-2015	32,151,629	13,264,395	41.26
2015-2016	33,879,558	13,485,313	39.80
2016-2017	34,938,490	13,542,989	38.76
2017-2018	36,128,012	13,804,778	38.21
2018-2019 (Budgeted)	34,690,755	14,002,034	40.36
2019-2020 (Budgeted)	36,553,302	14,421,390	39.45

Source: Audited financial statements for the 2013-2014 fiscal year through and including the 2017-2018 fiscal year, and the budgets of the District for the 2018-2019 and 2019-2020 fiscal years. This table is not audited.

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

Name	Type	Taxable Full Valuation
National Grid	Utility	$ 12,158,775
Vernon Downs (Mid-State Raceway)	Raceway	12,010,000
T-Stone LLC LA Quinta	Hotel	7,020,000
H.P. Hood, Inc.	Manufacturing	6,824,237
BBL Verona, LLC	Hotel	5,520,611
EIP Sherrill, LLC	Utility	3,600,000
Meadow View Townhouse	Rental Property	3,120,600
Sterling Power Partners	Utility	3,000,000
CSX Transportation	Transportation	2,753,327
Oneida-Verona Microtel	Hotel	2,423,840

The ten larger taxpayers listed above have a total taxable full valuation of $58,431,390, which represents 8.87% of the tax base of the District.

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

Source District tax rolls.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $88,050 or less in 2020, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $68,700 for the 2019-20 school year (adjusted annually). 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.

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

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

The below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

Municipality	Enhanced Exemption	Basic Exemption	Date Certified
City of Rome	$ 51,150	$ 22,340	10/17/2018
City of Oneida	68,700	30,000	4/9/2019
Town of Kirkland	41,220	18,000	4/9/2019
Town of Vernon	50,490	22,050	4/9/2019
Town of Verona	49,460	21,600	4/9/2019
Town of Vienna	38,470	16,800	4/9/2019
Town of Westmoreland	43,280	18,900	4/9/2019

$2,629,753 of the District's $14,002,034 school tax levy for the 2018-19 fiscal year WAS exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2019.

Approximately $2,629,753 of the District's $14,421,390 school tax levy for the 2019-20 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State in January 2020.

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-55%, Agricultural-21%, Commercial-9%, Vacant-4% and Other-11%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the District is approximately $2,500 including State, County, Town, District and Fire District Taxes.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 ("Chapter 59") included provisions which provides a refundable personal income tax credit to real property taxpayers in school districts in 2014 and 2015 and certain municipal units of government in 2015 and 2016. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction's compliance with the provisions of the Tax Credit Limitation Law. For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a State approved "government efficiency plan" which demonstrated three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies.

Chapter 20 of the Laws of 2015 ("Chapter 20") introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") received $130, and eligible taxpayers who resided outside the MCTD received $185. Credits in 2017-2019 will vary based on a taxpayer's personal income level and STAR tax savings. Similar to the Chapter 59 real property tax credit, under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district's compliance with the provisions of the Tax Levy Limitation Law. Unlike Chapter 59, however, for taxpayers other than those living in one of the "Big 4" cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law.

While the provisions of Chapter 59 did not, and the provisions of Chapter 20 do not, directly further restrict the taxing power of the affected municipalities, school districts and special districts, Chapter 59 did, and Chapter 20 does, provide an incentive for such tax levies to remain with the tax cap limits established by the Tax Levy Limitation Law.

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under "The NOTES - Nature of Obligation," the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

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, Chapter 97 of the Laws of 2011 imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law. See "TAX LEVY LIMITATION 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.

Debt Limit. The District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed five per centum of the average full valuation of the taxable real estate of the District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional method for determining average full valuation is by taking the assessed valuation of taxable real estate for the last five completed assessment rolls and applying thereto the ratio (special equalization ratio) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

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

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

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

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,

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

The District complied with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

Statutory Law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See “Payment and Maturity” under “Constitutional Requirements” herein, and “Details of Outstanding Indebtedness” herein).

The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see “Details of Outstanding Indebtedness” herein).

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2014	2015	2016	2017	2018
Bonds	$ 13,205,000	$ 11,425,000	$ 9,360,000	$ 7,220,000	$ 4,975,000
Bond Anticipation Notes	0	0	0	0	14,750,959
Other Debt	0	0	0	0	0
Total Debt Outstanding	$ 13,205,000	$ 11,425,000	$ 9,360,000	$ 7,220,000	$ 19,725,959

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 27, 2019.

Type of Indebtedness	Maturity		Amount
Bonds	2019-2025		$ 3,865,000
Bond Anticipation Notes			
Capital Improvements	July 26, 2019		8,750,959 [1]
Capital Improvements	July 26, 2019		6,000,000 [1]
		Total Indebtedness	$ 18,615,959

[1] To be partially redeemed and renewed at maturity with the proceeds of the Notes and $106,867 available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 27, 2019:

	Computed Using Regular State Equalization Rates	Computed Using Special State Equalization Ratios [1]
Five-year Average Full Valuation of Taxable Real Property	$ 647,428,670	$ 658,866,944
Debt Limit 5% thereof	32,371,433	32,943,347
Inclusions:		
Bonds [2]	$ 3,865,000	$ 3,865,000
Bond Anticipation Notes	14,750,959	14,750,959
Total Inclusions	$ 18,615,959	$ 18,615,959
Exclusions:		
Appropriations	$ -	$ -
Total Exclusions	$ -	$ -
Total Net Indebtedness (3)(4)	$ 18,615,959	$ 18,615,959
Net Debt-Contracting Margin	$ 13,755,474	$ 14,327,388
The percent of debt contracting power exhausted is	57.51%	56.51%

(1) The District's constitutional debt limit has been computed using special equalization ratios established by the State Office of Real Property Services pursuant to Art-12-B of the Real Property Tax Law. Conventional State equalization rates are also established by said Office of Real Property Services, and are used for all other purposes. See "TAX INFORMATION – Taxable Assessed Valuations" herein or "APPENDIX – C" attached hereto.

(2) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the District receives aid on existing bonded debt. The District, as a school district located in a city, may not under Section 121.20 of the Local Finance Law exclude from gross indebtedness estimated State aid for School building purposes. As noted above, the District receives New York State debt service building aid in an amount approximating 87.9% of its outstanding debt. 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.

(3) The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the constitutional debt limit of the District.

Bonded Debt Service

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

Capital Project Plans

On October 12, 2016, the voters of the District authorized a $27.2 million capital project for reconstruction of various school district buildings. The project will use $1.9 million of capital reserve, $500,000 grant monies and $354,122 of EXCEL Aid. The first set of drawings were sent to the State Education Department in August 2017. To date, the District initiallyissued $4,000,000 bond anticipation notes pursuant to this authorization, which matured on July 27, 2018. The District issued $8,750,959 bond anticipation notes on July 26, 2018 along with $249,011 available funds to renew a $3,750,959 portion of the $4,000,000 bond anticipation notes that matured on July 27, 2018 and provide $5,000,000 in new money for the aforementioned capital project. The Notes are being issued, along with $106,867 available funds of the District to partially redeem and renew the $14,750,959 bond anticipation notes maturing July 26, 2019 and provide $7,000,000 new money for the aforementioned capital project. Future borrowings will depend on State approval and construction cash flow needs.

The voters of the District approved an Energy Performance Contract for $2,458,000. The project involves improving energy usage and controls throughout the facilities. The District received State approval on October 12, 2018 and construction will begin in the winter of 2018-2019. The District closed on a $2,397,927 lease to finance the contract on February 8, 2019.

The District has no authorized and unissued indebtedness for capital or purposes other than as stated above.

Cash Flow Borrowings

The District has not issued any revenue or tax anticipation notes since June 2003 and does not anticipate issuing either tax anticipation notes or revenue anticipation notes in the foreseeable future.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed as of the respective municipalities.

Municipality	Status of Debt as of	Gross Indebtedness (1)	Exclusions (2)	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Oneida	12/31/2016	$ 188,926,689	$ 44,384,844	$ 144,541,845	5.91%	$ 8,542,423
Madison	12/31/2016	22,212,288	2,710,351	19,501,937	0.59%	115,061
Cities of:						
Rome	12/31/2016	78,109,477	33,681,864	44,427,613	1.71%	759,712
Oneida	12/31/2016	13,288,581	2,933,786	10,354,795	5.05%	522,917
Town of:						
Vernon	12/31/2016	-	-	-	82.66%	-
Verona	12/31/2016	5,520,651	5,217,651	303,000	67.54%	204,646
Kirkland	12/31/2016	4,150,719	3,362,219	788,500	0.15%	1,183
Westmoreland	12/31/2016	1,181,588	1,181,588	-	4.80%	-
Vienna	12/31/2016	3,622,315	3,622,315	-	1.04%	-
					Total:	$ 10,145,943

(1) Bonds and bond anticipation notes as of close of 2016 fiscal year. Not adjusted to include subsequent bond sales, if any.
(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Note: The 2017 Comptroller's Special Report is currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2016.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 27, 2019:

	Amount	Per Capita (a)	Percentage of Full Value (b)
Net Indebtedness (c)	$ 18,615,959	$ 1,450.63	2.83%
Net Indebtedness Plus Net Overlapping Indebtedness (d)	28,761,902	2,241.25	4.37

(a) The current estimated population of the District is 12,833. (See "THE SCHOOL DISTRICT – Population" herein.)
(b) The District's full value of taxable real estate for the 2018-19 fiscal year using regular state equalization rates is $658,532,828. (See "TAX INFORMATION – Taxable Assessed Valuations" herein or "APPENDIX – C" attached hereto.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $10,145,943. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept for School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

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

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

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

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

TAX MATTERS

The Notes

Hodgson Russ LLP, of Albany, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Tax Requirements

In rendering the foregoing opinions, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the tax compliance certificate and nonarbitrage certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the "Tax Certificate") establishes the requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1 The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a "private activity bond" within the meaning of Code section 141;

2 The requirements contained in Code section 148 relating to arbitrage bonds; and

3 The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code section 149(b).

In the Tax Certificate, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Bank Qualified

The Notes will be designated as "qualified tax-exempt obligations" pursuant to Code section 265.

Other Impacts

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Future Legislation

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government.

No representation is made as to the likelihood of such proposals being enacted, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes.

Prospective purchasers of the Notes should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Notes at other than their original issuance at the respective prices set indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

New York State Taxes

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

Miscellaneous

All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. Unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Notes regarding the tax status of the interest thereon in the event of an audit examination by the Service.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Hodgson Russ LLP, Bond Counsel, Albany, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to the statutory limitation imposed by the Tax Levy Limitation Law, (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases. See "TAX LEVY LIMITATION LAW" herein.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth in the description of Bond Counsel's opinion above).

LITIGATION

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

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

INDIAN LITIGATION AND SETTLEMENT

From 1970 until March 2014, Oneida County was involved in extensive litigation against the Oneida Indians. This included land claims brought by three Oneida tribes which were both resolved, the smaller case by payment of $8,360 plus interest made with state funds and the larger one by judgment in the County's favor in 2011. Additionally, in the years 2005-2008, three more suits were commenced between the County and the local Oneida tribe, known as the Oneida Indian Nation of New York (the "Nation"). This litigation included a dispute over taxability of Nation-owned real property, the assessments of those parcels, and the US government's decision to accept some Nation-owned parcels into trust. Settlement of all pending litigation was reached between the County, Madison County, the Nation and New York State in 2013, and became effective upon approval of Federal District Court Judge Kahn on March 4, 2014. There remains no pending litigation between the County and the Oneida Indians. The settlement exempts Nation-owned parcels from property taxes, but, on balance, is expected to provide significant financial benefit to the County. Specifically, its terms are summarized as follows:

Tribal Revenue Sharing with State and Local Governments and Gaming Exclusivity. Under the agreement, the Oneida Nation will receive exclusive rights to casino gaming in a ten-county region of Central New York. In exchange, the Nation will devote 25% of its net gaming revenue from its slot machines to the State of New York. Based on current Oneida gaming revenues, that would be approximately $50 million annually to the State. From the State share there would be distributed to the County, as the host county, 25% of the State's payment annually and, in addition, the County will receive $2.5 million annually for nineteen and one-quarter (19.25) years from the State share to settle back property tax claims. 2015 payments totaled $16,513,746 and $17,853,110 was received in 2016.

Settling Land into Trust. Under the settlement, the Oneida Nation will agree to a permanent cap of approximately 25,000 acres of land which may be taken into trust by the Department of Interior as Nation land. New York State, Oneida County and Madison County withdrew their case challenging land into trust. The Nation expressly waives its rights of sovereignty over any land over the cap amount.

Ending Unfair Competition. The settlement requires the Oneida Nation to impose a Nation sales tax that equals or exceeds the State's and counties' sales, use and occupancy taxes. Under the agreement:

- The Nation sales tax would apply to all cigarettes, motor fuel, and all other sales by Indian retailers to non-Indians.
- The Nation must adhere to minimum pricing standards for cigarette products.
- The Nation must use sales tax revenues only for the same types of governmental programs to which the State and Counties devote their tax revenues.

It should be noted that a separate claim, brought by the Stockbridge-Munsee Tribe of Indians involving a much smaller amount of land in Oneida County was dismissed in 2014. A petition for Certiorari to the United States Supreme Court was denied on March 2, 2015.

CONTINUING DISCLOSURE

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

Historical Compliance

The District timely filed its Annual Financial Information and Operating Data ("AFIOD") for the fiscal year ending June 30, 2012, but, the operating data that was provided as part of the filing that was dated as of March 7, 2012, was prior to the close of the June 30, 2012 fiscal year. An event notice dated September 18, 2017 was filed with Electronic Municipal Market Access

("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") regarding the aforementioned. The District has established procedures to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the MSRB established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through EMMA system.

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 municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal 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 and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the 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.

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.

RATING

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

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

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District contact information is as follows: Mr. Mark Wixson, Assistant Superintendent for Finance and Operations, 5275 Route 31, PO Box 128, Verona, New York 13478, Phone: (315) 829-7487, Fax: (315) 829-4949, Email: mwixson@vvsschools.org.

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

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL

Dated: June 27, 2019

CATHERINE SUTTMEIER
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
ASSETS					
Unrestricted Cash	$ 13,157,938	$ 12,456,707	$ 12,719,331	$ 10,878,172	$ 11,059,104
Restricted Cash	43,641	-	-	-	-
Taxes Receivable	1,487	2,567	612	619	616
Due from Other Funds	398,005	933,039	1,260,252	2,853,568	1,904,407
State and Federal Aid Receivable	1,158,373	1,271,806	1,322,433	1,174,404	1,526,133
Due from Fiduciary Funds	-	-	-	-	-
Other Receivables	215,770	409,781	413,673	272,341	321,414
Deferred Expenditures	189	-	-	-	-
TOTAL ASSETS	$ 14,975,403	$ 15,073,900	$ 15,716,301	$ 15,179,104	$ 14,811,674
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 149,363	$ 47,544	$ 34,039	$ 92,343	$ 28,951
Accrued Liabilities	156,895	259,259	135,236	162,601	166,169
Long Term Debt Payable	-	-	-	-	-
Due to Other Funds	43,152	226,534	104,874	502,370	5,345
Due to Other Governments	-	-	-	-	-
Due to Retirement Systems	2,228,846	2,446,721	1,965,034	1,887,093	1,709,689
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	$ 2,578,256	$ 2,980,058	$ 2,239,183	$ 2,644,407	$ 1,910,154
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	8,849,587	9,126,249	11,060,249	10,049,287	8,856,981
Assigned	2,369,758	1,696,933	1,130,757	1,300,818	2,534,280
Unassigned	1,177,802	1,270,660	1,286,112	1,184,592	1,510,259
TOTAL FUND EQUITY	$ 12,397,147	$ 12,093,842	$ 13,477,118	$ 12,534,697	$ 12,901,520
TOTAL LIABILITIES and FUND EQUITY	$ 14,975,403	$ 15,073,900	$ 15,716,301	$ 15,179,104	$ 14,811,674

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2013	2014	2015	2016	2017
REVENUES					
Real Property Taxes	$ 10,114,274	$ 10,340,763	$ 10,098,973	$ 10,287,781	$ 10,639,572
Real Property Tax Items	3,080,089	3,095,427	3,165,422	3,197,532	2,903,417
Non-Property Taxes	14,673	14,570	14,716	14,671	-
Charges for Services	85,090	141,821	208,841	94,505	150,786
Use of Money & Property	212,455	217,202	203,550	202,408	209,105
Sale of Property and Compensation for Loss	18,605	19,498	27,811	43,011	14,168
Miscellaneous	580,785	473,362	937,475	1,180,291	1,118,521
Interfund Revenues		-	-	-	-
Revenues from State Sources	15,571,759	16,739,297	17,434,018	18,804,793	19,853,868
Revenues from Federal Sources	126,297	77,365	60,822	54,566	49,053
Total Revenues	$ 29,804,027	$ 31,119,305	$ 32,151,628	$ 33,879,558	$ 34,938,490
Other Sources:					
Interfund Transfers	-	79,135	-	-	-
Total Revenues and Other Sources	$ 29,804,027	$ 31,198,440	$ 32,151,628	$ 33,879,558	$ 34,938,490
EXPENDITURES					
General Support	$ 2,761,253	$ 2,671,300	$ 3,164,701	$ 3,019,815	$ 3,135,213
Instruction	14,430,912	15,046,742	15,895,459	16,280,348	17,465,809
Pupil Transportation	1,589,953	1,878,446	1,804,774	1,811,310	1,953,909
Community Services		-	-	-	-
Employee Benefits	8,719,015	8,858,684	9,127,017	8,908,926	8,797,435
Debt Service	2,450,825	2,462,450	2,437,104	2,443,306	2,446,838
Total Expenditures	$ 29,951,958	$ 30,917,622	$ 32,429,055	$ 32,463,705	$ 33,799,204
Other Uses:					
Interfund Transfers	22,145	26,862	25,878	32,577	2,081,707
Total Expenditures and Other Uses	$ 29,974,103	$ 30,944,484	$ 32,454,933	$ 32,496,282	$ 35,880,911
Excess (Deficit) Revenues Over Expenditures	(170,076)	253,956	(303,305)	1,383,276	(942,421)
FUND BALANCE					
Fund Balance - Beginning of Year	12,313,267	12,143,191	12,397,147	12,093,842	13,477,118
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 12,143,191	$ 12,397,147	$ 12,093,842	$ 13,477,118	$ 12,534,697

Source: Audited financial reports and budgets of the 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 Original Budget	2018 Final Budget	2018 Actual	2019 Adopted Budget	2020 Adopted Budget
REVENUES					
Real Property Taxes	$ 10,611,446	$ 10,943,023	$ 10,856,351	$ 11,321,825	$ 14,421,390
Real Property Tax Items	3,228,957	3,111,647	2,948,427	2,951,015	-
Non-Property Taxes	-	-	-	-	
Charges for Services	77,800	77,800	119,418	37,800	-
Use of Money & Property	202,750	202,750	207,242	185,514	-
Sale of Property and Compensation for Loss	1,500	1,500	40,269	500	-
Miscellaneous	492,929	462,443	1,312,998	452,929	945,860
Interfund Revenues	-	-	-	-	
Revenues from State Sources	20,041,041	20,510,581	20,616,957	19,716,172	21,161,052
Revenues from Federal Sources	34,610	25,000	26,350	25,000	25,000
Total Revenues	$ 34,691,033	$ 35,334,744	$ 36,128,012	$ 34,690,755	$ 36,553,302
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 34,691,033	$ 35,334,744	$ 36,128,012	$ 34,690,755	$ 36,553,302
EXPENDITURES					
General Support	$ 3,360,121	$ 3,418,998	$ 3,227,895	$ 3,450,727	$ 3,689,665
Instruction	18,356,078	18,299,076	17,740,658	19,193,476	19,970,745
Pupil Transportation	2,152,174	2,127,855	2,054,561	2,222,381	2,073,685
Community Services	-	-	-	-	-
Employee Benefits	10,134,397	10,209,397	9,927,292	10,642,621	10,816,883
Debt Service	2,454,238	2,454,238	2,442,918	1,575,645	2,824,215
Total Expenditures	$ 36,457,008	$ 36,509,564	$ 35,393,324	$ 37,084,850	$ 39,375,193
Other Uses:					
Interfund Transfers	125,999	375,999	367,865	125,999	125,999
Total Expenditures & Other Uses	$ 36,583,007	$ 36,885,563	$ 35,761,189	$ 37,210,849	$ 39,501,192
Excess (Deficit) Revenues Over Expenditures	(1,891,974)	(1,550,819)	366,823	(2,520,094)	(2,947,890)
FUND BALANCE					
Fund Balance - Beginning of Year	1,891,974	1,550,819	12,534,697	2,520,094	2,947,890
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 12,901,520	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2019	$ 1,110,000	$ 169,687.50	$ 1,279,687.50
2020	1,140,000	139,887.50	1,279,887.50
2021	1,155,000	107,200.00	1,262,200.00
2022	425,000	74,750.00	499,750.00
2023	445,000	56,350.00	501,350.00
2024	465,000	34,850.00	499,850.00
2025	235,000	11,750.00	246,750.00
TOTAL	$ 4,975,000	$ 594,475.00	$ 5,569,475.00

Note: On November 9, 2017, the District issued $1,990,000 refunding serial bonds through the Dormitory Authority of the State of New York to achieve budgetary and net present value savings. The bonds listed above do not include $2,020,000 of refunded 2010A serial bonds which will be fully redeemed as of their call date of October 1, 2020. Debt service on these refunded bonds is paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2010A* Reconstruction - DASNY			2015 Refunding of 2007 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	$ 375,000	$ 137,350.00	$ 512,350.00	$ 730,000	$ 38,987.50	$ 768,987.50
2020	390,000	118,600.00	508,600.00	745,000	28,037.50	773,037.50
2021	410,000	99,100.00	509,100.00	750,000	15,000.00	765,000.00
2022	435,000	78,600.00	513,600.00	-	-	-
2023	455,000	56,850.00	511,850.00	-	-	-
2024	475,000	34,100.00	509,100.00	-	-	-
2025	245,000	11,000.00	256,000.00	-	-	-
TOTALS	$ 2,785,000	$ 535,600.00	$ 3,320,600	$ 2,225,000	$ 82,025.00	$2,307,025.00

* The Bonds maturing in the years 2021-2025 were advance refunded with proceeds of the 2017G DASNY refunding serial bonds issued on November 9, 2016. These bonds will be called and paid in full as of their call date on October 1, 2020.

Fiscal Year Ending June 30th	2017G DASNY Refunding of 2010A Serial Bonds		
	Principal	Interest	Total
2019	$ 5,000	$ 92,450.00	$ 97,450.00
2020	5,000	92,350.00	97,350.00
2021	405,000	92,200.00	497,200.00
2022	425,000	74,750.00	499,750.00
2023	445,000	56,350.00	501,350.00
2024	465,000	34,850.00	499,850.00
2025	235,000	11,750.00	246,750.00
TOTALS	$ 1,985,000	$ 454,700.00	$2,439,700.00

COMPUTATIONS OF FULL VALUATION

Using Regular State Equalization Rates

For Fiscal Year Ending June 30:		2015	2016	2017	2018	2019
Taxable Assessed Valuation						
City of:	Rome	$ 14,362,718	$ 14,502,953	$ 14,528,794	$ 14,634,249	$ 14,545,614
	Oneida	23,768,251	23,725,001	23,751,521	23,771,855	24,521,823
Towns of:	Kirkland	432,699	431,149	481,658	482,458	481,828
	Vernon	267,837,050	269,326,314	273,023,228	275,797,173	272,625,477
	Verona	159,577,679	161,995,315	164,007,422	165,437,160	165,967,866
	Vienna	2,216,244	2,238,880	2,268,058	2,267,557	2,287,040
	Westmoreland	10,341,013	10,327,284	10,390,466	10,585,134	10,464,737
Total Assessed Valuation		$ 478,535,654	$ 482,546,896	$ 488,451,147	$ 492,975,586	$ 490,894,385
State Equalization Rates						
City of:	Rome	76.00%	76.50%	76.45%	74.85%	71.64%
	Oneida	100.00%	100.00%	100.00%	100.00%	100.00%
Towns of:	Kirkland	67.00%	63.00%	63.00%	65.00%	60.00%
	Vernon	75.00%	75.00%	71.50%	73.50%	73.50%
	Verona	80.00%	78.00%	74.00%	74.00%	75.00%
	Vienna	62.00%	61.00%	62.50%	60.00%	56.00%
	Westmoreland	68.00%	66.50%	62.00%	64.00%	63.00%
Total Full Valuation		$ 618,682,508	$ 629,355,572	$ 667,390,395	$ 663,182,045	$ 658,532,828

Using Special State Equalization Ratios

For Fiscal Year Ending June 30:		2015	2016	2017	2018	2019
Special Equalization Ratios						
City of:	Rome	75.99%	75.34%	72.35%	72.17%	72.21%
	Oneida	102.20%	102.25%	99.96%	100.29%	101.12%
Towns of:	Kirkland	65.65%	63.70%	60.56%	61.14%	61.71%
	Vernon	73.69%	74.05%	73.80%	73.72%	73.83%
	Verona	74.05%	72.03%	72.07%	71.72%	71.47%
	Vienna	59.84%	59.90%	55.88%	55.51%	55.15%
	Westmoreland	63.95%	63.43%	62.89%	62.53%	62.23%
Total Full Valuation		$ 641,655,073	$ 651,757,380	$ 662,735,094	$ 670,568,067	$ 667,619,108

Note: The District's constitutional debt limit has been computed using special equalization ratios established by the Office of Real Property Services pursuant to Art-12-B of the Real Property Tax Law. "Conventional" State equalization rates are also established by said State Board, and are used for all other purposes.

FORM UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

“Financial Obligation” shall mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“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 Security and any beneficial owner of the Security within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the City School District of the City of Sherrill, 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 25, 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.

“Security” shall mean the Issuer’s **$21,644,092 Bond Anticipation Notes, 2019**, dated July 25, 2019, maturing June 26, 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 Security, to provide or cause to be provided either directly or through Fiscal Advisors & Marketing, Inc., 120 Walton Street, Suite 600, Syracuse, New York, to EMMA, or any successor thereto, in an electronic format as prescribed by the MSRB 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 Security:

(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 or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;

(7) Modifications to rights of Security Holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Security, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

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

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, 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 obligated person, 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 Security; 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 Security Holder 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 Security.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 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 Security Holders, 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; or

(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 Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with its terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has 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 the Security, 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 25, 2019.

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL

By: /s/: ______________________________________
President of the Board of Education

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CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL
ONEIDA COUNTY, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

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.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Vernon Verona Sherrill Central School District
Verona, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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

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

Opinions

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

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended June 30, 2018, the Vernon Verona Sherrill Central School District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for* Postemployment Benefits Other Than Pensions." Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, schedule of changes in the District's total OPEB liability and related ratios on page 46, schedule of District's proportionate share of the net pension assets/liabilities on page 47, schedule of employer's contributions for pensions on page 48 and budgetary comparison schedule on page 49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 Vernon Verona Sherrill Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2018, on our consideration of the Vernon Verona Sherrill Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 Vernon Verona Sherrill Central School District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Williamsville, New York
October 12, 2018

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

FINANCIAL HIGHLIGHTS

The general fund's fund balance increased by $366,823 to $12,901,520. The fund balance has $8,856,981 in restricted funds and $2,534,280 in assigned funds. More information regarding the District's restricted funds can be found in Note 1 on pages 27 - 29.

Total governmental activities general revenues for the 2017-2018 year were $35,949,323, or 94% of all revenues. This amount represents a decrease of $444,492 in general revenues over the 2016-2017 year of $36,393,815. The 2016-2017 general revenues as a percent of total revenues was 94%. Of the total general revenues, state and federal sources accounted for $20,643,307, and real property and real property tax items accounted for $13,804,778.

Total District expenses for the 2017-2018 year were $37,369,242. These expenses were offset by program revenues that included $426,905 in charges for services and $1,757,643 in operating grants and contributions. The net cost for governmental activities that was ultimately financed by general revenues was $35,184,694, which represents a decrease of $6,719,922, or 16% from the 2016-2017 year.

During the current fiscal year, the District was able to fund the the mandatory contribution to the New York State Employee's Retirement System and Teacher's Retirement System (the "Systems") without the need to finance the payments. The total current year contributions to the systems were $1,957,348, which is a $91,136, or 4%, decrease from the 2016-2017 amount of $2,048,484. The District has recorded a net pension liability of $446,406 and $2,013,342 as of June 30, 2018 and 2017, respectively. The District has also recorded a net pension asset of $635,793 and $- as of June 30, 2018 and 2017, respectively

Total District capital assets, net of depreciation increased by $759,977 to $28,261,229 in the 2017-2018 year as compared to $27,501,252 in the 2016-2017 year. Total long term debt decreased by $17,839,856 to $151,529,423 in the 2017-2018 year from $169,369,279 in the 2016-2017 year, primarily by an decrease in the OPEB liability.

The District records other post employment benefits (OPEB). The District recorded an increase in OPEB liability upon implementation of GASB 75 of $86,378,898 reducing beginning net position. During 2017-2018, liabilities on the statement of net position and expenses on the statement of activities were decreased by $14,282,408 for a total liability of $144,648,392. The liability and expenditures are included only on the District-wide financial statements and are not included on the fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts: management's, discussion & analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and single audit reports. The basic financial statements include two kinds of statements that present different views of the District:

> The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial position.
>
> The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.

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

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

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

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows, deferred inflows and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. While this document contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The statement of net position and the statement of activities report information about the District as a whole and about its activities in a manner that helps to answer this question.

These two statements report the District's net position and changes the net position. The change in net position provides the reader with a tool to assist in determining whether the District's financial health is improving or deteriorating. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, student enrollment growth, required educational programs, and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the statement of net position and the statement of activities, the District reports governmental activities. Governmental activities are the activities where all of the District's programs and services are reported including, but not limited to: general support, instruction, pupil transportation, debt interest, and the school lunch program. The District does not have any business-type activities.

The district-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

The fund financial statements are on pages 14 through 19 and provide more detailed information about the District's funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District establishes other funds to control and to manage money for particular purposes (such as repaying its long term debts) or to show that it is properly using certain revenues (such as Federal grants). The emphasis of the fund financial statements is on the major funds. For the 2017-2018 year, the District reports on two major funds; the general fund and capital projects fund.

In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds are reconciled in the basic financial statements. Activities in these funds and reconciliation to district-wide financial statements are reported on pages 14 through 17.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position on pages 18 and 19.

Non-Major Funds

Though the emphasis of the fund financial statements is on the major funds, the District also reports the activity of the non-major funds. These funds are not considered major because the activity or balances in the funds do not meet certain materiality thresholds. Activities in the school lunch fund, debt service fund and special aid fund are included as a non-major funds and are reported in one column on the governmental fund financial statements. Details for these funds are on pages 50 and 51.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The statement of net position provides the perspective of the District as a whole.

Table 1

Condensed Statement of Net Position
June 30, 2018 and 2017

	2018	Restated 2017	Total Percentage Change %
Assets			
Current assets	$ 19,074,590	$ 16,448,684	16.0
Capital assets	28,261,229	27,501,252	2.8
Other assets	635,793	-	DIV/0
Total assets	47,971,612	43,949,936	9.2
Deferred Outflows of Resources	12,491,180	9,357,819	33.5
Liabilities			
Other liabilities	5,927,017	2,179,549	171.9
Long-term liabilities	151,529,423	169,369,279	(10.5)
Total liabilities	157,456,440	171,548,828	(8.2)
Deferred Inflows of Resources	20,999,887	517,091	3,961.2
Net Position			
Net investments in capital assets	22,967,100	20,228,943	13.5
Restricted	9,052,001	11,698,774	(22.6)
Unrestricted deficit	(150,012,636)	(150,685,881)	(0.4)
Total net position (deficit)	$(117,993,535)	$(118,758,164)	(0.6)

Table 2

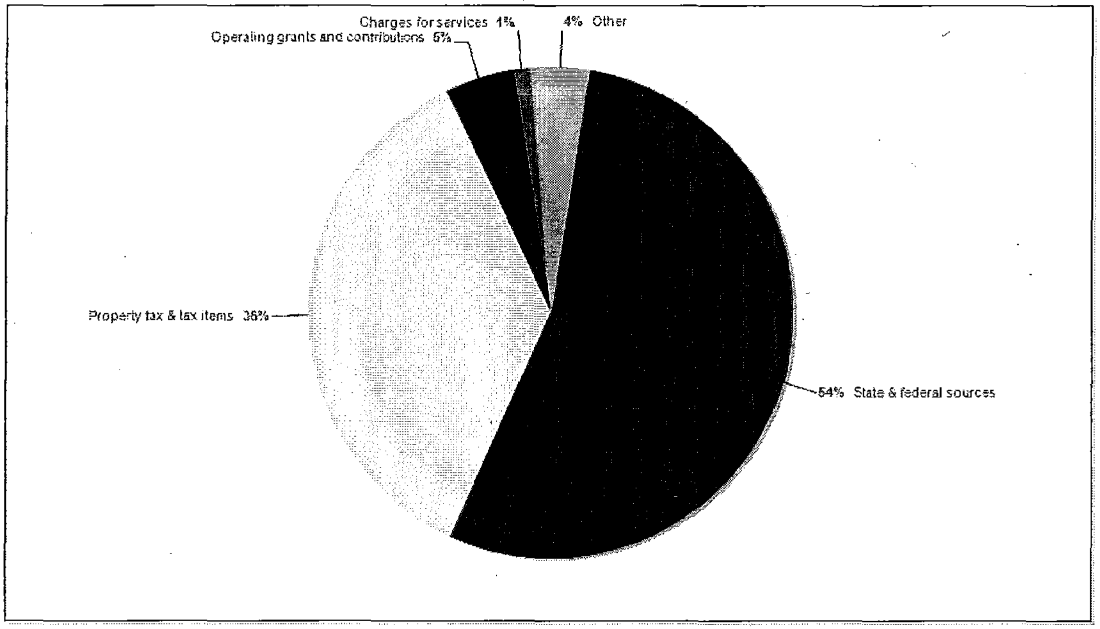
Changes in Net Position from Operating Results
For the Years Ended June 30, 2018 and 2017

	2018	2017	Total Percentage Change %
Revenues			
Program revenues			
Charges for services	$ 426,905	$ 447,713	(4.6)
Operating grants and contributions	1,757,643	1,848,607	(4.9)
Total program revenues	2,184,548	2,296,320	(4.9)
General revenues			
Property taxes and tax items	13,804,778	13,542,989	1.9
State and federal sources	20,643,307	21,577,292	(4.3)
Other	1,501,238	1,273,534	17.9
Total general revenues	35,949,323	36,393,815	(1.2)
Total revenues	38,133,871	38,690,135	(1.4)
Program Expenses			
General support	3,771,682	4,658,165	(19.0)
Instruction	30,040,661	35,753,687	(16.0)
Pupil transportation	2,498,820	2,807,092	(11.0)
Debt interest	371,376	291,153	27.6
School lunch program	686,703	690,839	(0.6)
Total expenses	37,369,242	44,200,936	(15.5)
Change in Net Position	$ 764,629	$ (5,510,801)	(113.9)

As reported in the statement of activities on page 13 the cost of all governmental activities was $37,369,242 and $44,200,936 for 2018 and 2017, respectively. However, the amount that taxpayers ultimately financed for these activities through the District real property taxes and tax items was $13,804,778 and $13,542,989 for 2018 and 2017, respectively.

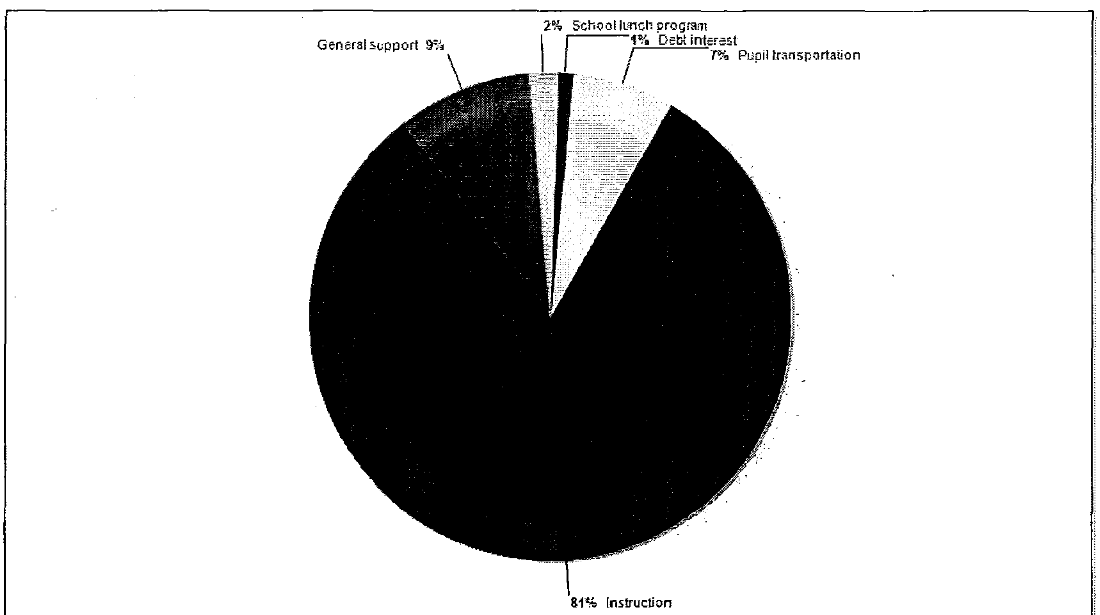
Sources of Revenues For Governmental Activities
Fiscal Year 2018

Table 3



Program Expenses For Governmental Activities
Fiscal Year 2018

Table 4



Governmental Activities

In Table 5, we have presented the cost of each of the District's functions and programs, as well as each function's net cost (total cost less revenues generated by the activities). Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 5

	Total Cost of Services		
	2018	**2017**	**Total Percentage Change %**
General support	$ 3,771,682	$ 4,658,165	(19.0)
Instruction	30,040,661	35,753,687	(16.0)
Pupil transportation	2,498,820	2,807,092	(11.0)
Debt interest	371,376	291,153	27.6
School lunch program	686,703	690,839	(0.6)
Total expenses	$ 37,369,242	$ 44,200,936	(15.5)

	Net Cost (Profit) of Services		
	2018	**2017**	**Total Percentage Change %**
General support	$ 3,771,682	$ 4,658,165	(19.0)
Instruction	28,708,085	34,320,332	(16.4)
Pupil transportation	2,489,706	2,789,323	(10.7)
Debt interest	371,376	291,153	27.6
School lunch program	(156,155)	(154,357)	(1.2)
Total expenses	$ 35,184,694	$ 41,904,616	(16.0)

- **General support** - Includes expenses of the board of education, district offices, contracted professional services, buildings and grounds maintenance, insurance and BOCES administrative/building expenses.
- **Instruction** - Includes curriculum and staff development, school supervision, regular K-12 programs, special education, BOCES vocational education, summer schools, libraries, computer-assisted education, pupil personnel services (counseling, health, psychological, social work), co-curricular activities and interscholastic athletics.
- **Pupil transportation** - Includes salaries for drivers, mechanics and garage.
- **Debt interest** - Includes the transactions associated with the payment of interest and other related charges to debt for improvements to the District.
- **School lunch program** - Includes the preparation, delivery, and servicing of lunches, snacks, and other incidental meals to students and school staff.

THE DISTRICT'S FUNDS

Fund financial statements are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $40,877,531 and $40,873,174 and expenditures and other financing uses of $42,002,200 and $40,165,301 in 2018 and 2017, respectively. The fund balance in the general fund increased by $366,823 in 2018 and decreased by $942,421 in 2017, respectively. The fund balance in the capital fund decreased by $1,459,556 in 2018 and increased by $1,570,756 in 2017, respectively. The other governmental funds reported a decrease in fund balance of $31,936 and an increase in fund balance of $79,538 in 2018 and 2017, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2017-2018 general fund's actual revenue was $36,128,012. That amount is above the original budget of $35,325,230 and final budget estimate of $35,334,744. The $793,268 variance between the final budget and actual was due primarily to conservative estimates of certain final local source and state aid revenues prior to year end. Revenue budget comparisons are shown on page 49.

The 2017-2018 actual expenditures and other financing uses of the general fund were $35,761,189, which is below the original and final budget of $36,583,007 and $36,885,563, respectively. The $1,110,188 variance between the final amended budget and the June 30, 2018 actual results was due to conservative estimates of certain final expenditures mainly in instruction and employee benefits. Expenditure budget comparisons are shown on page 49.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal years 2018 and 2017, the District had $65,350,361 and $63,171,472 invested in land, buildings and renovations, buses, and furniture and equipment. Depreciation expense of $1,811,281 and $1,664,510 has been recorded in 2018 and 2017, respectively. The net book value at June 30, 2018 and 2017 was $28,261,229 and $27,501,252, respectively.

Table 6 shows the fiscal 2018 and 2017 balances for the major classes of assets:

Table 6

Capital Assets (Net of Depreciation)
At June 30, 2018 and 2017

	2018	2017	Total Percentage Change %
Land	$ 106,844	$ 106,844	-
Construction in progress	1,604,598	329,244	387.4
Buildings and renovations	22,539,700	23,013,202	(2.1)
Furniture and equipment	4,010,087	4,051,962	(1.0)
Total	$ 28,261,229	$ 27,501,252	2.8

Additional information on the District's capital assets can be found in Notes 1 and 5 on pages 24 and 32, respectively, of this report.

Long-Term Debt

At June 30, 2018 and 2017, the District had total debt of $151,529,423 and $169,369,279 respectively.

Table 7

Outstanding Debt
At June 30, 2018 and 2017

	2018	Restated 2017	Total Percentage Change %
General obligation bonds	$ 5,294,129	$ 7,272,309	(27.2)
Compensated absences	1,140,496	1,105,213	3.2
OPEB liability	144,648,392	158,930,800	(9.0)
Net pension liability	446,406	2,060,957	(78.3)
Total	$151,529,423	$169,369,279	(10.5)

The District's bond rating for both 2018 and 2017 was A.

Additional information on the District's long-term debt can be found in Note 6 beginning on page 33 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was not aware of any extraordinary circumstances or factors that would significantly impact the District's financial position in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Vernon Verona Sherrill Central School District
Administrative Office
5275 State Route 31, P.O. Box 128
Verona, New York 13478-0128

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	$ 15,104,891
Other receivables	324,643
State and federal aid receivables	3,531,596
Due from fiduciary funds	86,992
Inventory	25,852
Taxes receivable	616
Capital assets	
Capital assets - not depreciated	1,711,442
Capital assets - net of depreciation	26,549,787
Net pension asset - proportionate share - TRS	635,793
Total assets	47,971,612
Deferred Outflows of Resources	
Deferred outflows of resources - pensions	9,673,726
Deferred outflows of resources - OPEB	2,817,454
Total deferred outflows of resources	12,491,180
Liabilities	
Accounts payable	29,008
Accrued liabilities	188,320
Due to teachers' retirement system	1,573,931
Due to employees' retirement system	135,758
Bond anticipation note payable	4,000,000
Long-term liabilities	
Portion due or payable within one year	
Bonds payable	1,168,062
Compensated absences	114,050
Portion due or payable after one year	
Bonds payable	4,126,067
Compensated absences	1,026,446
OPEB liability	144,648,392
Net pension liability - proportionate share - TRS	446,406
Total liabilities	157,456,440
Deferred Inflows of Resources	
Deferred inflows of resources - pensions	3,308,836
Deferred inflows of resources - OPEB	17,691,051
Total deferred inflows of resources	20,999,887
Net Position (Deficit)	
Net investment in capital assets	22,967,100
Restricted for	
Employee benefit accrued liability	1,150,000
Unemployment insurance	82,100
Tax certiorari	2,866,701
Debt	83,820
Capital projects	111,200
Insurance	4,758,180
Unrestricted	(150,012,636)
Total net position (deficit)	$ (117,993,535)

The accompanying notes are an integral part of these financial statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental activities				
General support	$ 3,771,682	$ -	$ -	$ (3,771,682)
Instruction	30,040,661	110,304	1,222,272	(28,708,085)
Pupil transportation	2,498,820	9,114	-	(2,489,706)
Debt interest	371,376	-	-	(371,376)
School lunch program	686,703	307,487	535,371	156,155
Total governmental activities	$ 37,369,242	$ 426,905	$ 1,757,643	(35,184,694)
General Revenues				
Real property taxes				10,856,351
Real property tax items				2,948,427
Use of money and property				208,661
Miscellaneous local sources				1,292,577
State sources				20,616,957
Federal sources				26,350
Total general revenues				35,949,323
Change in Net Position				764,629
Net Position (Deficit) - Beginning				(32,379,266)
Prior Period Restatement (Note 13)				(86,378,898)
Net Position (Deficit) - Beginning - As Restated				(118,758,164)
Net Position (Deficit) - Ending				$ (117,993,535)

The accompanying notes are an integral part of these financial statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Assets				
Cash and cash equivalents	$ 11,059,104	$ 3,960,269	$ 85,518	$ 15,104,891
Taxes receivable	616	-	-	616
Other receivables	321,414	-	3,229	324,643
Due from other funds	1,904,407	98,733	6,766	2,009,906
State and federal aid receivables	1,526,133	1,705,657	299,806	3,531,596
Inventory	-	-	25,852	25,852
Total Assets	$ 14,811,674	$ 5,764,659	$ 421,171	$ 20,997,504
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 28,951	$ -	$ 57	$ 29,008
Accrued liabilities	166,169	-	15,081	181,250
Due to other funds	5,345	1,653,459	264,110	1,922,914
Bond anticipation note payable	-	4,000,000	-	4,000,000
Due to teachers' retirement system	1,573,931	-	-	1,573,931
Due to employees' retirement system	135,758	-	-	135,758
Total liabilities	1,910,154	5,653,459	279,248	7,842,861
Fund Balances				
Nonspendable	-	-	25,852	25,852
Restricted	8,856,981	111,200	83,820	9,052,001
Assigned	2,534,280	-	32,251	2,566,531
Unassigned	1,510,259	-	-	1,510,259
Total fund balances	12,901,520	111,200	141,923	13,154,643
Total Liabilities and Fund Balances	$ 14,811,674	$ 5,764,659	$ 421,171	$ 20,997,504

The accompanying notes are an integral part of these financial statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Total governmental fund balances		$ 13,154,643
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of the following:		
Capital assets not depreciated		
Land	106,844	
Construction in progress	1,604,598	
Total capital assets not depreciated		1,711,442
Capital assets, net of depreciation		
Buildings and renovations	51,469,711	
Furniture and equipment	12,169,208	
Total depreciable assets	63,638,919	
Less - accumulated depreciation	(37,089,132)	
Total capital assets - net of depreciation		26,549,787
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of the following:		
Bonds payable	(5,294,129)	
Compensated absences	(1,140,496)	
OPEB liability	(144,648,392)	
Accrued interest on debt	(7,070)	
Total liabilities		(151,090,087)
Pension related assets, liabilities, deferred inflows and outflows are not financial resources or are not due and payable in the current period and therefore are not reported in the funds. These consist of the following:		
Pension asset - proportionate share - TRS	635,793	
Pension liability - proportionate share - ERS	(446,406)	
Deferred outflows of resources - pensions	9,673,726	
Deferred outflows of resources - OPEB	2,817,454	
Deferred inflows of resources - pensions	(3,308,836)	
Deferred inflows of resources - OPEB	(17,691,051)	
Total pension related items		(8,319,320)
Net position of governmental activities		$ (117,993,535)

The accompanying notes are an integral part of these financial statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Real property taxes	$ 10,856,351	$ -	$ -	$ 10,856,351
Real property tax items	2,948,427	-	-	2,948,427
Intergovernmental charges	119,418	-	-	119,418
Use of money and property	207,242	-	1,419	208,661
Sale of property	40,269	-	-	40,269
Miscellaneous local sources	1,312,998	-	5,223	1,318,221
State sources	20,616,957	-	376,794	20,993,751
Federal sources	26,350	-	1,347,550	1,373,900
Surplus food	-	-	33,299	33,299
Sales - school lunch	-	-	307,487	307,487
Total revenues	36,128,012	-	2,071,772	38,199,784
Other Financing Sources				
Interfund transfers	-	349,999	17,866	367,865
Proceeds of advanced refunding bonds	-	-	1,990,000	1,990,000
Premiums on obligations	-	-	319,882	319,882
Total revenues and other financing sources	36,128,012	349,999	4,399,520	40,877,531
Expenditures				
General support	3,227,895	534,396	94,764	3,857,055
Instruction	17,740,658	1,275,159	1,230,580	20,246,397
Pupil transportation	2,054,561	-	9,558	2,064,119
Employee benefits	9,927,292	-	190,224	10,117,516
Debt principal	2,215,000	-	-	2,215,000
Payment to escrow agent (advance refunding bonds)	-	-	2,020,000	2,020,000
Debt interest	227,918	-	199,627	427,545
Cost of sales	-	-	686,703	686,703
Total expenditures	35,393,324	1,809,555	4,431,456	41,634,335
Other Financing Uses				
Interfund transfers	367,865	-	-	367,865
Total expenditures and other financing uses	35,761,189	1,809,555	4,431,456	42,002,200
Changes in Fund Balances	366,823	(1,459,556)	(31,936)	(1,124,669)
Fund Balances - Beginning	12,534,697	1,570,756	173,859	14,279,312
Fund Balances - Ending	$ 12,901,520	$ 111,200	$ 141,923	$ 13,154,643

The accompanying notes are an integral part of these financial statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds		$ (1,124,669)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays and pupil transportation as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are the following:		
Capital outlay	$ 2,152,972	
Pupil transportation	484,199	
Depreciation expense	(1,811,281)	
Disposition of assets	(65,913)	
		759,977
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current period, these amounts are the following:		
Debt repayments		4,235,000
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. In the current period, these amounts are the following:		
Compensated absences		(35,283)
OPEB liability		(591,189)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		(1,990,000)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. In the current period, these amounts are the following:		
Deferred outflows - pensions		(1,181,827)
Deferred inflows - pensions		(2,791,745)
Changes in the proportionate share of net pension asset/liability reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Employees' retirement system		736,998
Teachers' retirement system		1,513,346
Some items reported as expenditures in governmental funds are required to be deferred in the statement of net position. In the current period, those amounts are:		
Accrued contributions to ERS		135,758
Accrued contributions to TRS		1,361,976
Other differences		
Decrease in accrued interest	3,107	
Deferred charges on bond premiums	(266,820)	
Total other differences		(263,713)
Change in net position of governmental activities		$ 764,629

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Statements of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private-Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents - unrestricted	$ 35,419	$ 297,523
Total assets	$ 35,419	$ 297,523
LIABILITIES		
Agency liabilities	$ -	$ (25,922)
Due to other funds	-	86,992
Extraclassroom activity balances	-	236,453
Total liabilities	-	$ 297,523
NET POSITION		
Held in trust for scholarships	$ 35,419	

The accompanying notes are an integral part of these financial statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Private-purpose Trust
ADDITIONS	
Miscellaneous	$ 1,350
DEDUCTIONS	
Scholarships and awards	3,055
Change in Net Position	(1,705)
Net Position - Beginning	37,124
Net Position - Ending	$ 35,419

The accompanying notes are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies

The financial statements of the Vernon Verona Sherrill Central School District, (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units (hereinafter referred to as generally accepted accounting principals (GAAP). The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The following is a summary of significant accounting policies and reporting practices of the District:

A. Reporting Entity

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *Defining The Financial Reporting Entity*, and Statement No. 61, *The Financial Report Entity: Omnibus.* 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 certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be obtained at the District's business office. 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 district in Madison-Oneida BOCES. A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

C. Basis of Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District complies with the provisions of GASB Statement No, 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature. The District also complies with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements provide guidance on presenting deferred outflows, deferred inflows and net position.

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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

The District reports the following funds:

a) Major Governmental

1) **General Fund -** This is the District's primary operating funds. It accounts for all financial transactions that are not required to be accounted for in another fund. The general fund is always reported as a major fund.

2) **Capital Projects Funds -** These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

b) Fiduciary Fund (Trust and Agency Funds) - These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

c) **Non-Major Governmental -** The other funds which are not considered major are aggregated and reported as an other governmental fund and are as follows:

1) **School Lunch Fund** - This fund accounts for transactions of the District's lunch, breakfast and milk programs.

2) **Special Aid Fund -** 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. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

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

D. Measurement Focus and Basis of Accounting

1. Accrual

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

2. Modified Accrual

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 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.

3. Future Changes in Accounting Standards

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

GASB has issued Statement No. 83 - "*Certain Asset Retirement Obligations.*" Effective for periods beginning after June 15, 2018.

GASB has issued Statement No. 84 - "*Fiduciary Activities.*" Effective for periods beginning after December 15, 2018.

GASB has issued Statement No. 87 - "*Leases.*" Effective for periods beginning after December 15, 2019.

GASB has issued Statement No. 88 - "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*". Effective for periods beginning after June 15, 2018.

GASB has issued Statement No. 89 - "*Accounting for Interest Cost Incurred before the End of a Construction Period*". Effective for periods beginning after December 15, 2019.

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

E. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the 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. Investments are stated at fair value.

F. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st, and became a lien on November 19, 2017. Taxes were collected during the period September and October, 2017.

Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. 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 1st.

G. 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.

H. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the District for which benefits extend beyond year-end.

I. Due To/From Other Funds

The amounts reported on the statement of net position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

J. Capital Assets

Capital assets purchased or acquired are represented at historical cost or estimated historical cost. 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) for the District are $1,000 on all classes of assets. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

	Estimated Useful Life
Buildings and renovations	20 - 50 Years
Furniture and equipment	5 - 15 Years

K. 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 postemployment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund 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.

L. Accounting and Financial Reporting for Pensions

The District complies with GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for contributions Made Subsequent to the Measurement Date.* The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the District to report as an asset and/or liability its portion of the collective pension asset and/or liability in the New York State Teachers' and Employees' Retirement Systems. The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the District contributions to the pension systems subsequent to the measurement date. See note 9 for the financial statement impact of implementation of the Statements.

M. Vested Employee Benefits

The District employees are provided benefits as follows:

1. **Vacation and Sick Leave** - The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (LIFO) basis. Upon retirement, resignation or death, employees may receive a payment of unused accumulated sick leave, based on contractual provisions.

2. **Retirement** - The District provides retirement benefits for substantially all its regular full-time teachers and employees, and its part-time teachers or employees who elect to participate, through contributions to the New York State Teachers' Retirement System (TRS), and the New York State and Local Retirement System (ERS), respectively. The Systems provide various plans and options, some of which require employee contributions. The Systems compute the cost of retirement benefits based on their respective fiscal years: TRS - July 1st to June 30th, and ERS - April 1st to March 31st.

3. **Compensated Absences** - Accumulated unpaid vacation and compensated absence pay is recorded in the District-wide statements as a noncurrent liability that will be funded from future resources or budgets. Payment of vacation and compensated absences recorded in the District-wide statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and compensatory absences when such payment becomes due.

4. **Post Employment Benefits** - In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the school district and its employee groups. 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. Currently retirees meet those eligibility requirements. The District pays a portion of non-teachers and teachers cost of premium equivalents through a self insured health plan. The retired employee pays for their portion of the premiums directly each month. See further detail in Note 10.

N. Budgetary Procedures and Budgetary Accounting

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 on May 15, 2018.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the 2017-2018 fiscal year.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison for the Special Revenue Funds (if any) reflects budgeted and actual amounts only for funds with legally authorized (appropriated) budgets.

O. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense / expenditure) until then. The government has three items that qualify for reporting in this category. The first item is 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) subsequent to the measurement date. The third item are certain other postemployment benefit obligation expenses that are amortized over a closed period and will increase the related expense when recognized.

In addition to liabilities, the statement of net position will 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 qualifies for reporting in the 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 liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The second item certain other postemployment benefit obligation expenses that are amortized over a closed period and will decrease the related expense when recognized.

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows, deferred inflows and liabilities and disclosure of contingent assets, deferred outflows, deferred inflows 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.

Q. Restricted Resources

When an expense is incurred for purposes for which both restricted and unassigned fund balance 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.

R. Fund Balance

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This Statement improves the usefulness and clarity of fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints place on the purposes for which resources can be used:

- **Nonspendable Fund Balance** - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact.
- **Restricted Fund Balance** - amounts with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments.
- **Committed Fund Balance** - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint. For the purposes of the District, the highest level of decision making authority resides with the Board of Education.
- **Assigned Fund Balance** - amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the Board of Education delegates the authority.
- **Unassigned Fund Balance** - amounts that are available for any purpose.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District established and modifies fund balance commitments by a passage of a resolution in meetings of the Board of Education. Assigned fund balance is established by the District through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service or for other purposes). The District's Purchasing Agent is responsible for all the purchasing activities of the District and encumbrances at year end, which be considered assigned funds and therefore, the purchasing agent is designated as having the authority to assign amounts intended to be used for specific purposes. The Board of Education approves the adoption and amendment of the budget and has the authority of final review of all assignments of fund balance.

The District has implemented a policy in accordance with Real Property Tax Law §1318 which limits the amount of unexpended surplus funds a school district can retain to no more than 4% of next year's budgetary appropriations. Funds properly retained under other sections of law are excluded from the 4% limitation. Under GASB Statement No. 54 classifications, the 4% limitation is interpreted to be the total of committed, assigned, and unassigned classifications, minus the appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction and encumbrances included in committed and assigned fund balance.

The following is a summary of the Districts fund balance classifications and categories within those classifications. Restricted and assigned fund balance categories are available to the District. Any capital gains or interest earned on restricted or assigned fund resources becomes part of the respective restricted or assigned fund balance category. While a separate bank account is not necessary for each restricted or assigned fund, a separate identity for each reserve fund must be maintained.

A. Nonspendable

1. Reserve for Inventory - Reserve for Inventory is used to restrict that portion of fund balance, which is not available for appropriation. The balance at June 30, 2018 is $25,852.

2. Reserve for Prepaid Expenditures - Reserve for Prepaid Expenditures is used to restrict that portion of fund balance, which is not available for appropriation. The District did not have any prepaid expenditures at June 30, 2018.

B. Restricted

1. Employee Benefit Accrued Liability Reserve - Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund. The balance at June 30, 2018 is $1,150,000.

2. Unemployment Insurance Reserve - Unemployment insurance reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund. The balance at June 30, 2018 is $82,100.

3. Reserve for Tax Certiorari - Education Law §3651.1-a is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The balance at June 30, 2018 is $2,866,701.

4. Reserve For Debt Service - Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the debt service fund. The balance at June 30, 2018 is $83,820.

5. Capital Reserve - Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures 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. The reserve is accounted for in the capital projects fund. The balance at June 30, 2018 for the general capital reserve is $111,200.

5. Reserve for Insurance - Reserve for insurance (GML §6-I) is used to reserve funds for to pay liability, casualty, and other types of uninsured losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. This reserve may be established by budgetary appropriations and funds from other reserves subject to permissive referendum. The reserve is accounted for in the general fund. The balance at June 30, 2018 for the general capital reserve is $4,758,180.

C. Assigned

1. Reserve for Subsequent Year - Reserve for subsequent year represents the estimated fund balance that is appropriated into the adopted budget. The reserve is accounted for in the general fund. The balance at June 30, 2018 is $2,520,094.

2. Reserve for 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. The balance at June 30, 2018 is $14,186.

3. Reserve for School Lunch Fund - Reserve for school lunch fund represents the remaining assigned portion of fund balance in the school lunch fund. The reserve is accounted for in the school lunch fund. The balance at June 30, 2018 is $29,701.

4. Reserve for Special Aid Fund - Reserve for special aid fund represents the remaining assigned portion of fund balance in the special aid fund. The reserve is accounted for in the school lunch fund. The balance at June 30, 2018 is $2,550.

S. Net Deficit

Net deficits occur when total fund liabilities and deferred inflows of resources exceed total assets and deferred outflows of resources. At June 30, 2018, the District had a net deficit on the statement of net position.

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

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

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

Total fund balances of the District's governmental funds differs from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund Balance Sheets. See page 15 for a detailed reconciliation of total governmental fund balances to net position of governmental activities.

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

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown below represent:

1) Long-term revenue differences -

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

2) Capital related differences -

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

3) Long-term debt transaction differences -

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

A detailed reconciliation of the net change in fund balances of governmental funds to the change in net position of governmental activities can be found on page 17.

Note 3. Cash

A. Cash and Investments

The District's investment policies are governed by State statutes. In addition, the District has its own written investment policy. The District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for time deposits and certificates of deposit not covered by federal deposit 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 school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the Federal government.

Deposits and investments at year-end were entirely covered by Federal Deposit Insurance or by collateral held by the District's custodial bank in the District's name. They consisted of:

	Carrying Amount	Bank Balance
Cash and cash equivalents	$ 15,437,833	$ 15,367,845
Collateralized amounts		$ 14,367,845
Covered by FDIC insurance		1,000,000
Total deposits		$ 15,367,845

Deposits - All deposits including certificates of deposit are carried at cost plus interest.

B. Scholarship Funds

The District administers endowment funds, which are restricted by the donor for the purpose of scholarships. The following summarizes the activity for the scholarships in the Trust and Agency restricted cash accounts for the year ended June 30, 2018:

	Beginning Balance	Interest	Donations	Awards	Ending Balance
49 Foundation	$ 5,876	$ -	$ -	$ -	$ 5,876
Charles Clark Memorial Award	-	-	100	100	-
Carl Collins	200	-	-	200	-
Donald Rosenthal	1,293	-	250	300	1,243
Dr Thomas Morgan	962	-	-	50	912
G.N. Allen	2,321	-	-	-	2,321
George Roehm	18	-	-	-	18
June H. Miller	336	-	-	50	286
Kasey Proper	6,154	-	-	200	5,954
Kenwood Benevolent	3,525	-	-	-	3,525
Kristi Proper	4,951	-	-	100	4,851
Leon L. Hill	86	-	-	50	36
Mary Jo Hojohn	2,520	-	-	500	2,020
Neil Fargo	766	-	-	50	716
Otto Edkin	6	-	-	-	6
P.B. Noyes	546	-	-	-	546
Paul Caswell	19	-	-	-	19
Pexton Oral English	1,467	-	-	155	1,312
Philip Snyder	30	-	-	-	30
Piatkowski Award	-	-	500	500	-
Robert J. Kegebein III	704	-	-	100	604
Rotary Club Senior Awards	-	-	-	-	-
Sherrill VFW Post 860	2	-	-	-	2
Shumway Scholarship	115	-	-	100	15
VVS FFA	1,175	-	-	-	1,175
VVS Faculty Couples Award	14	-	-	-	14
Verona Grange	23	-	-	-	23
Wm J. Seybold	-	-	500	500	-
Wm. B. & Marion Patrick	4,015	-	-	100	3,915
Total	$ 37,124	$ -	$ 1,350	$ 3,055	$ 35,419

Note 4. Participation in BOCES

During the year, the District was billed $3,188,370 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $1,830,109. Financial statements for the BOCES are available from the BOCES administrative office.

Note 5. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Depreciated				
Land	$ 106,844	$ -	$ -	$ 106,844
Construction in progress	329,244	1,275,354	-	1,604,598
Total capital assets not depreciated	436,088	1,275,354	-	1,711,442
Capital Assets Depreciated				
Buildings and renovations	50,774,669	695,042	-	51,469,711
Furniture and equipment	11,960,715	666,775	(458,282)	12,169,208
Total capital assets depreciated	62,735,384	1,361,817	(458,282)	63,638,919
Less - Accumulated Depreciation				
Buildings and renovations	27,761,467	1,168,544	-	28,930,011
Furniture and equipment	7,908,753	642,737	(392,369)	8,159,121
Total accumulated depreciation	35,670,220	1,811,281	(392,369)	37,089,132
Total capital assets depreciated - net	27,065,164	(449,464)	(65,913)	26,549,787
Governmental Activities Capital Asset - Net	$ 27,501,252	$ 825,890	$ (65,913)	$ 28,261,229

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General support	$ 132,497
Instruction	1,417,416
Public transportation	261,368
Total depreciation expense	$ 1,811,281

Note 6. Indebtedness

A. Short-Term Debt

Bond Anticipation Notes

The changes in the District's bond anticipation notes are as follows:

Purpose	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance
Capital Projects	0.00%	$ -	$ 4,000,000	$ -	$ 4,000,000

Interest on short-term debt for the year amounted to $-.

B. Long-Term Debt

Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the District-wide financials (statement of net position).

The District had the following serial bonds outstanding as of June 30, 2018:

Purpose	Due Date / Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance
Serial Bond - Phase IV District Wide '10	06/22; 3.88%	3,145,000	-	2,380,000	765,000
Serial Bond - Refunding of 2002 Serial Bonds	06/25; 4.38%	495,000	-	495,000	-
Serial Bond - Refunding Bond 2012	06/18; 2.00%	635,000	-	635,000	-
Serial Bond - Refunding Bond 2007	06/21; 2.00%	2,945,000	-	720,000	2,225,000
Serial Bond - Refunding Bond Phase IV District Wide '10	06/25; 5.00%	-	1,990,000	5,000	1,985,000
Plus, premium on refinancing		52,309	319,882	53,062	319,129
Total serial bonds		$ 7,272,309	$ 2,309,882	$ 4,288,062	$ 5,294,129

Interest on long-term debt for the year amounted to $227,918.

C. Changes in Long-Term Debt

The changes in the District's long-term indebtedness during the year ended June 30, 2018 are summarized as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance
General obligation bonds	$ 7,272,309	$ 2,309,882	$ 4,288,062	$ 5,294,129
Compensated absences	1,105,213	35,283	-	1,140,496
OPEB liability	158,930,800	-	14,282,408	144,648,392
Net pension liability - proportionate share	2,060,957	-	1,614,551	446,406
Total	$169,369,279	$ 2,345,165	$ 20,185,021	$151,529,423
Due in one year				$ 1,282,112
Due in more than one year				150,247,311
Total				$151,529,423

D. Maturity

The following is a summary of maturing debt service requirements of general obligation bonds:

	Principal	Interest
2018 - 2019	$ 1,110,000	$ 169,688
2019 - 2020	1,140,000	139,888
2020 - 2021	1,155,000	107,200
2021 - 2022	425,000	74,750
2022 - 2023	445,000	56,350
2023 - 2028	700,000	46,600
Total	$ 4,975,000	$ 594,476

During the fiscal year 2017-2018, the District issued $1,990,000 in general obligation refunding bonds with an interest rate between 2.00% and 5.00% to refund the majority of the outstanding serial bonds of $4,975,000 with an interest rate between 3.00% and 5.00%. An economic gain (difference between the present value of the old and new debt service payments) of approximately $27,000 resulted from the refunding.

Note 7. Interfund Balances and Activity

Interfund receivables and payables at June 30, 2018 are as follows:

	Interfund Receivable	Interfund Payable
General fund	$ 1,904,407	$ 5,345
Special aid fund	2,550	264,110
School lunch fund	2,795	-
Capital projects fund	98,733	1,653,459
Debt service fund	1,421	-
Subtotal	2,009,906	1,922,914
Trust and agency fund	-	86,992
Total	$ 2,009,906	$ 2,009,906

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

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

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

Note 8. Interfund Transfers

Interfund transfers for the year end at June 30, 2018 consisted of the following:

	Transfers In	Transfers Out
General fund	$ -	$ 367,865
Special aid fund	17,866	-
Capital project funds	349,999	-
Total	$ 367,865	$ 367,865

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move residual cash from closed projects to debt service to be used for debt payments at a later date.

The purpose of interfund transfers within the District is to consolidate funding from multiple funds into others for several reasons, such as purchases of fixed assets or the completion of a project that is to benefit multiple funds.

Note 9. Pension Plans

A. General Information

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

B. Plan Descriptions

Teachers' Retirement System (TRS)

NYSTRS provides retirement, disability, withdrawal and death 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 issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Employees' Retirement System (ERS)

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

C. Funding Policies

NYSTRS provides retirement, disability, withdrawal and death 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 issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

The District is required to contribute at an actuarially determined rate, currently 9.80% of the annual covered payroll for the fiscal year ended June 30, 2018. Rates applicable to the fiscal years ended June 30, 2017 and 2016 were respectively 11.72% and 13.26%. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	ERS	TRS	Total
2018	$ 403,845	$ 1,553,503	$ 1,957,348
2017	$ 371,980	$ 1,676,504	$ 2,048,484
2016	$ 437,927	$ 2,160,071	$ 2,597,998

D. GASB Statement No. 68

The District complies with GASB No. 68 and GASB No. 71 as of June 30, 2015. GASB No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumption that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement requires the employers liability to plan employees for defined benefit plans (net pension liability) be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. In addition, prior to implementing GASB Statements No. 68, employers participating in a cost-sharing plan recognized annual pension expense equal to their contractually required contribution to the plan. Upon the adoption of GASB Statement No. 68, employers participating in cost-sharing plans will recognize their proportionate share of the collective pension amounts for all benefits provided through the plan based on an allocation method.

Teachers' Retirement System (TRS)

The District recognized its proportion of the TRS net pension liability/asset, deferred outflows of resources, deferred inflows of resources, and pension expense as of June 30, 2018. The TRS total pension liability/asset was determined by actuarial valuations as of June 30, 2016 and rolled forward to the measurement date of June 30, 2017. The proportion allocation method utilized by TRS was the percentage of each employers fiscal year 2017 contribution to the total contributions to the plan.

The District's share of the pension liability/asset of the TRS Plan represents 0.083646% of the total net pension liability.
The District has recorded a net pension liability (asset) of $(635,793) and $877,553 as of June 30, 2018 and 2017, respectively. The District has recorded its proportionate share of pension plan expense of $1,579,798 as of June 30, 2018.

Actuarial Assumptions

Significant actuarial assumptions used in the TRS valuation were as follows:

Rate of return on investments	7.25% compounded annually, net of pension investment expense, including inflation
Salary increases	Rates of increase differ based on age and gender and a projected between 1.90% - 4.72%
Inflation	2.5%
Decrement tables	Society of Actuaries Scale MP2014 July 1, 2009 - June 30, 2014 System's Experience

Expected rate of return on investments

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2017 are summarized in the following table:

Asset Type	Long Term Expected Real Rate *	Target Allocation
Domestic equities	5.9 %	35.0 %
International equities	7.4	18.0
Real estate	4.3	11.0
Private equities	9.0	8.0
Domestic fixed income securities	1.6	16.0
Global fixed income securities	1.3	2.0
High-yield fixed income securities	3.9	1.0
Mortgages	2.8	8.0
Short-term	0.6	1.0
		100.0 %

* Real rates of return are net of a long-term inflation assumption of 2.2%

Discount Rate

The discount rate used to measure the TRS total pension liability as of June 30, 2018 was 7.25%. The projection of cash flows used to determine the discount rate assumed 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 on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active plan members. Therefore, the long-term expected rate of return on 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 changes in the discount rate assumption

The following presents the District's proportionate share of the net pension liability of the TRS plan, calculated as of the measurement date of June 30, 2017 using the discount rate of 7.25%, per annum (the "current rate"). The table shows what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.25%), or 1% point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Districts's proportionate share of the TRS Net Pension Liability (Asset)	$ 10,952,834	$ (635,793)	$ (10,340,693)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the TRS pension from the following sources:

	TRS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 523,102	$ (247,888)
Changes of assumptions	6,469,320	-
Net difference between projected and actual investment earnings on pension plan investments	-	(1,497,477)
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,740	(140,222)
Employer contributions subsequent to the measurement date	1,361,976	-
Total	$ 8,359,138	$ (1,885,587)

The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on plan investments, are amortized into pension expense over a 5 year closed period, which reflects the weighted average remaining service life of all plan members, beginning the year in which the deferred amount occurs. The annual difference the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs. The cumulative amounts of deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

For the fiscal year ended:	TRS
2019	$ 128,468
2020	$ 1,692,922
2021	$ 1,206,175
2022	$ 285,404
2023	$ 1,202,611
Thereafter	$ 595,995

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of June 30, 2017 were as follows:

	(Dollars in Millions) TRS
Measurement date	6/30/2017
Employers' total pension liability	$ 114,708
Plan net position	115,468
Employers' net pension liability (asset)	$ (760)
Ratio of plan net position to the employers' total pension liability	100.66 %

Employees' Retirement System (ERS)

The District recognized its proportion of the ERS net pension liability, deferred outflows of resources, and pension expense as of June 30, 2018. The ERS total pension liability was determined by actuarial valuations as of April 1, 2017 and rolled forward to the measurement date of March 31, 2018. The proportion allocation method utilized by ERS was the percentage of each employers fiscal year 2018 contribution to the total contributions to the plan.

The District's share of the pension liability of the ERS Plan represents 0.013835% of the total net pension liability. The District has recorded a net pension liability of $446,406 and $1,183,404 as of June 30, 2018 and 2017, respectively. The District has recorded its proportionate share of pension plan expenses of $556,947 as of June 30, 2018.

Actuarial Assumptions

Significant actuarial assumptions used in the April 1, 2017 ERS valuation were as follows:

Rate of return on investments	7.0% compounded annually, net of investment expenses
Salary scale	3.8% average
Inflation	2.5%
Decrement table	Society of Actuaries Scale MP-2014 April 1, 2010 - March 31, 2015 System's Experience

Expected rate of return on investments

The long-term expected rate of return on the ERS investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in Plan's target asset allocation as of the April 1, 2017 actuarial valuation are summarized in the following table:

Asset Type	Long Term Expected Real Rate*	Target Allocation*
Domestic equity	4.6 %	36.0 %
International equity	6.4	14.0
Private equity	7.5	10.0
Real estate	5.6	10.0
Absolute return strategies	3.8	2.0
Opportunistic portfolio	5.7	3.0
Real assets	5.3	3.0
Bonds and mortgages	1.3	17.0
Cash	(0.3)	1.0
Inflation-indexed bonds	1.3	4.0
		100.0 %

* Real rates of return are net of a long-term inflation assumption of 2.5%

Discount Rate

The discount rate used to measure the ERS total pension liability as of June 30, 2018 was 7.0%. The projection of cash flows used to determine the discount rate assumed 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 on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active plan members. Therefore, the long-term expected rate of return on 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 changes in the discount rate assumption

The following presents the District's proportionate share of the net pension liability of the ERS plan, calculated as of the measurement date of March 31, 2018 using the discount rate of 7.0% per annum (the "current rate"). The table shows what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.0%), or 1% point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
District's proportionate share of the ERS Net Pension Liability (Asset)	$ 3,377,625	$ 446,406	$ (2,033,289)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the ERS pension from the following sources:

	ERS Deferred Outflows of Resources	ERS Deferred Inflows of Resources
Differences between expected and actual experience	$ 159,218	$ (131,572)
Changes of assumptions	296,004	-
Net difference between projected and actual investment earnings on pension plan investments	648,369	(1,279,815)
Changes in proportion and differences between employer contributions and proportionate share of contributions	75,239	(11,862)
Employer contributions subsequent to the measurement date	135,758	-
Total	$ 1,314,588	$ (1,423,249)

The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on plan investments, are amortized into pension expense over a 5 year closed period, which reflects the weighted average remaining service life of all plan members, beginning the year in which the deferred amount occurs. The annual difference between the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs. The cumulative amounts of deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

For the fiscal year ended:	ERS
2019	$ 112,827
2020	$ 93,482
2021	$ (312,558)
2022	$ (138,170)
2023	$ -

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of March 31, 2016 were as follows:

		(Dollars in Millions) ERS
Measurement date		3/31/2018
Employers' total pension liability	$	183,400
Plan net position		(180,173)
Employers' net pension liability	$	3,227
Ratio of plan net position to the employers' total pension liability		98.2 %

Note 10. Post Employment Healthcare Plan

Plan Description and Benefits - The District provides under age 65 medical, dental and Medicare supplement plan benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the district has in place with different classifications of employees.

The District acquires health insurance through a consortium known as the Finger Lakes Area School Health Plan (FLASHP). Benefits provided by FLASHP are administered by Excellus BlueCross BlueShield and MVP. The FLASHP plan covers medical, dental, and pharmaceutical costs. Refer to the plan documents for the specifics and limitations of the coverage offered to retirees. Many of the services in the FLASHP plan require co-payments at various levels depending on the nature of the service.

Employees Covered by Benefit Terms -

Participant Data	
Inactive plan members or beneficiaries currently receiving benefits	277
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	297
Total	574

Total OPEB Liability - The District's total OPEB liability of $144,648,392 was measured as of July 1, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions - The method used to calculate the costs of the Plan is known as the Entry Age Normal, Level Percent of Salary. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.50%
Discount rate	3.60%
Inflation	2.20%
Healthcare cost trend rate	6.5% for 2018, decreasing to an ultimate rate of 3.94% for 2077 and years later

Mortality rates were based on the SOA RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with Scale MP-2015.

The following table shows the changes to the total OPEB liability:

Original OPEB liability as of July 1, 2017 (under GASB 45)	$ 72,551,902
Cumulative effect of change in accounting principle (required by GASB 75)	86,378,898
Total OPEB liability as of July 1, 2017	158,930,800
Changes for the year:	
Service cost	5,797,273
Interest	4,648,227
Differences between expected and actual experience	(21,463,130)
Changes in assumptions or other inputs	-
Benefit payments	(3,264,778)
Net changes	(14,282,408)
Total OPEB liability as of June 30, 2018	$144,648,392

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the District's OPEB liability calculated using the discount rate of 3.60% per annum (the "current rate"), as well as what the District's OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.60%) or 1% point higher (4.60%) than the current rate:

	1% Decrease (2.60%)	Current Assumption (3.60%)	1% Increase (4.60%)
Total OPEB Liability	$ 174,223,510	$ 144,648,392	$ 121,645,271

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the District's OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.5%) or 1% higher (7.5% calculated using the discount rate of 3.60% per annum (the "current rate"), as well as what the District's OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.60%) or 1% point higher (4.60%) than the current rate:

	1% Decrease (5.50%)	Current Assumption (6.50%)	1% Increase (7.50%)
Total OPEB Liability	$ 118,374,088	$ 144,648,392	$ 179,687,727

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 $6,673,421. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ -	$ -
Changes of assumptions or other inputs	-	17,691,051
District's contributions subsequent to measurement date	2,817,454	-
Total	$ 2,817,454	$ 17,691,051

District contributions subsequent to July 1, 2017 measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2019. Other amounts reports as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the fiscal year ended:	
2019	$(3,772,079)
2020	$(3,772,079)
2021	$(3,772,079)
2022	$(3,772,079)
2023	$(2,602,735)
Thereafter	$ -

Note 11. Tax Abatements

As of June 30, 2018, tax abatement programs include abatements on property taxes. The programs have the stated purpose of increasing business activity and employment in the region and the state, respectively. The County is subject to tax abatements granted by the Oneida County Industrial Development Agency (the "Agency"), a component unit of the County.

Property Taxes - All property tax abatements are performed through Payment In Lieu of Tax (PILOT) agreements made by the Agency. The PILOT agreements are made to support manufacturing, financial services, real estate, transportation, agriculture and retail. Total taxes abated by the Agency in each of these categories for the fiscal year ended June 30, 2018 are as follows:

Urban Renewal	$	236,992

Note 12. Risk Management

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

The District participates in the Madison - Oneida - Herkimer Consortium, a non-risk-retained public entity risk pool for its workers' compensation coverage. The pool is operated for the benefit of several individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for insured events in excess of the $350,000 limit, and the District has essentially transferred all related risk to the pool.

The District has chosen to establish a self-funded health benefit program for its employees. The benefit programs administrator, MVP Select Care, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the general fund of the District.

Note 13. Restatement of Net Position

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other postemployment benefits. The District's net position at June 30, 2017 has been restated as follows:

Net position beginning of year - as previously stated	$ (32,379,266)
GASB Statement No. 75 implementation	(86,378,898)
Net position beginning of year - as restated	$(118,758,164)

Note 14. Subsequent Events

In July 2018, the District issued a Bond anticipation note in the amount of $8,750,959 bearing interest at 2.50%. The note matures in July 2019 and was issued to renew $3,750,959 portion of $4,000,000 of currently outstanding bond anticipation notes and provide $5,000,000 of new money after payment of $249,011.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2018

Total OPEB Liability	
Service cost	$ 5,797,273
Interest	4,648,227
Changes of benefit terms	-
Differences between expected and actual experience	(21,463,130)
Changes in assumptions or other inputs	-
Expected benefit payments	(3,264,778)
Net changes in total OPEB liability	(14,282,408)
Total OPEB liability - beginning	158,930,800
Total OPEB liability - ending	$144,648,392
Covered employee payroll	$ 17,127,928
Total OPEB liability as a percentage of covered employee payroll	844.52 %

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset (Liability) - TRS
For the Year Ended June 30, 2018

	2018	2017	2016	2015
The District's proportion of the net pension asset	0.083646 %	0.081935 %	0.082031 %	0.080880 %
The District's proportionate share of the net pension (asset) liability	(635,793)	877,553	(8,520,385)	9,009,490
The District's covered employee payroll	13,763,838	13,255,147	12,643,317	12,322,139
The District's proportionate share of the net pension asset as a percentage of covered employee payroll	(4.62)%	6.62 %	(67.39)%	73.12 %
Plan fiduciary net position as a percentage of the total pension asset	100.66 %	99.01 %	110.46 %	111.48 %

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Liability - ERS
For the Year Ended June 30, 2018

	2018	2017	2016	2015
The District's proportion of the net pension liability	0.013835 %	0.012595 %	0.012544 %	0.012544 %
The District's proportionate share of the net pension liability	446,406	1,183,404	2,013,342	410,699
The District's covered employee payroll	3,620,879	3,270,297	3,128,449	3,052,864
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	12.33 %	36.19 %	64.36 %	13.45 %
Plan fiduciary net position as a percentage of the total pension liability	98.20 %	94.70 %	90.70 %	97.90 %

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Schedule of Employer's Contributions for TRS
For the Year Ended June 30, 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$1,553,503	$1,676,504	$2,160,071	$1,941,418	$ 1,364,038	$1,289,337	$1,010,361	$ 836,369	$ 995,339	$1,122,041
Contribution in relation to the contractually required contribution	1,553,503	1,676,504	2,160,071	1,941,418	1,364,038	1,289,337	1,010,361	836,369	995,339	1,122,041
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution as a percentage of covered employee payroll	11.29 %	12.65 %	17.08 %	15.76 %	11.42 %	11.11 %	8.62 %	5.99 %	6.46 %	7.43 %

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Schedule of Employer's Contributions for ERS
For the Year Ended June 30, 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 403,845	$ 371,980	$ 437,927	$ 428,583	$ 458,272	$ 436,716	$ 367,301	$ 381,983	$ 251,316	$ 240,316
Contribution in relation to the contractually required contribution	403,845	371,980	437,927	428,583	458,272	436,716	367,301	381,983	251,316	240,316
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution as a percentage of covered employee payroll	11.15 %	11.37 %	14.00 %	14.04 %	14.55 %	14.03 %	11.80 %	*	*	*

* - Covered payroll information not available for this period

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Year-end Encumbrances	Variance with Final Budget Favorable (Unfavorable)
Revenues					
Local Sources					
Real property taxes	$ 10,904,127	$ 10,943,023	$ 10,856,351		$ (86,672)
Real property tax items	3,150,543	3,111,647	2,948,427		(163,220)
Intergovernmental charges	77,800	77,800	119,418		41,618
Use of money and property	202,750	202,750	207,242		4,492
Sale of property and compensation for loss	1,500	1,500	40,269		38,769
Miscellaneous	452,929	462,443	1,312,998		850,555
Total local services	14,789,649	14,799,163	15,484,705		685,542
State sources	20,510,581	20,510,581	20,616,957		106,376
Federal sources	25,000	25,000	26,350		1,350
Total revenues	35,325,230	35,334,744	36,128,012		793,268
Other Financing Sources					
Total revenues and other financing sources	$ 35,325,230	$ 35,334,744	$ 36,128,012		$ 793,268
Expenditures					
General Support					
Board of education	45,653	45,558	44,119	$ -	1,439
Central administration	222,042	222,042	221,253	-	789
Finance	401,065	409,711	361,363	-	48,348
Staff	83,909	113,246	112,441	-	805
Central services	2,213,924	2,239,796	2,100,074	1,474	138,248
Special items	393,528	388,645	388,645	-	-
Total general support	3,360,121	3,418,998	3,227,895	1,474	189,629
Instruction					
Instruction, administration and improvement	1,488,674	1,522,360	1,475,297	-	47,063
Teaching - regular school	10,619,822	10,395,254	10,233,426	11,071	150,757
Programs for children with handicapping conditions	2,684,468	2,604,858	2,367,929	-	236,929
Occupational education	769,798	769,798	769,254	-	544
Teaching - special school	128,894	162,880	147,761	-	15,119
Instruction media	823,057	986,543	975,217	-	11,326
Pupil services	1,841,365	1,857,383	1,771,774	-	85,609
Total instruction	18,356,078	18,299,076	17,740,658	11,071	547,347
Pupil transportation	2,152,174	2,127,855	2,054,561	1,641	71,653
Employee benefits	10,134,397	10,209,397	9,927,292	-	282,105
Debt service	2,454,238	2,454,238	2,442,918	-	11,320
Total expenditures	36,457,008	36,509,564	35,393,324	14,186	1,102,054
Other Financing Uses					
Interfund transfers	125,999	375,999	367,865	-	8,134
Total expenditures and other financing uses	36,583,007	36,885,563	35,761,189	$ 14,186	$ 1,110,188
Change in Fund Balance	(1,257,777)	(1,550,819)	366,823		
Fund Balance - Beginning	12,534,697	12,534,697	12,534,697		
Fund Balance - Ending	$ 11,276,920	$ 10,983,878	$ 12,901,520		

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Combining Balance Sheet
Other Governmental Funds
June 30, 2018

	Special Revenue Fund			
	School Lunch Fund	Special Aid Fund	Debt Service Fund	Total Other Governmental Funds
ASSETS				
Assets				
Cash and cash equivalents	$ 3,119	$ -	$ 82,399	$ 85,518
Other receivables	3,229	-	-	3,229
Due from other funds	2,795	2,550	1,421	6,766
State and federal aid receivables	35,696	264,110	-	299,806
Inventory	25,852	-	-	25,852
Total Assets	$ 70,691	$ 266,660	$ 83,820	$ 421,171
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 57	$ -	$ -	$ 57
Accrued liabilities	15,081	-	-	15,081
Due to other funds	-	264,110	-	264,110
Total liabilities	15,138	264,110	-	279,248
Fund Balances				
Nonspendable	25,852	-	-	25,852
Restricted for debt	-	-	83,820	83,820
Assigned	29,701	2,550	-	32,251
Total fund balances	55,553	2,550	83,820	141,923
Total Liabilities and Fund Balances	$ 70,691	$ 266,660	$ 83,820	$ 421,171

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Fund			
	School Lunch Fund	Special Aid Fund	Debt Service Fund	Total Other Governmental Funds
Revenues				
Use of money and property	$ -	$ -	$ 1,419	$ 1,419
Miscellaneous local sources	2,673	2,550	-	5,223
State sources	41,849	334,945	-	376,794
Federal sources	460,223	887,327	-	1,347,550
Surplus food	33,299	-	-	33,299
Sales - school lunch	307,487	-	-	307,487
Total revenues	845,531	1,224,822	1,419	2,071,772
Other Financing Source				
Interfund transfers	-	17,866	-	17,866
Proceeds of advanced refunding bonds	-	-	1,990,000	1,990,000
Premiums on obligations	-	-	319,882	319,882
Total revenues and other financing source	845,531	1,242,688	2,311,301	4,399,520
Expenditures				
General support	4,509	-	90,255	94,764
Instruction	-	1,230,580	-	1,230,580
Pupil transportation	-	9,558	-	9,558
Employee benefits	190,224	-	-	190,224
Payment to escrow agent (advance refunding bonds)	-	-	2,020,000	2,020,000
Debt interest	-	-	199,627	199,627
Cost of sales	686,703	-	-	686,703
Total expenditures	881,436	1,240,138	2,309,882	4,431,456
Change in Fund Balance	(35,905)	2,550	1,419	(31,936)
Fund Balances - Beginning	91,458	-	82,401	173,859
Fund Balances - Ending	$ 55,553	$ 2,550	$ 83,820	$ 141,923

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Schedule of Change from Original Budget to Revised Budget
General Fund
For the Year Ended June 30, 2018

Original budget	$ 36,583,007
Add: Prior year's encumbrances	259,515
Add: Budget revisions	43,041
Final budget	$ 36,885,563
Next year's voter approved budget	$ 37,210,849

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Schedule of Real Property Tax Limit
General Fund
For the Year Ended June 30, 2018

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-19 voter-approved expenditure budget Maximum allowed (4% of 2018-19's budget)		$ 37,210,849
Maximum allowed 4% of 2018-19's budget		$ 1,488,434
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Committed fund balance	$ -	
Assigned fund balance	2,534,280	
Unassigned fund balance	1,510,259	
Total unrestricted fund balance	$ 4,044,539	
Less:		
Appropriated fund balance	$ 2,520,094	
Encumbrances included in committed and assigned fund balance	14,186	
Total adjustments	$ 2,534,280	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 1,510,259
Actual percentage		4.06 %

*Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures
Capital Projects Fund
For the Year Ended June 30, 2018

PROJECT TITLE	Original Budget	Amended Budget	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Methods of Financing: Obligations	Methods of Financing: State Aid	Methods of Financing: Local Sources	Methods of Financing: Total	Interfund Transfers	Fund Balance
2018 Capital Project	$ 1,900,000	$ 1,900,000	$ 329,244	$ 1,809,555	$ 2,138,799	$ 1,900,000	$ -	$ -	$ 1,900,000	$ 349,999	$ 111,200

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
For the Year Ended Saturday, June 30, 2018

Capital assets - net	$ 28,261,229
Deduct -	
Short-term portion of bonds payable	1,168,062
Long-term portion of bonds payable	4,126,067
	5,294,129
Net investment in capital assets	$ 22,967,100

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
Passed through programs from				
New York State Department of Education				
Child Nutrition Cluster:				
National School Lunch Program	10.555		$ 346,572	$ -
School Breakfast Program	10.553		102,135	-
Summer Food Service Program for Children	10.559		11,516	-
Total Child Nutrition Cluster			460,223	-
Total Passed - Through NYS Education Department			460,223	-
Non-Cash Assistance - Pass through programs from New York State Department of General Services				
National School Lunch Program - Commodities	10.565		33,299	-
Total US Department of Agriculture			493,522	-
U.S. Department of Education				
Passed through program from				
New York State Department of Education				
Special Education Cluster:				
Special Education - Grants to States	84.027	0032-11-0628	458,376	-
Special Education - Preschool Grants	84.173	0033-11-0628	12,287	-
Total Special Education Cluster			470,663	-
Other pass through programs				
Supporting Effective Instruction State Grants	84.367	0147-11-2050	66,386	-
Title I Grants to Local Education Agencies	84.010	0021-11-2050	350,278	-
Total other pass through programs			416,664	-
Total US Department of Education			887,327	-
Total Expenditures of Federal Awards			$ 1,380,849	$ -

See accompanying note to schedule of expenditures of federal awards.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which are described in Note 1 to the District's accompanying financial statements, using the 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. Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

Note 2. Subrecipients

No amounts were provided to subrecipients.

Note 3. Nonmonetary Federal Program

The District is the recipient of a federal award program (CFDA No. 10.565) that does not result in cash receipts or disbursements termed a "nonmonetary program." During the year ended June 30, 2018, the District used $33,299 worth of food commodities as reported in the schedule of expenditures of federal awards.

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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 Board of Education
Vernon Verona Sherrill Central School District
Verona, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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, fiduciary funds and the aggregate remaining fund information of the Vernon Verona Sherrill 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 Vernon Verona Sherrill Central School District's basic financial statements, and have issued our report thereon dated October 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Vernon Verona Sherrill Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Vernon Verona Sherrill Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Vernon Verona Sherrill 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Vernon Verona Sherrill 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-001.

The District's Response to Finding

The District's response to the finding identified in the audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is intended 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.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Williamsville, New York
October 12, 2018

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

To the Board of Education
Vernon Verona Sherrill Central School District
Verona, New York

Report on Compliance for Each Major Federal Program

We have audited the Vernon Verona Sherrill 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 Vernon Verona Sherrill Central School District's major federal programs for the year ended June 30, 2018. The Vernon Verona Sherrill 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Vernon Verona Sherrill 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 Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Vernon Verona Sherrill Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Vernon Verona Sherrill 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 Vernon Verona Sherrill Central School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Vernon Verona Sherrill Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Vernon Verona Sherrill 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Williamsville, New York
October 12, 2018

SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
1. Material weaknesses identified?	Yes	No
2. Significant deficiencies identified that are not considered to be material weaknesses?	Yes	No
3. Noncompliance material to the financial statements noted?	Yes	No

Federal Awards

Internal control over major programs:		
4. Material weaknesses identified?	Yes	No
5. Significant deficiencies identified that are not considered to be material weaknesses?	Yes	No
Type of auditors' report issued on compliance for major programs:	Unmodified	
6. Audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	Yes	No

7. Major programs audited were:

Program Title	**Federal CFDA Number**
Special Education Cluster (IDEA) U.S. Department of Education - Special Education - Cluster	84.027 / 84.173

8. Dollar threshold to determine type A and type B programs:	$750,000	
9. Auditee qualified as low-risk auditee?	Yes	No

FINDINGS - FINANCIAL STATEMENT AUDIT

Reference: 2018-001

Requirement

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

Finding

The District's unassigned fund balance at June 30, 2018 after excluding amounts assigned for the subsequent year end encumbrances was in excess of the New York State Real Property Tax Law §1318 limit. For the fiscal year ended June 30, 2018, this portion of the District's unassigned fund balance is $1,510,259 which is 4.06% of the 2018-2019 voter approved General Fund budget.

District's Response

We understand that the unassigned fund balance at June 30, 2018 was above the 4% limit. The balances in the reserve funds were established in June 2018 based on estimates at the time. These estimates differed from actual results due to subsequent reconciliations which increased the District's actual percentage to 4.06%.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

There were no findings in the prior year ended June 30, 2017.