PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel to the District, under existing law (1) interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes and is not an "item of tax preference" for purposes of the individual alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"), except that the School 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 thereof, and (2) 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). See the caption "TAX MATTERS" herein.

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

$12,480,000

SCHOHARIE CENTRAL SCHOOL DISTRICT

SCHOHARIE COUNTY, NEW YORK

GENERAL OBLIGATIONS

$12,480,000 Bond Anticipation Notes, 2019

(the "Notes")

Dated: August 1, 2019 **Due: June 26, 2020**

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

The Notes 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, 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, 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 Barclay Damon 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 August 1, 2019.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on July 17, 2019 by no later than 10:30 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.

July 10, 2019

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – MATERIAL EVENT NOTICES" HEREIN.

SCHOHARIE CENTRAL SCHOOL DISTRICT
SCHOHARIE COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2019-2020 BOARD OF EDUCATION

MARION JAQUEWAY
President

DANIEL GUASP
Vice President

MAUREEN BERNHARDT
TERRY BURTON
JOHN FLORUSSEN
LARAINE GELL
BILL KUEHNLE

* * * * * * *

DAVID M. BLANCHARD
Superintendent of Schools

SARAH L. BLOOD
Business Administrator

DEBRA CARDELLA
Administrative Assistant to the Superintendent

JULIE LANGAN
District Treasurer

GUERCIO & GUERCIO, LLP
School District Counsel

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

BARCLAY DAMON, LLP
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

SCHOHARIE CENTRAL SCHOOL DISTRICT SCHOHARIE COUNTY, NEW YORK

Relating To

$12,480,000 Bond Anticipation Notes, 2019

This Official Statement, which includes the cover page and appendices, has been prepared by the Schoharie Central School District, Schoharie County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $12,480,000 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" or "Chapter 97"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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

The Notes are dated August 1, 2019 and mature, without option of prior redemption, on June 26, 2020. The Notes will be issued in either (i) registered form, registered to the purchaser(s) in denominations of $5,000, or integral multiples thereof, or (ii) at the option of the purchaser(s), registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as the securities depository for the Notes. See "Book-Entry-Only System" herein. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including among other things, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on August 17, 2017 authorizing the issuance of $19,875,000 serial general obligation bonds to finance the cost of reconstruction and improvements of various School District buildings.

The proceeds of the Notes, along with $20,000 available funds of the District will partially redeem and renew $1,500,000 bond anticipation notes maturing August 2, 2019 and provide $11,000,000 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.

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at the office of the School District or, at the option of the holder of the Note, 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 Schoharie Central School District, centralized in 1952, is located in the Towns of Schoharie, Esperance, Wright, Middleburgh and Carlisle in Schoharie County, in the Town of Charleston in Montgomery County, the Town of Duanesburg in Schenectady County, and the Town of Knox in Albany County. The District covers approximately 77 square miles. All of the District's facilities are located on a 75-acre campus in the Village and Town of Schoharie.

The District is served by a network of State highways providing access to I-88 approximately four miles to the north. Air transportation is available at the Albany International Airport. Bus service is available in the Cities of Albany and Schenectady, and rail service is available in Amsterdam, Schenectady, and Rensselaer.

The District is a mixture of residential and agricultural areas, with many of its residents commuting to the Schenectady and Albany area for employment. Other residents are employed in agriculture, with vegetable and dairy farms prevalent. The State University of New York at Cobleskill also provides employment. Other employers are: County of Schoharie, Schoharie County ARC and Bassett Regional Hospital.

Water and sewer services are provided by the Village of Schoharie, as are fire and police protection. Electricity is provided by National Grid and telephone service by the Middleburgh Telephone Company and Verizon. Additional police protection is provided by the Schoharie County Sheriff's Department and the New York State Police.

The District provides public education for grades K-12. Opportunities for higher education include the State University of New York at Cobleskill, as well as the many colleges and universities in and around the Capital District.

District residents find commercial and financial services in the Villages of Schoharie, Middleburgh and Cobleskill, and in and around the Albany-Schenectady area.

Source: District officials.

Population

The current estimated population of the District is 6,445. (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 include the District, are the Towns and the County listed below. The figures set below with respect to such Towns and County is included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the County is necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
Towns of:						
Schoharie	$ 19,676	$ 30,258	$ 28,182	$ 50,000	$ 69,107	$ 76,964
Esperance	17,574	29,504	29,225	46,940	68,571	68,571
Wright	19,711	28,375	27,950	46,667	72,969	66,354
Middleburgh	17,560	25,353	28,216	42,056	64,458	64,583
Carlisle	17,767	24,500	29,968	48,095	69,567	65,529
Charleston	16,818	22,838	33,936	45,221	67,083	71,146
Duanesburg	23,345	31,586	30,184	65,461	86,912	88,835
Knox	22,670	29,968	33,480	63,697	89,583	95,729
County of:						
Schoharie	17,778	25,105	26,953	43,118	61,828	64,716
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: 2000 U.S. Census Bureau, and 2006-2010 and 2013-2017 5-Year American Community Survey estimates.

Larger Employers

The larger employers located within the area in and around the District include:

Name	Type	Number of Employees
County of Schoharie	County Government	400
Schoharie County ARC	Services for Developmentally Disabled	300
Schoharie Central School District	School District	195
Cobleskill Stone	Mining	125

Source: District officials.

Unemployment Rate Statistics

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

Annual Averages

	2012	2013	2014	2015	2016	2017	2018
Schoharie County	9.2%	8.1%	6.7%	5.8%	5.4%	5.5%	4.8%
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
Schoharie County	6.2%	5.9%	5.3%	4.1%	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, which is the policy-making body of the District, consists of seven members with overlapping three-year terms so that, as nearly as possible, an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District and no Board member may hold certain other district offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members.

Budgetary Procedures

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

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

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

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

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

Recent Budget Vote Results

The budget for the 2018-19 fiscal year was adopted by qualified voters on May 15, 2018 by a vote of 251 to 133. The District's budget for the 2018-19 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 1.34%, which was within the District tax levy limit.

The budget for the 2019-20 fiscal year was adopted by qualified voters on May 21, 2019 by a vote of 308 to 108. The District's budget for the 2019-20 fiscal year remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 2.37%, which is within the District tax levy limit.

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

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposit accounts in, certificates of deposit issued by or a deposit placement program with a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district, or district corporation other than the District; and (6) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible letter of credit, an eligible surety bond, or under a deposit placement program, as each such term is defined in the law.

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

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-2020 fiscal year, approximately 52.21% 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 of 2017 (H.R. 1, P.L. 115-97) 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. See "TAX CUTS AND JOBS ACT".

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 85.0% 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 was not part of the Community Schools Grant Initiative (CSGI).

<u>*Gap Elimination Adjustment (GEA).*</u> 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 $8,173,667. 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 figures for the 2018-2019 and 2019–2020 fiscal years comprised of State aid.

Fiscal Year	Total Revenues (1)	Total State Aid (1)	Percentage of Total Revenues Consisting of State Aid
2013-2014	$ 19,371,496	$ 9,205,150	47.52%
2014-2015	19,734,485	9,425,613	47.76
2015-2016	21,100,420	10,638,741	50.42
2016-2017	21,218,428	10,762,635	50.72
2017-2018	21,956,055	11,022,116	50.20
2018-2019 (Budgeted)	22,152,283	11,448,763	51.68
2019-2020 (Budgeted)	22,920,229	12,035,599	52.51

(1) General Fund only.

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

The District currently operates the following facilities:

Name	Grades	Capacity	Year(s) Built
Elementary School	K-6	775	1952, '76, '05
Junior/High School	7-12	650	1926, '87, '98, '05

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2014-2015	858	2019-2020	879
2015-2016	874	2020-2021	866
2016-2017	865	2021-2022	864
2017-2018	891	2022-2023	868
2018-2019	867	2023-2024	865

Source: District officials.

Employees

The District employs a total of approximately 158 full-time and 27 part-time employees. Certain employees are represented by the following unions:

Employees Represented	Union Representation	Contract Expiration Date
110	Schoharie Teachers' Association	June 30, 2020
65	Schoharie Central Employees' Association	June 30, 2022
4	Schoharie Central Administrators' Association	June 30, 2021
6	Confidential / Managerial Employees	June 30, 2021

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	$ 357,752	$ 1,223,245
2015-2016	336,442	965,340
2016-2017	306,624	864,775
2017-2018	369,895	912,997
2018-2019	240,965	746,828
2019-2020 (Budgeted)	400,000	1,100,000

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. The District implemented GASB 75 for the fiscal year ended June 30, 2018. The implementation of this statement requires school districts 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 an actuarial firm to calculate its first actuarial valuation under GASB 75 for the fiscal year ending June 30, 2018.

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

Balance at June 30, 2017:	$ 57,474,292
Changes for the year:	
Service cost	1,635,011
Interest	2,019,699
Differences between expected and actual experience	0
Changes of benefit terms	0
Changes in assumptions	(2,873,715)
Benefit payments	(2,116,260)
Net Changes	(1,335,265)
Balance at June 30, 2018:	$ 56,139,027

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

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

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

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

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

Annual OPEB Cost and Net OPEB Obligation:

	2017	2016
Annual required contribution (ARC)	$ 3,229,065	$ 3,113,756
Amortization of unfunded actuarial accrued liability	527,697	0
Interest on net OPEB obligation	0	467,613
Adjustment to ARC	(497,038)	(440,445)
Annual OPEB cost (expense)	3,259,724	3,140,924
Contributions made	(1,659,062)	(1,638,837)
Increase in net OPEB obligation	1,600,662	1,502,087
Net OPEB obligation - beginning of year	13,192,417	11,690,330
Net OPEB obligation - end of year	$ 14,793,079	$ 13,192,417
Percentage of annual OPEB cost contributed	50.9%	52.2%

Funding Status

	2017	2016
Actuarial Accrued Liability (AAL)	$ 43,905,177	$ 41,987,705
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 43,905,177	$ 41,987,705
Funded Ratio (Assets as a Percentage of AAL)	0.00%	0.00%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 3,259,724	50.9%	$ 14,793,079
2016	3,140,924	52.2	13,192,417
2015	3,017,122	47.5	11,690,330

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 – D". The audit report covering the period ending June 30, 2019 is unavailable as of the date of this Official Statement. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

Unaudited Results for Fiscal Year Ending June 30, 2019

The District expects to end the fiscal year ending June 30, 2019 with an unappropriated unreserved fund balance of $980,809. Summary unaudited information for the General Fund for the period ending June 30, 2019 is as follows:

Revenues:	$ 23,343,955
Expenditures:	22,626,913
Excess (Deficit) Revenues Over Expenditures:	$ 717,042
Total Fund Balance:	$ 1,578,688

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

Source: District officials.

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 report of the District on April 19, 2019. The purpose of the audit was to Determine whether District officials properly managed school lunch operations for the period July 1, 2017 through Octboer 1, 2018.

Key Findings:

- Over the last three years, the school lunch fund incurred operating deficits totaling over $151,500 (excluding general fund transfers).
- No one at the District performed a cost-per-meal equivalent (ME) or meals-per-labor-hour analyses (MPLH).
- District officials could have saved almost $2,000 in three months if they purchased milk from the New York State Office of General Services (OGS) cooperative bid.

Key Recommendations:

- Periodically complete cost-per-ME and MPLH analyses.
- Ensure the District obtains the best price when making purchases.

The District provided a complete response to the State Comptroller's office on April 8, 2019. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

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

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 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	0.0%
2017	No Designation	6.7%
2016	No Designation	6.7%

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:	2015	2016	2017	2018	2019
Towns of:					
Knox	$ 1,165,850	$ 1,170,171	$ 1,713,253	$ 1,219,491	$ 1,265,680
Charleston	7,115,126	7,030,911	6,986,770	7,066,147	7,326,016
Duanesburg	3,156,684	3,222,301	3,207,357	3,209,924	3,171,438
Carlisle	7,949,949	7,946,614	5,621,496	5,622,366	5,802,256
Esperance	94,472,245	94,851,592	86,028,863	86,994,313	90,175,596
Middleburgh	5,504,226	5,520,753	5,543,339	5,602,454	5,677,520
Schoharie	161,384,249	160,326,547	156,353,077	156,800,890	158,233,817
Wright	100,471,287	100,907,283	72,770,065	73,126,803	73,208,975
Total Assessed Values	$ 381,219,616	$ 380,976,172	$ 338,224,220	$ 339,642,388	$ 344,861,298

State Equalization Rates					
Towns of:					
Knox	62.00%	62.00%	62.00%	60.00%	58.00%
Charleston	100.00%	100.00%	100.00%	100.00%	95.00%
Duanesburg	35.60%	35.60%	34.50%	33.80%	32.80%
Carlisle	81.50%	80.00%	81.00%	79.00%	76.00%
Esperance	100.00%	100.00%	100.00%	97.00%	96.75%
Middleburgh	70.00%	70.00%	70.00%	70.00%	70.00%
Schoharie	100.00%	100.00%	100.00%	97.00%	96.75%
Wright	88.00%	86.00%	88.00%	80.00%	78.00%
Total Taxable Full Valuation	$ 405,508,749	$ 408,301,937	$ 358,981,138	$ 376,459,638	$ 385,919,687

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Towns of:					
Knox	$ 37.32	$ 37.55	$ 37.55	$ 36.93	$ 37.75
Charleston	23.14	23.28	23.28	22.16	23.05
Duanesburg	65.00	65.40	65.40	65.55	66.75
Carlisle	28.39	29.10	29.10	28.05	28.81
Esperance	23.16	22.28	23.28	22.84	22.63
Middleburgh	33.06	33.26	33.26	31.65	31.28
Schoharie	23.12	23.28	23.28	22.81	22.63
Wright	26.29	27.07	27.07	27.70	28.07

Tax Collection Procedure

Taxes are payable to the District Tax Collector during the month of September without penalty. Payments made during the month of October carry a penalty of 2%. Unpaid taxes are returned to the County Treasurers on November 15, and are added to the following year's town/county tax bills with an additional penalty. The Counties reimburse the District for all unpaid taxes in April of the year following the year of levy, and the District is thus assured of 100% collection of its annual levy.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Total Tax Levy	$ 9,382,282	$ 9,505,510	$ 6,863,094	$ 8,337,204	$ 8,450,098
Amount Uncollected (1)	882,569	895,235	824,898	729,292	817,411
% Uncollected	9.41%	9.42%	12.02%	8.75%	9.67%

(1) 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 for the 2018-2019 and 2019–2020 fiscal years comprised of Real Property Taxes.

Fiscal Year	Total Revenues [1]	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2013-2014	$ 19,371,496	$ 9,754,286	50.35%
2014-2015	19,734,485	9,899,625	50.16
2015-2016	21,100,420	10,036,591	47.57
2016-2017	21,218,428	9,989,619	47.08
2017-2018	21,956,055	10,154,972	46.25
2018-2019 (Budgeted)	22,152,283	10,308,820	46.54
2019-2020 (Budgeted)	22,920,229	10,528,367	45.93

(1) General fund only, does not include inter-fund transfers or reserve funds.

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.

Larger Taxpayers 2018 Tax Roll for 2018-2019

Name	Type	Full Valuation
Niagara Mohawk Power Corp.	Utility	$ 6,821,027
Valley Enterprises LLC	Manufactured Housing Park	3,406,200
BJ Hospitality LLC	Motel	1,941,429
Iroquois Gas Transmission Company	Utility	1,216,700 [1]
Cobleskill Stone Corp	Stone Quarry	1,100,000
Middleburgh Telephone Co.	Phone Company	1,038,100
Schoharie Park LLC	Mobile Home Park	962,333
Verizon	Phone Company	786,719
State of New York	Forest Land	746,258
Schoenecker, Hans	Industrial	628,812

(1) Amount paid to the District through PILOT agreement.

The larger taxpayers listed above have a total estimated full valuation of $18,647,578, which represents 4.83% of the tax base of the District.

As of the date of this Official Statement, the District currently does not have any pending or outstanding tax certioraris which, if decided adversely to the District, would 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 to elect the exemption or the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

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

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Schoharie	$ 66,470	$ 29,030	4/9/2019
Esperance	66,470	29,030	4/9/2019
Wright	53,590	23,400	4/9/2019
Middleburgh	48,090	21,000	4/9/2019
Carlisle	52,210	22,800	4/9/2019
Charleston	65,270	28,500	4/9/2019
Duanesburg	22,530	9,840	4/9/2019
Knox	39,850	17,400	4/9/2019

$1,420,934 of the District's $8,450,098 school tax levy for the 2018-2019 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by March 31, 2019.

Approximately $1,400,000 of the District's $8,650,703 total school tax levy for the 2019-2020 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.

The total valuation of the District is estimated to be categorized as follows: Residential-60%, Agricultural-30% and Commercial-10%.

The estimated total annual property tax bill of $100,000 market value residential property located in the District is approximately $4,500 including County, Town, School District and fire district taxes.

TAX LEVY LIMITATION LAW

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

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

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was to expire on June 15, 2020 unless extended; recent legislation has made it permanent. 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.

Chapter 20 of the Laws of 2015 ("Chapter 20") introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") received \$130, and eligible taxpayers who resided outside the MCTD received \$185. Credits in 2017-2019 will vary based on a taxpayer's personal income level and STAR tax savings. Under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district's compliance with the provisions of the Tax Levy Limitation Law. For taxpayers other than those living in one of the "Big 4" cities (Buffalo, Rochester, Syracuse and Yonkers) 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. In either scenario, the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of Chapter 97.

While the provisions of Chapter 20 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, Chapter 20 does provide an incentive for such tax levies to remain within 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.

TAX CUTS AND JOBS ACT OF 2017

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), (the "TCJA") making major changes to the Federal Internal Revenue Code, most of which were effective in the 2018 tax year. The new Federal tax law makes extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes. The State's income tax system interacts with the Federal system in numerous ways. The changes to the Federal tax code are expected to have significant flow-through effects on state tax burdens and revenues. The State's 2019-20 Enacted Budget included State tax reform intended to mitigate issues arising from the Federal law, including decoupling many State tax provisions from the Federal changes, the creation of an optional payroll tax program, and the establishment of a new State charitable giving vehicle. The State continues to evaluate other tax law changes in response to the TCJA. On July 18, 2018, the State, joined by Connecticut, Maryland and New Jersey, filed a lawsuit intended to protect New York taxpayers from the new Federal limit on the SALT deduction. The lawsuit argues that the new SALT limit was enacted to target New York and similarly situated states, that it interferes with the states' rights to make their own fiscal decisions, and that it will disproportionately harm taxpayers in these states.

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute. The School District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its Notes.

Statutory Procedure

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

The School District has the power to contract indebtedness for any School District purpose provided that the aggregate principal amount thereof shall not exceed five per centum of the average full valuation of the taxable real estate of the School District as required by the Local Finance Law and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining average full valuation is by dividing the assessed valuation of taxable real estate for the last completed and the four preceding assessment rolls by the equalization rates established by the State Office of Real Property Services in accordance with applicable State law.

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

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

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2015	2016	2017	2018	2019
Bonds	$ 8,090,000	$ 6,820,000	$ 7,375,000	$ 7,120,000	$ 4,870,000
Bond Anticipation Notes	1,499,998	2,552,810	820,223	2,306,070	2,296,963
Installment Purchase Contracts	25,960	34,391	10,814	0	0
Other Debt	1,606,460	1,398,167	1,181,115	955,445	702,783
Total Debt Outstanding	$ 11,222,418	$ 10,805,368	$ 9,387,152	$ 10,381,515	$ 7,869,746

Details of Outstanding Indebtedness

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

Type of Indebtedness	Maturity	Amount
Bonds	2019-2031	$ 4,870,000
Bond Anticipation Notes		
Capital Project	August 2, 2019	1,500,000 (1)
Purchase of School Buses	September 27, 2019	796,963 (2)
	Total Indebtedness	$ 7,166,963

(1) To be renewed at maturity with proceeds of the Notes, along with $20,000 available funds.
(2) To be partially redeemed and renewed at maturity with bond anticipation notes and a budgeted principal payment.

Debt Statement Summary

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

Full Valuation of Taxable Real Property			$ 385,919,687
Debt Limit 10% thereof			38,591,969
Inclusions:			
Bonds	$ 4,870,000		
Bond Anticipation Notes	816,963		
Principal of this Issue	12,480,000		
Total Inclusions		$ 18,166,963	
Exclusions:			
State Building Aid [(1)]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 18,166,963
Net Debt-Contracting Margin			$ 20,425,006
The percent of debt contracting power exhausted is			47.07%

(1) Based on preliminary 2019-2020 building aid estimates, the District anticipates State Building aid of 85.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

Bonded Debt Service

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

Capital Project Plans

The District typically issues bond anticipation notes on an annual basis to finance the acquisition of buses. On May 15, 2018, District voters approved $313,041 for the purchase of buses. The District issued $786,963 bond anticipation notes on September 28, 2018, which, along with available funds of the District, partially redeemed and renewed the District’s outstanding bond anticipation notes for the purchase of buses. On May 21, 2019, District voters approved $357,080 for the purchase of buses. The District will be paying cash for these new buses.

On May 16, 2017 the voters of the District authorized a capital project in the amount of $19,875,000 for the reconstruction and renovation of various District buildings and facilities. The District issued $1,500,000 bond anticipation notes to mature on August 3, 2018 which represented the first borrowing against this authorization. The District issued $1,500,000 bond anticipation notes on August 2, 2018 to renew in full the notes that matured on August 3, 2018. The Notes are being issued, along with $20,000 available funds of the District to partially redeem and renew the notes maturing August 2, 2019 and provide $11,000,000 new money for the aforementioned purpose.

The District does not have any other projects authorized, nor are any contemplated.

Cash Flow Borrowings

During the 2002 fiscal year, the District issued $1,500,000 in revenue anticipation notes in anticipation of State aid for 2003 fiscal year. These notes matured and were paid in full. Since then, the District has not undertaken any borrowing for cash flow purposes. The District does not anticipate any cash flow borrowings 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
Counties of:						
Schoharie	12/31/2017	$ 41,573,106	$ 858,106	$ 40,715,000	15.42%	$ 6,278,253
Montgomery	12/31/2017	36,234,000	-	36,234,000	0.31%	112,325
Schenectady	12/31/2017	78,525,000	-	78,525,000	0.10%	78,525
Albany	12/31/2017	295,589,303	-	295,589,303	0.01%	29,559
Towns of:						
Schoharie	12/31/2017	121,001	-	121,001	93.01%	112,543
Esperance	12/31/2017	793,293	121,000	672,293	94.83%	637,535
Wright	12/31/2017	61,335	-	61,335	92.90%	56,980
Middleburgh	12/31/2017	45,333	-	45,333	4.16%	1,886
Carlisle	12/31/2017	-	-	-	7.50%	-
Charleston	12/31/2017	-	-	-	7.59%	-
Duanesburg	12/31/2017	6,969,395	-	6,969,395	1.92%	133,812
Knox	12/31/2017	-	-	-	0.87%	-
Villages of:						
Schoharie	5/31/2018	2,019,461	1,516,533	502,928	100.00%	502,928
Esperance	5/31/2018	44,000	-	44,000	100.00%	44,000
					Total:	$ 7,944,347

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

Note: The 2018 Comptroller’s Special Report for the Counties and Towns above are currently unavailable as of the date of this Official Statement.

Source: Comptroller’s Special Report on Municipal Affairs for Local Finance Years Ended in 2017 and 2018.

Debt Ratios

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

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 18,166,963	$ 2,818.77	4.71%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	26,111,310	4,051.41	6.77

(a) The current estimated population of the District is 6,445. (See “THE SCHOOL DISTRICT – Population” herein.)
(b) The District's full value of taxable real estate for the 2018-19 fiscal year is $385,919,687. (See “TAX INFORMATION – Taxable Assessed Valuations” herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $7,944,347. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel, under existing law, (1) interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes and is not an “item of tax preference” for purposes of the individual alternative minimum taxes imposed by the Code, except 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 thereof, and (2) 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).

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

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

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

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

The Notes will NOT be designated or deemed designated by the District as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

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

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, Bond Counsel, Albany, New York to the effect that the Notes are valid and legally binding obligations of the District, that all the taxable real property therein will be subject to the levy of ad valorem taxes to pay the Notes and the interest thereon without limitation as to rate or amount, that 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 and that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District will covenant to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Such opinion also will state that: (a) the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to their attention or any changes in law that may occur thereafter.

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent 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. The fees paid by the District to Fiscal Advisors are partially contingent on a successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

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

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 a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX - C", attached hereto).

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned 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.

Moody's Investors Service ("Moody's") has assigned its underlying rating of "A1" to the District's outstanding bonds. The rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's, 99 Church Street - 9th Floor, New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

Barclay Damon 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's contact information is as follows: Ms. Sarah Blood, Business Administrator, P.O. Box 430, 136 Academy Drive, Schoharie, New York 12157 telephone (518) 295-6673, fax (518) 295-9510, email sblood@schoharie.k12.ny.us.

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

SCHOHARIE CENTRAL SCHOOL DISTRICT

Dated: July 10, 2019

MARION JAQUEWAY
PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Year Ending June 30:	2014	2015	2016	2017	2018
ASSETS					
Unrestricted Cash	$ 2,352,637	$ 1,567,904	$ 1,361,292	$ 1,200,823	$ 1,122,555
Restricted Cash	4,144,962	3,886,661	3,778,170	-	-
Investments	757,971	754,647	749,298	6,222,830	6,878,693
State and Federal Aid Receivable	314,707	318,176	346,649	309,018	399,106
Due from Other Governments	215,413	368,315	384,187	382,890	451,835
Due from Other Funds	606,878	1,228,549	1,942,057	1,009,935	838,305
Accounts Receivable	64,712	50,362	92,596	105,955	86,793
TOTAL ASSETS	$ 8,457,280	$ 8,174,614	$ 8,654,249	$ 9,231,451	$ 9,777,287
LIABILITIES AND FUND EQUITY					
Accounts and Retainages Payable	$ 9,704	$ -	$ 75	$ 547	$ -
Accrued Liabilities	84,537	28,671	103,143	38,570	89,826
Due to Other Funds	106,618	-	-	-	-
Due to Other Governments	24,590	19,233	29,563	29,311	42,703
Due to Teachers' Retirement System	1,149,486	1,267,138	1,002,425	912,982	777,720
Due to Employees' Retirement System	107,582	97,432	82,100	84,483	87,485
Deferred Revenues	213,659	342,231	335,619	366,520	439,573
TOTAL LIABILITIES	$ 1,696,176	$ 1,754,705	$ 1,552,925	$ 1,432,413	$ 1,437,307
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	4,144,962	3,886,661	3,778,170	4,110,894	4,826,076
Assigned	1,749,048	1,637,966	1,824,108	2,132,535	1,831,664
Unassigned	867,094	895,282	1,499,046	1,555,609	1,682,240
TOTAL FUND EQUITY	$ 6,761,104	$ 6,419,909	$ 7,101,324	$ 7,799,038	$ 8,339,980
TOTAL LIABILITIES & FUND EQUITY	$ 8,457,280	$ 8,174,614	$ 8,654,249	$ 9,231,451	$ 9,777,287

Source: Audited financial reports 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 & Tax Items	$ 9,475,326	$ 9,754,286	$ 9,899,625	$ 10,036,591	$ 9,989,619
Non-Property Taxes	-	-	-	-	-
Charges for Services	55,942	43,398	69,958	176,449	118,086
Use of Money & Property	13,892	16,923	10,124	11,749	18,380
Sale of Property and Compensation for Loss	30,239	38,462	11,173	45,429	58,062
Miscellaneous	98,064	254,057	274,719	142,659	204,974
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	9,390,367	9,205,150	9,425,613	10,638,741	10,762,635
Revenue from Federal Sources	16,599	59,220	43,273	48,802	66,672
Total Revenues	$ 19,080,429	$ 19,371,496	$ 19,734,485	$ 21,100,420	$ 21,218,428
Other Sources:					
Appropriated Fund Balance	-	-	-	-	-
Interfund Transfers	75,951	-	6,105	-	-
Total Revenues and Other Sources	$ 19,156,380	$ 19,371,496	$ 19,740,590	$ 21,100,420	$ 21,218,428
EXPENDITURES					
General Support	$ 1,826,466	$ 1,940,252	$ 1,964,737	$ 1,992,815	$ 2,023,096
Instruction	8,545,923	8,851,191	9,028,081	9,452,944	9,474,895
Pupil Transportation	1,203,243	1,156,436	1,179,912	1,081,475	1,113,258
Community Services	4,270	2,841	2,081	2,771	2,854
Employee Benefits	4,544,317	4,983,562	5,753,004	5,741,496	5,844,129
Debt Service	1,971,584	1,991,066	2,070,388	2,101,680	1,989,545
Capital Outlay	-	-	-	-	-
Total Expenditures	$ 18,095,803	$ 18,925,348	$ 19,998,203	$ 20,373,181	$ 20,447,777
Other Uses:					
Interfund Transfers	180,246	138,127	83,582	45,824	72,937
Total Expenditures and Other Uses	$ 18,276,049	$ 19,063,475	$ 20,081,785	$ 20,419,005	$ 20,520,714
Excess (Deficit) Revenues Over Expenditures	880,331	308,021	(341,195)	681,415	697,714
FUND BALANCE					
Fund Balance - Beginning of Year	5,572,752	6,453,083	6,761,104	6,419,909	7,101,324
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 6,453,083	$ 6,761,104	$ 6,419,909	$ 7,101,324	$ 7,799,038

Source: Audited financial reports 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			2019	2020
	Adopted Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes & Tax Items	$ 10,170,129	$ 10,170,129	$ 10,154,972	$ 10,308,820	$ 10,528,367
Non-Property Taxes	-	-	-	-	-
Charges for Services	72,250	72,250	142,020	66,000	-
Use of Money & Property	18,500	18,500	100,014	28,000	-
Sale of Property and Compensation for Loss	44,200	146,532	148,219	4,000	-
Miscellaneous	167,500	167,500	304,899	246,700	296,263
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	11,209,741	11,209,741	11,022,116	11,448,763	12,035,599
Revenues from Federal Sources	55,000	55,000	83,815	50,000	60,000
Total Revenues	$ 21,737,320	$ 21,839,652	$ 21,956,055	$ 22,152,283	$ 22,920,229
Other Sources:					
Prior Year Encumbrances	454,036	454,036	-	-	-
Appropriated Fund Balance	1,678,499	1,678,499	-	-	-
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 23,869,855	$ 23,972,187	$ 21,956,055	$ 22,152,283	$ 22,920,229
EXPENDITURES					
General Support	$ 2,441,096	$ 2,597,795	$ 2,350,363	$ 2,411,902	$ 2,621,869
Instruction	11,224,763	11,282,806	9,894,974	11,256,353	11,503,980
Pupil Transportation	1,350,150	1,343,918	1,158,267	1,275,254	1,306,186
Community Services	2,940	3,014	3,014	3,104	
Employee Benefits	6,683,680	6,577,428	5,899,084	6,789,330	6,849,537
Debt Service	2,035,226	2,035,226	1,982,882	2,024,011	2,238,657
Capital Outlay	-	-	-	-	-
Total Expenditures	$ 23,737,855	$ 23,840,187	$ 21,288,584	$ 23,759,954	$ 24,520,229
Other Uses:					
Interfund Transfers	132,000	132,000	126,530	63,000	
Total Expenditures and Other Uses	$ 23,869,855	$ 23,972,187	$ 21,415,114	$ 23,822,954	$ 24,520,229
Excess (Deficit) Revenues Over Expenditures	-	-	540,941	(1,670,671)	(1,600,000)
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	7,799,039	1,670,671	1,600,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 8,339,980	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	$ 1,330,000	$ 112,357.50	$ 1,442,357.50
2021	555,000	83,710.00	638,710.00
2022	570,000	70,862.50	640,862.50
2023	430,000	58,112.50	488,112.50
2024	445,000	48,112.50	493,112.50
2025	355,000	38,762.50	393,762.50
2026	270,000	31,162.50	301,162.50
2027	280,000	24,312.50	304,312.50
2028	280,000	17,050.00	297,050.00
2029	135,000	9,625.00	144,625.00
2030	140,000	6,250.00	146,250.00
2031	80,000	2,400.00	82,400.00
TOTALS	$ 4,870,000	$ 502,717.50	$ 5,372,717.50

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2013 Refunding of 2002 & 2005 A&B Bonds			2014 Capital Projects		
	Principal	Interest	Total	Principal	Interest	Total
2020	$ 790,000	$ 15,800.00	$ 805,800.00	$ 120,000	$ 35,850.00	$ 155,850.00
2021	-	-	-	125,000	33,450.00	158,450.00
2022	-	-	-	130,000	29,700.00	159,700.00
2023	-	-	-	135,000	25,800	160,800.00
2024	-	-	-	140,000	21,750	161,750.00
2025	-	-	-	140,000	17,550	157,550.00
2026	-	-	-	145,000	13,350	158,350.00
2027	-	-	-	150,000	9,000	159,000.00
2028	-	-	-	150,000	4,500	154,500.00
TOTALS	$ 790,000	$ 15,800.00	$ 805,800.00	$ 1,235,000	$ 190,950.00	$1,425,950.00

Fiscal Year Ending June 30th	2016 Renovations			2017 Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	$ 110,000	$ 31,812.50	$ 141,812.50	$ 310,000	$ 28,895.00	$ 338,895.00
2021	115,000	29,612.50	144,612.50	315,000	20,647.50	335,647.50
2022	115,000	27,312.50	142,312.50	325,000	13,850.00	338,850.00
2023	115,000	25,012.50	140,012.50	180,000	7,300.00	187,300.00
2024	120,000	22,712.50	142,712.50	185,000	3,650.00	188,650.00
2025	125,000	20,312.50	145,312.50	90,000	900.00	90,900.00
2026	125,000	17,812.50	142,812.50	-	-	-
2027	130,000	15,312.50	145,312.50	-	-	-
2028	130,000	12,550.00	142,550.00	-	-	-
2029	135,000	9,625.00	144,625.00	-	-	-
2030	140,000	6,250.00	146,250.00	-	-	-
2031	80,000	2,400.00	82,400.00	-	-	-
TOTALS	$ 1,440,000	$ 220,725.00	$1,660,725.00	$ 1,405,000	$ 75,242.50	$ 1,480,242.50

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

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

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

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

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

(h) note calls, if material and tender offers

(i) defeasances

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

(k) rating changes

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

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

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

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

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

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

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

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

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

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

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

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

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

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SCHOHARIE CENTRAL SCHOOL DISTRICT
SCHOHARIE 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.

SCHOHARIE CENTRAL SCHOOL DISTRICT

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SCHOHARIE CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Schoharie Central School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Schoharie 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.

Change in Accounting Principle

As discussed in Note 6 to the financial statements, the District changed its method of accounting for Postemployment Benefits Other than Pensions in 2017/2018 as required by the provisions of GASB Statement Number 75. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 - A8, budgetary comparison information on pages C1 and C2, schedule of changes in total OPEB liability on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of District contributions on page C5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Schoharie Central School District's basic financial statements. The supplemental information on pages D1 - D3 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* 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Marvin and Company, P.C.

Latham, NY
October 17, 2018

SCHOHARIE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2018

The following discussion and analysis of the Schoharie Central School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2018. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements; we encourage readers to consider the information presented here, in conjunction with information provided in the financial statements.

Financial Highlights

- Governmental funds total assets of the District were $10,968,327
- Total net position decreased by $42,259,330 over the course of the year.

Overview of the Financial Statements

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

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

- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.

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

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

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

District-wide Statements

The *District-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. retirement system liabilities and earned but unused vacation leave).

The District-wide financial statements can be found on pages B1 and B2 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as the 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.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by $40,542,847 at the close of the most recent fiscal year.

Net position

Governmental Activities	6/30/18	6/30/17
Current and other assets	$ 10,481,009	$ 9,025,859
Capital assets	15,858,296	15,187,556
Total assets	$ 26,339,305	$ 24,213,415
Deferred Outflows of Resources	$ 5,507,437	$ 5,479,928
Total Assets and Deferred Outflows	$ 31,846,742	$ 29,693,343
Long-term liabilities	$ 64,438,930	$ 25,471,766
Other liabilities	3,674,872	2,182,307
Total liabilities	$ 68,113,802	$ 27,654,073
Deferred Inflows of Resources	$ 4,275,787	$ 322,787
Net position		
Invested in capital assets, net of related debt	$ 7,095,521	$ 6,006,692
Restricted	4,830,909	4,111,569
Unrestricted	(52,469,277)	(8,401,778)
Total Net Position (Deficit)	$ (40,542,847)	$ 1,716,483

Net position decreased during the year by $42,259,330.

The District has earmarked funds from restricted funds for the following purposes:

- *Reserve for Employee Benefit Accrued Liability of $859,652.* The District will use these funds to pay accrued employee benefits due upon termination of the employee's service.

- *Reserve for Retirement Contributions of $389,690.* The District will use these funds to finance retirement contributions.

- *Unemployment Insurance Reserve of $33,620*. The District will use these funds 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.

- *Capital Reserve of $2,500,000.* The District will use these funds to pay for future capital projects.

- *Insurance Reserve* of *$232,000*. The District will use these funds to fund certain uninsured losses, claims, actions, or judgments for which the local government is authorized or required to purchase or maintain insurance, with a number of exceptions.

- *Workers' Compensation Reserve of $156,144.* The District will use these funds to pay for compensation benefits and other expenses as authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses for administering this self-insurance program.

- *Capital Reserve - Bus Purchase of $554,970*. The District will use these funds to pay for future bus purchases.

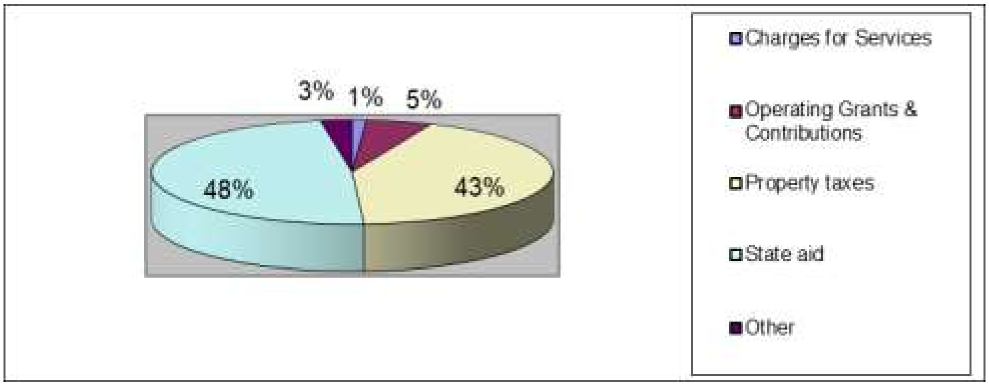
- *Repair Reserve of $100,000*. The District will use these funds to pay for future repairs to District property and equipment.

- *Debt Service Reserve of $4,833.* The District will use these funds to pay for debt service.

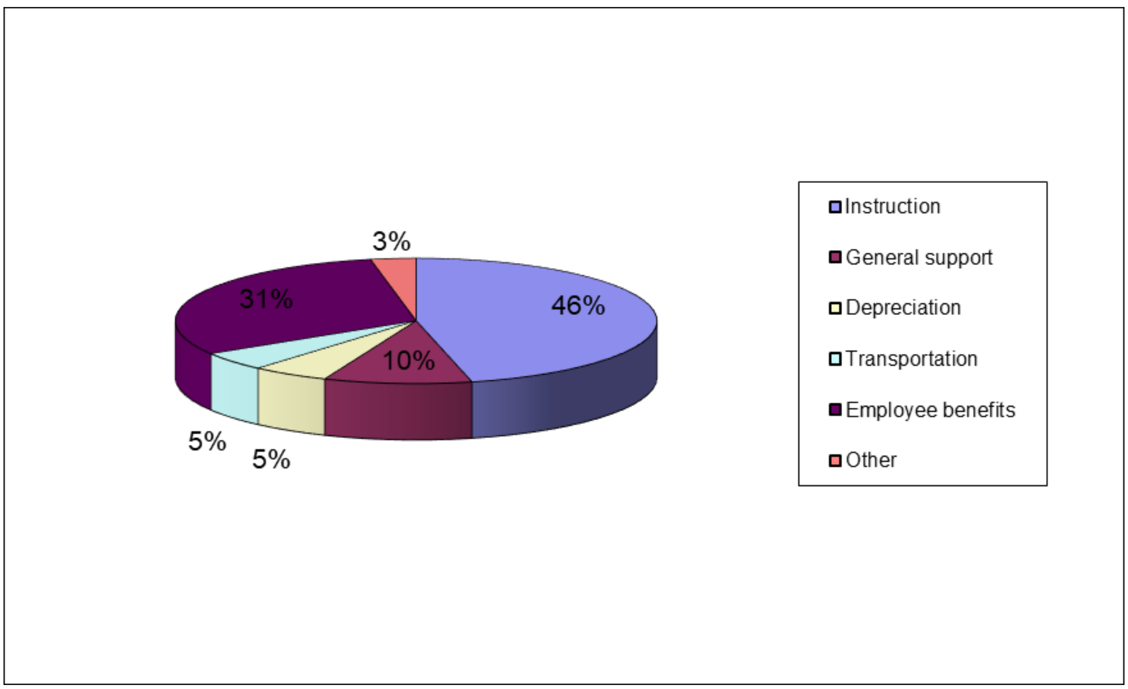
Statement of Activities

Revenues		2018		2017
Program revenues				
Charges for services	$	271,266	$	251,631
Operating Grants		1,258,478		1,205,408
General revenues				
Property taxes		10,154,972		9,989,619
State aid		11,527,460		11,286,224
Other		603,889		216,525
Total Revenues	$	23,816,065	$	22,949,407
Expenses				
Instruction	$	10,828,550	$	10,396,004
General Support		2,314,743		1,979,332
Depreciation-Unallocated		1,213,079		1,157,216
Transportation		1,127,691		1,167,912
Employee benefits		7,198,037		7,855,167
Other		712,082		695,751
Total Expenses	$	23,394,182	$	23,251,382
Increase (Decrease) in net position	$	421,883	$	(301,975)

Sources of Revenues for Fiscal Year 2018



Expenses for Fiscal Year 2018



Financial Analysis of The District's Funds

As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General fund is the chief operating fund of the District. At the end of the fiscal year, cash and investments totaled $8,001,248. $4,826,076 of this amount is held to fund reserves established by the District with the balance available to pay current liabilities.

General Fund Budgetary Highlights

During the year final revenues were over revised budgetary estimates by $117,078, primarily due to reduced lottery and excess cost aid. Expenditures and encumbrances were under revised budgetary estimates by $2,395,405 or 10.0%, the majority of which was due to employee benefits and instruction.

The District has pursued a careful conservative program of maintaining as close as possible to a 4% unrestricted General Fund balance as allowed by law. The District remained within budget. Budgets have been adjusted as and when authorized by law.

Capital Asset and Debt Administration

Capital Assets

By the end of 2018, the District had invested $15,858,296, net of accumulated depreciation, in a broad range of capital assets, including school buildings. Total depreciation expense for the year was $1,213,079, while building improvements, construction in process and additions to equipment and furniture amounted to $545,166 net of deletions/disposals.

The following summarizes capital assets, net of accumulated depreciation, at June 30, 2018 and 2017:

		6/30/18		6/30/17
Land	$	62,602	$	62,602
Construction in progress		1,018,960		-
Buildings and improvements		11,134,168		11,833,780
Furniture and equipment		3,642,566		3,291,174
Total Capital Assets, Net of Depreciation	$	15,858,296	$	15,187,556

Long-Term Debt

At June 30, 2018, the District had $64,139,814 in general obligation bonds and other long-term liabilities, a decrease of 3.6% from last year. (More detailed information about the District's long-term liabilities is presented in Note 4B, II to the financial statements.)

The following summarizes long-term liabilities at June 30, 2018 and 2017:

		6/30/18		Restated 6/30/17
General Obligation Debt	$	7,138,950	$	8,582,231
Other		57,000,864		58,306,732
Total Long-Term Liabilities	$	64,139,814	$	66,888,963

FACTORS BEARING ON THE DISTRICT'S FUTURE FISCAL HEALTH

At the time these financial statements were prepared and audited, the Schoharie Central School District was aware of the following factors that could possibly affect its financial position over the course of the next few years.

- The total general fund balance at June 30, 2018 was $8.339 million; an increase, in percentage terms, of about 6.9% more compared to the prior fiscal year. The fund balance amount consists of $4.826 million reserved balance; $1.67 million against the tax levy; $161,000 for carryover encumbrances, and a net unassigned balance of $1.682 million; available for future use against the 2018-19 tax levy, and possibly other purposes. This fund balance amount indicates that the financial foundation of the school district is solid, which shows the District to be in good stead for future school fiscal years. The five-year financial plan places the fiscal picture of the school district in good shape, assuming that the state aid trend continues as in recent years (state aid comprises 48% of the current revenue budget), and the major cost centers remain stable within current trends.

- For the 2017-18 school year, the District's budget is 2.31 percent higher than the previous school year. The Board of Education has been careful with the allocation of scarce resources in recent difficult economic times. The budget was developed in compliance with the tax levy limitation requirement.

- Schoharie Central School District, along with other municipalities in the county, was petitioned by large utility companies that challenged its property assessments. The District joined forces with the other municipalities to ward off the challenges by engaging the services of a special attorney and a property appraiser. The local municipalities subsequently reached a settlement with the gas transmission systems and approved PILOT (payment in-lieu of taxes) agreements. The advantage to this was to ensure the revenue flow of the mix of tax levy collections and PILOT payments.

- The personal income wealth level of District residents is appreciably lower than the statewide average. An average wealth school district in New York State has a Combined Wealth Ratio (CWR) indicator of 1.0. Schoharie Central School District has a CWR indicator of .699 according to the latest data from the State Aid Office of the New York State Education Dept., meaning the property and income wealth for district residents is about one-third less than the statewide average.

- Although not directly part of the District's annual operating budget, the school Food Service Dept., which is accounted for in a separate monetary fund, has a cumulative deficit of approximately $350,000. The District would have to raise property taxes by 1% each year over the course of five years in order to erase that deficit. To do so would cause the District to exceed the Tax Levy Limitation. The District is exploring options through which to stop the deficit growth. There is an allocation in the General Fund operating budget of $100,000 to subsidize the anticipated operating deficit for 2017-18 and also to take a bite out of the School Lunch Fund deficit.

Even though the above factors have the potential to impact the District's financial status within the next few years, District officials and the Board have been extremely diligent by saving money through such programs as: self-funding employee and retiree medical prescriptions; alternative-funding the cost of workers' compensation premiums; and educating as many students in their own building at Schoharie Central School District instead of busing them to special schools outside of the District, thus saving on tuition payments and additional transportation costs. Anew Voice over I.P. phone system is saving the District over $18,000 per year in communication costs, as well as being BOCES aidable. Additionally, the District completed a project which is designed to save over $135,000 each year in reduced consumption of electricity, heating oil and propane.

The District has an experienced business management team which has resulted in responsible fiscal stewardship. The finances are such that the District presently has the financial resources to meet its long-term debt obligations for the next several years, as well as to provide a sound basic education to its students. This solid fiscal and management capacity has been recognized by the bond rating agencies. The ratings are: Moody's "A1"; and Standard and Poor's "A+ Stable".

CONTACTING THE SCHOOL DISTRICT

This report is designed to provide members of the school district community, citizens, taxpayers, investors and creditors with a general overview of the Schoharie Central School District's finances, and to demonstrate the District's ability to properly account for the public money it receives and spends.

If you have questions about this report or if you need additional information, please contact:

Business Office
Schoharie Central School District
P.O. Box 430
136 Academy Drive
Schoharie, New York 12157
Phone: 518-295-6673
Fax: 518-295-9510

SCHOHARIE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS

Current Assets:		
Cash - Unrestricted	$	1,205,746
Investments in Securities - Unrestricted		2,657,407
Investments in Securities - Restricted		4,826,076
Accounts Receivable		94,702
Due From Fiduciary Funds		50
State and Federal Aid Receivable		869,865
Due From Other Governments		451,835
Inventories		19,558
Capital Assets, net		15,858,296
Net Pension Asset, Proportionate Share		355,770
Total Assets		26,339,305
Deferred Outflows of Resources:		
Loss on Refunding		39,480
Pensions		5,467,958
Total Deferred Outflows of Resources		5,507,438
Total Assets and Deferred Outflows of Resources	$	31,846,743

LIABILITIES

Current Liabilities:		
Accounts and Retainages Payable	$	302,351
Accrued Liabilities		90,088
Due to Other Governments		43,981
Accrued Interest Payable		60,798
Due to Teachers' Retirement System		777,720
Due to Employees' Retirement System		87,485
Refundable Advances		6,379
Bond Anticipation Notes		2,306,070
Long-Term Liabilities - Due and Payable Within One Year:		
Bonds		1,305,000
Installment Purchase Debt		230,829
Long-Term Liabilities - Due and Payable After One Year:		
Bonds		4,870,000
Unamortized Bond Premium		47,987
Installment Purchase Debt		724,614
Compensated Absences		861,837
Other Post Employment Benefits Payable		56,139,027
Net Pension Liability, Proportionate Share		259,637
Total Liabilities		68,113,803
Deferred Inflows of Resources:		
Pensions		1,842,856
Other Post Employment Benefits		2,432,931
Total Deferred Inflows of Resources		4,275,787

NET POSITION

Net Investment in Capital Assets		7,095,521
Restricted		4,830,909
Unrestricted		(52,469,277)
Total Net Position		(40,542,847)
Total Liabilities, Deferred Inflows of Resources and Net Position	$	31,846,743

See accompanying notes to financial statements.

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

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 2,314,743	$ -	$ -	$ (2,314,743)
Instruction	10,828,550	142,020	983,844	(9,702,686)
Pupil transportation	1,127,691	-	-	(1,127,691)
Community service	3,014	-	-	(3,014)
Employee benefits	7,198,037	-	-	(7,198,037)
Debt service - interest	248,501	-	-	(248,501)
Depreciation - unallocated	1,213,079	-	-	(1,213,079)
Capital Outlay	9,111	-	-	(9,111)
School lunch program	451,456	129,246	274,634	(47,576)
Total Functions and Programs	$ 23,394,182	$ 271,266	$ 1,258,478	(21,864,438)
GENERAL REVENUES				
Real property taxes				10,154,972
Use of money and property				100,018
Sale of property and compensation for loss				99,587
State sources				11,527,460
Federal sources				83,815
Miscellaneous				320,469
Total General Revenues				22,286,321
Change in Net Position				421,883
Total Net Position - Beginning of Year, As Previously Reported				1,716,483
Cumulative Effect of Change in Accounting Principle				(42,681,213)
Total Net Position - Beginning of Year, as Restated				(40,964,730)
Total Net Position - End of Year				$ (40,542,847)

See accompanying notes to financial statements.

SCHOHARIE CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets						
Cash - Unrestricted	$ 1,122,555	$ 954	$ 4,782	$ 77,455	$ -	$ 1,205,746
Temporary Investments						
Investments in Securities	2,052,617	-	-	604,790	-	2,657,407
Investments in Securities-Restricted	4,826,076	-	-	-	-	4,826,076
State and Federal Receivable, net	399,106	453,808	16,951	-	-	869,865
Due From Other Governments	451,835	-	-	-	-	451,835
Due From Other Funds	838,305	-	-	-	4,833	843,138
Accounts Receivable	86,793	3,662	4,247	-	-	94,702
Inventories	-	-	19,558	-	-	19,558
Total Assets	$ 9,777,287	$ 458,424	$ 45,538	$ 682,245	$ 4,833	$ 10,968,327
Liabilities						
Accounts Payable	$ -	$ -	$ -	$ 285,174	$ -	$ 285,174
Accrued Liabilities	89,826	-	262	-	-	90,088
Due to Other Funds	-	457,311	375,955	9,822	-	843,088
Due to Other Governments	42,703	1,113	165	-	-	43,981
Due to Teachers' Retirement System	777,720	-	-	-	-	777,720
Due to Employees' Retirement System	87,485	-	-	-	-	87,485
Refundable Advances	-	-	-	6,379	-	6,379
Bond Anticipation Notes	-	-	-	2,301,237	-	2,301,237
Total Liabilities	997,734	458,424	376,382	2,602,612	-	4,435,152
Deferred Inflows of Resources	439,573	-	-	-	-	439,573
Total Deferred Inflows of Resources	439,573	-	-	-	-	439,573
Fund Equity (Deficiency)						
Fund Equity (Deficiency):						
Non-spendable	-	-	19,558	-	-	19,558
Restricted	4,826,076	-	-	-	4,833	4,830,909
Assigned	1,831,664	-	-	-	-	1,831,664
Unassigned	1,682,240	-	(350,402)	(1,920,367)	-	(588,529)
Total Fund Equity (Deficiency)	8,339,980	-	(330,844)	(1,920,367)	4,833	6,093,602
Total Liabilities, Deferred Inflows of Resources, and Fund Equity (Deficiency)	$ 9,777,287	$ 458,424	$ 45,538	$ 682,245	$ 4,833	$ 10,968,327

Amounts reported for governmental activities in the statement of net position are different due to the following:

Fund equity of the governmental funds	$ 6,093,602
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	15,858,296
Accrued interest expense is reported under the accrual basis	(60,798)
Receivables expected to be collected after the 60 day availability period are reported as deferred inflows in the governmental funds but as revenue in the entity-wide statements	439,573
Retainage payable is reported under the accrual basis	(17,177)
Reporting of premium on BANs payable	(4,833)
Net Pension Asset	355,770
Net Pension Liability	(259,637)
Net Deferred (inflows)/outflows related to net pension asset/liability adjustments	3,625,102
Deferred inflows of resources - other post-employment benefits	(2,432,931)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(64,139,814)
Net Position of Governmental Activities	$ (40,542,847)

SCHOHARIE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues						
Real Property Taxes and Tax Items	$ 10,154,972	$ -	$ -	$ -	$ -	$ 10,154,972
Charges for Services	142,020	-	-	-	-	142,020
Use of Money and Property	100,014	-	4	-	-	100,018
Sale of Property and Compensation for Loss	148,219	-	-	-	-	148,219
Miscellaneous	304,899	-	15,570	-	-	320,469
State Sources	11,022,116	463,144	8,667	432,291	-	11,926,218
Federal Sources	83,815	520,700	265,967	-	-	870,482
Sales	-	-	129,246	-	-	129,246
Total Revenues	21,956,055	983,844	419,454	432,291	-	23,791,644
Expenditures						
General Support	2,350,363	-	213,375	-	-	2,563,738
Instruction	9,894,974	879,449	-	-	-	10,774,423
Pupil Transportation	1,158,267	63,711	-	-	-	1,221,978
Community Services	3,014	-	-	-	-	3,014
Employee Benefits	5,899,084	67,889	52,497	-	-	6,019,470
Debt Service	1,982,882	-	-	-	61,354	2,044,236
Cost of Sales	-	-	185,584	-	-	185,584
Other	-	-	-	-	-	-
Capital Outlay	-	-	-	1,780,717	-	1,780,717
Total Expenditures	21,288,584	1,011,049	451,456	1,780,717	61,354	24,593,160
Excess (Deficiency) of Revenues Over Expenditures	667,471	(27,205)	(32,002)	(1,348,426)	(61,354)	(801,516)
Other Sources and (Uses)						
Interfund Transfers, net	(126,530)	27,205	100,000	-	(675)	-
Proceeds of Bond Issuance	-	-	-	-	1,570,000	1,570,000
Premium on issuance of debt	-	-	-	-	45,277	45,277
Payments to Escrow Agent - Advanced Refunding	-	-	-	-	(1,549,090)	(1,549,090)
BANs Redeemed From Appropriations	-	-	-	271,480	-	271,480
Total Other Sources (Uses)	(126,530)	27,205	100,000	271,480	65,512	337,667
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	540,941	-	67,998	(1,076,946)	4,158	(463,849)
Fund Equity, Beginning of Year	7,799,039	-	(398,842)	(843,421)	675	6,557,451
Fund Equity, End of Year	$ 8,339,980	$ -	$ (330,844)	$ (1,920,367)	$ 4,833	$ 6,093,602

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

Net changes in fund balance - total governmental funds			$ (463,849)
Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.			
	Depreciation expense	$ (1,213,079)	
	Capital outlays	1,915,274	702,195
The net book value, cost less accumulated depreciation, of capital assets disposed of are removed from the statement of net position. Any gain or loss resulting is recorded in the statement of activities.			(48,632)
Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2017/18 results in less expense.			18,945
Proceeds of serial bond principal and premiums on a BAN is revenue in governmental funds, but proceeds increase long-term liabilities in the statement of net position.			(1,614,601)
Bond anticipation notes redeemed from appropriations is revenue in governmental funds, but not in the statement of activities.			(271,480)
Repayments of long-term debt are recorded as expenditures in the governmental funds but are recorded as payments of liabilities in the statement of net position.			3,317,056
Certain revenues in the statement of activities do not meet the availability criteria required for recognition in a governmental fund and are reported as deferred inflows in governmental funds.			73,053
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
	Compensated absences	$ (29,397)	
	Other postemployment benefit	(1,097,666)	
	TRS pension adjustment	(161,179)	
	ERS pension adjustment	(10,711)	(1,298,953)
Amortization of bond premium, issuance costs and loss on refunding bonds is an adjustment to interest expense in the statement of activities.			8,149
Change in net position - governmental activities			$ 421,883

See accompanying notes to financial statements.

SCHOHARIE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Agency	Private Purpose Trusts
ASSETS		
Cash - unrestricted	$ 341,299	$ -
Cash - restricted	45,707	47,489
Total Assets	$ 387,006	$ 47,489
LIABILITIES		
Extraclassroom activity balances	$ 45,707	$ -
Due to other funds	50	-
Other liabilities	341,249	-
Total Liabilities	$ 387,006	$ -
NET POSITION		
Reserved for scholarships		$ 47,489

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	$ 500
Investment earnings	9
Total Additions	509
DEDUCTIONS	
Scholarships and awards	1,204
Change in Net Position	(695)
Net Position - Beginning of year	48,184
Net Position - End of year	$ 47,489

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Schoharie Central School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A. Reporting Entity

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

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

The accompanying financial statements present the activities of the District and its component unit. 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.

The Extraclassroom Activity Fund

The extraclassroom activity fund of the District represents 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 fund can be found at the District's business office, located at 136 Academy Drive, Schoharie, New York 12157. The District accounts for assets held as an agent for various student organizations in an agency fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

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

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

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

During the year ended June 30, 2018, the District was billed $1,913,603 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to $731,825 financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

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, if any, reflects capital-specific grants.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to the 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund financial statements

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

The accounts of the District are organized into funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types and account groups used by the District are as follows:

The following are the District governmental funds:

1. General Fund

   The General Fund is the principal operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

   a. Special Aid Fund

      Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State grants.

   b. School Lunch Fund

      The School Lunch Fund is used to account for transactions of breakfast (if necessary) and lunch programs.

3. Capital Projects Fund

   The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities, or equipment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund financial statements

4. Debt Service Fund

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

Other Fund Type:

Fiduciary Funds

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

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

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

D. Basis of Accounting/Measurement Focus

General Information

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

General Information

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 sixty 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, post-employment benefits, pensions and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Refundable Advances

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenues are recognized.

F. Property Taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 17, 2017. Taxes are collected during the period September 1 to November 1, 2017.

II. Enforcement

Uncollected real property taxes are subsequently enforced by the County Treasurers of Schoharie, Albany, Montgomery, and Schenectady in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

G. Restricted Resources

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

The budget policies are as follows:

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

b. The proposed appropriation budget for the General Fund is approved by the voters within the District.

c. Appropriations are adopted at the program line item level.

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

From Additional Revenues:	
Expenses associated with insurance recoveries	$ 102,332
Total Supplemental Appropriations	$ 102,332

e. 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.

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

II. Encumbrances

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

III. Budget Basis of Accounting

Under GASB No. 34, budgetary comparison information is required to be presented for the General Fund and each major Special Revenue Fund with a legally adopted budget. The District is not legally required to adopt a budget for its Special Revenue Funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

I. Cash and Investments

The District investment policies are governed by New York State statutes. District monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. 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 demand and 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. Investments are stated at fair value.

J. Accounts Receivable

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

K. Inventories and Prepaid Items

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Interfund Transactions

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

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

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

M. Short-Term Debt

The District may issue revenue anticipation notes (RANs) or tax anticipation notes (TANs), in anticipation of the receipt of revenue. These notes are recorded as a liability in the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

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

N. Fund Equity - Reservations and Designations

District-wide statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

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

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

Fund statements:

In the governmental funds statements there are five classifications of fund equity:

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund equity includes the inventory recorded in the School Lunch Fund of $19,558.

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

Reserve for Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve fund may be established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

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. This 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

Insurance Reserve

The Insurance Reserve (GML §6-n) is used to fund certain uninsured losses, claims, actions, or judgments for which the local government is authorized or required to purchase or maintain insurance, with a number of exceptions. An insurance reserve fund may also be used to pay for expert or professional services in connection with the investigation, adjustment, or settlement of claims, actions, or judgments.

Workers' Compensation

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

Retirement Contribution Reserve

The Retirement Contribution Reserve (GML §6-r) is used for the payment of “retirement contributions,” which are defined as all or any portion of the amount payable to the New York State and Local Employees’ Retirement System. This reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Capital Reserve

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

Repairs

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

Debt Service

Used to account for unspent proceeds of debt restricted for debt service.

Restricted fund equity includes the following:

General Fund:	
Employee Benefit Accrued Liability	$ 859,652
Workers' Compensation	156,144
Retirement Contributions	389,690
Unemployment Insurance	33,620
Insurance	232,000
Repairs	100,000
Capital	3,054,970
Debt Service Fund	4,833
Total Restricted Funds	$ 4,830,909

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

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund equity represents the residual amount of fund equity. Assigned fund equity also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund. Encumbrances reported in the General Fund amounted to $160,993. Appropriated fund equity in the General Fund amounted to $1,670,671. The remaining fund equity in the other funds is also reported as assigned.

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.

Purpose of Encumbrances

General Fund	
General support	$ 62,413
Instruction	95,249
Pupil Transportation	3,331
	$ 160,993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity- Reservations and Designations

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

NYS Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The District exceeded the 4% limitation at June 30, 2018 by $729,322.

Net Position/Fund Equity:

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Equity Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund equity). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund equity in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Equity:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O. Post-Employment Benefits

In addition to providing the retirement benefits described in Note 4.B.I, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-employment benefits is shared between the District and the retired employee. See Note 6.

P. Payables, Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the 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 and payable after one year in the Statement of Net Position.

Q. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair value at the time received.

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

		Capitalization Threshold	Depreciation Method	Estimated Useful Life in Years
Land	$	500	N/A	N/A
Buildings and improvements		500	SL	20-50
Furniture and equipment		500	SL	5-8

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

R. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post-employment benefits, potential contingent liabilities, actuarial calculation of net pensions assets/liability, deferred in flows/outflows, and useful lives of long-term assets.

S. Vested Employee Benefits

District employees are granted vacation in varying amounts, based principally 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 based on unused accumulated sick leave, based on contractual provisions.

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

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

T. Implementation of New Accounting Standards

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

GASB has issued Statement 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, effective for the year ending June 30, 2018. See Note 6.

GASB has issued Statement 81, *Irrevocable Split - Interest Agreements*, effective for the year ending June 30, 2018.

GASB has issued Statement 85, *Omnibus 2017*, effective for the year ending June 30, 2018.

GASB has issued Statement 86, *Certain Debt Extinguishment Issues*, effective for the year ending June 30, 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. Future Changes in Accounting Standards

GASB has issued Statement 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019.

GASB has issued Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2020.

GASB has issued Statement 87, *Leases*, effective for the year ending June 30, 2021.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, effective for the year ending June 30, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2021.

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.

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 and changes in net position compared with the current financial resources focus of the governmental funds.

Total Fund Equity of Governmental Funds vs. Net Position of Governmental Activities

Total fund equity 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, as applied to the reporting of capital assets and long-term liabilities, including pensions.

Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities and Changes in Net Position

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

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

Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities and Changes in Net Position

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities and changes in net position reports revenue 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 in the statement of activities and changes in net position.

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 in the statement of activities and changes in net position, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities and changes in net position.

Long-Term Debt Transaction Differences

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

Pension Differences

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

OPEB Differences

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

3. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

Deficit Fund Balances

There was a deficit fund balance in the capital projects fund of $1,920,367. This deficit is caused by financing the project with bond anticipation notes. When the bond anticipation notes are refinanced with bonds, this deficit will be removed.

3. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

Deficit Fund Balances

There was a deficit fund balance in the school lunch fund of $330,844. This deficit will be removed in the future when the fund becomes profitable or when the General Fund budgets for an interfund transfer to cover this deficiency.

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2018 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and Deposit Policy

The District follows and investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and Unites States agencies
- Obligations of New York State and its localities

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Investments

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the District's investments are valued based on Level 2 of the hierarchy.

The District participates in NY CLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2018, the District held $7,483,483 in investments consisting of various investments in securities issued by the United States and its agencies. The following valuation inputs are included as investments.

Total investments of the cooperative as of year-end are $988,442,544, which consisted of $213,214,286 in repurchase agreements and $775,228,258 in U.S. Government Treasury Securities.

Investments

Investments in Securities at Value	Level 1	Valuation Inputs Level 2	Level 3	Total
General Fund	$ -	$ 7,483,483	$ -	$ 7,483,483

The above amounts represent the fair value of the investment pool shares. For the year ended June 30, 2018, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Investments

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of net position.

Restricted Cash and Investments

Restricted cash and investments represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at year-end consists of the following:

Fund	**Amount**	**Restriction**
General Fund	$ 33,620	Unemployment Insurance Reserve
	389,690	Retirement Contributions Reserve
	156,144	Workers' Compensation Reserve
	859,652	Employee Benefit Accrued Liability Reserve
	232,000	Insurance Reserve
	100,000	Repair Reserve
	3,054,970	Capital Reserve
Total General Fund	$ 4,826,076	
Trust and Agency	$ 45,707	Extraclassroom Activity Funds
Private Purpose Trust Fund	47,489	Scholarships and Memorials
Total Fiduciary	$ 93,196	

II. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

4. DETAIL NOTES ON ALL FUNDS

A. Assets

II. Interfund Transactions

Interfund transactions and balances at June 30, 2018 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	$ 838,305	$ -	$ 675	$ 127,205
Special Aid Fund	-	457,311	27,205	-
School Lunch Fund	-	375,955	100,000	-
Debt Service Fund	4,833	-	-	675
Capital Projects Fund	-	9,822	-	-
Total Governmental Activities	843,138	843,088	127,880	127,880
Fiduciary Fund	-	50	-	-
Totals	$ 843,138	$ 843,138	$ 127,880	$ 127,880

III. Capital Assets

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

	Balance July 1	Additions	Deletions	Balance June 30
Governmental Activities				
Capital assets that are not depreciated:				
Construction in progress	$ -	$ 1,018,960	$ -	$ 1,018,960
Land	62,602	-	-	62,602
Total Non-depreciable Capital Assets	62,602	1,018,960	-	1,081,562
Capital assets that are depreciated:				
Buildings and improvements	23,183,430	-	-	23,183,430
Furniture and equipment	8,173,757	913,491	368,325	8,718,923
Total Depreciable Capital Assets	31,357,187	913,491	368,325	31,902,353
Less accumulated depreciation:				
Buildings and improvements	11,349,650	699,612	-	12,049,262
Furniture and equipment	4,882,583	513,467	319,693	5,076,357
Total Accumulated Depreciation	16,232,233	1,213,079	319,693	17,125,619
Total Depreciable Cost, Net	$ 15,187,556	$ 719,372	$ 48,632	$ 15,858,296

4. DETAIL NOTES ON ALL FUNDS

A. Assets

IV. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to the OPEB reporting in the District Wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

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

B. Liabilities

I. Pension Plans

General Information

The District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). Collectively, TRS and ERS are referred to herein as the "Systems". 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.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Plan Descriptions

Teachers' Retirement System

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

Employees' Retirement System

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. This is a cost-sharing multiple-employer retirement system. The net position of the System is held in the New York State Common Retirement Fund (The Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244 or found at www.osc.state.ny.us/retire/publications/index.php.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Contributions

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

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	ERS	TRS
2017-18	$ 326,335	$ 869,293
2016-17	321,424	967,552
2015-16	366,730	1,227,001

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

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

	ERS	TRS
Actuarial valuation date	April 1, 2017	June 30, 2016
Net pension asset/(liability)	$(259,637)	$355,770
District's portion of the Plan's total net pension asset/(liability)	0.008%	0.047%

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Expense (Credit)

For the year ended June 30, 2018, the District recognized its proportionate share of pension expense of $313,895 for ERS and $896,312 for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	**TRS**	**ERS**	**TRS**
Differences between expected and actual experiences	$ 92,604	$ 292,712	$ 76,525	$ 138,711
Changes of assumptions	172,161	3,620,033	-	-
Net difference between projected and actual earnings on pension plan investments	377,102	-	744,362	837,942
Changes in proportion and differences between contributions and proportionate share of contributions	63,775	29,529	-	45,316
Contributions subsequent to the measurement date	87,485	732,557	-	-
Total	$ 793,127	$ 4,674,831	$ 820,887	$ 1,021,969

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2019 for ERS and June 30, 2018 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	**TRS**
Year ended:		
2018	$ -	$ 81,674
2019	81,740	957,095
2020	62,622	684,726
2021	(177,570)	169,490
2022	(82,035)	682,732
Thereafter	-	344,588

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.5%
Cost of Living Adjustments	1.3% annually	1.5% annually

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

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

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.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

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

ERS	**Target Allocation**	**Long-term Expected Real Rate of Return**
	2018	**2018**
Asset Class:		
Domestic equity	36%	4.55%
International equity	14	6.35
Private equity	10	7.50
Real estate	10	5.55
Absolute return strategies (1)	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-Indexed bonds	4	1.25
Total	100%	

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2018.

(1) Excludes equity-oriented and long-only funds for investment management purposes, these funds are included in domestic equity and international equity, respectively.

TRS	**Target Allocation**	**Long-term Expected Real Rate of Return**
	2017	**2017**
Asset Class:		
Domestic equity	35%	5.9%
International equity	18	7.4
Real estate	11	4.3
Private equities	8	9.0
Total equities	72	
Domestic fixed income securities	16	1.6
Global fixed income securities	2	1.3
High-yield fixed income securities	1	3.9
Mortgages	8	2.8
Short-term	1	0.6
Total fixed income	28	
Total	100%	

* Real rates of return are net of the long-term inflation assumption of 2.2% for 2017.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Discount rate

The discount rate used to calculate the total pension asset/(liability) was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

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

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2018 calculated using the discount rate of 7% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is one percentage point lower (6% for ERS and 6.25% for TRS) or one percentage point higher (8% for ERS and 8.25% for TRS) than the current rate:

ERS	**1% Decrease (6.0%)**	**Current Assumption (7.0%)**	**1% Increase (8.0%)**
Employer's proportionate share of the net pension asset/(liability)	$ (1,964,485)	$ (259,637)	$ 1,182,596

TRS	**1% Decrease (6.25%)**	**Current Assumption (7.25%)**	**1% Increase (8.25%)**
Employer's proportionate share of the net pension asset/(liability)	$ (6,128,871)	$ 355,770	$ 5,786,336

Changes in assumptions

Changes in assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Collective Pension Expense

Collective pension expenses includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2018 is $340,047 for ERS and $893,794 for TRS.

Payables to Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to $87,485.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to $777,720.

Other Benefits

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Section 403(b) and 457.

II. Indebtedness

1. <u>Short-Term Debt</u>

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

1. Short-Term Debt

Transactions in short-term debt are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN Maturing 09/28/2018 at 1.35%	$ 55,154	$ -	$ 55,154	$ -
BAN Maturing 09/28/2018 at 1.35%	105,592	-	52,797	52,795
BAN Maturing 09/28/2018 at 1.35%	157,920	-	52,640	105,280
BAN Maturing 09/28/2018 at 1.35%	211,557	-	52,889	158,668
BAN Maturing 09/28/2018 at 1.35%	290,000	-	58,000	232,000
BAN Maturing 09/28/2018 at 1.35%	-	252,494	-	252,494
BAN Maturing 08/03/2018 at 1.32%	-	1,500,000	-	1,500,000
Premium on BAN	675	4,833	675	4,833
	$ 820,898	$ 1,757,327	$ 272,155	$ 2,306,070

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

Interest paid	$ 11,483
Less interest accrued in the prior year	(7,655)
Plus interest accrued in the current year	7,211
Less amortization of BAN premium	(675)
Total Expense	$ 10,364

2. Long-Term Debt

a. 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 are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

2. Long-Term Debt

a. Serial Bonds

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

Interest paid	$	203,433
Less interest accrued in the prior year		(72,088)
Plus current year accrued interest		53,587
Less amortization of deferred amounts on refunding deferred expenses and bond premium		(8,149)
Plus bond issuance cost		61,354
Total Expense	$	238,137

Long-Term Obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

b. Other Long-Term Debt

In addition to the above long-term debt, the District had the following noncurrent liabilities:

Compensated Absences - Represent the value of the earned and unused portion of the liability for employees' vacation and sick pay which has not been accrued in the General Fund.

Installment Purchase Debt - Represents the remaining installments due on an energy performance contract.

Other Post-employment Benefits - Represents the net liability for other post-employment benefits calculated in accordance with GASB 75 (See Note 6).

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

3. Changes

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

Fund/Type	Restated Balance July 1	Additions	Deletions	Balance June 30
Government activities:				
Bonds and notes payable:				
General obligation debt:				
Construction bonds	$ 7,375,000	$ 1,570,000	$ 2,770,000	$ 6,175,000
Plus - Bond premium	47,795	40,444	40,252	47,987
Less - Unamortized loss on refunding*	(32,493)	(39,090)	(32,103)	(39,480)
Installment purchase - energy performance contract	1,181,115	-	225,672	955,443
Installment purchase - other	10,814	-	10,814	-
Total bonds and long term debt	8,582,231	1,571,354	3,014,635	7,138,950
Other liabilities				
Compensated absences	832,440	29,397	-	861,837
Other-post employment benefits	57,474,292	780,995	2,116,260	56,139,027
Total long-term liabilities	$ 66,888,963	$ 2,381,746	$ 5,130,895	$ 64,139,814

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

The above liabilities are liquidated by the general fund.

* This item is recorded as a deferred outflow on the statement of net position.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

4. Maturity

The following is a summary of maturity of indebtedness:

Description of Issue	Original Issue Date	Final Maturity	Interest Rate		Outstanding June 30, 2018
Serial Bonds					
Construction Bond	2009	2025	4.00 - 4.25%	$	150,000
Construction Bond - 2013 Refunding	2013	2020	2.00 - 3.00%		1,565,000
Construction Bond	2014	2028	2.00 - 3.00%		1,355,000
Construction Bond	2016	2031	2.00 - 5.00%		1,550,000
Construction Bond - 2017 Refunding	2017	2025	1.00 - 4.00%		1,555,000
				$	6,175,000
Installment Purchase Debt					
Energy performance contract	2011	2021	3.50 - 4.00%	$	955,443

In 2017, the District issued $1,570,000 in general obligation bonds with an interest rate of 1.00%-4.00% to advance refund $1,510,000 of outstanding bonds with an interest rate of 2.00%-5.00%. The net proceeds of $1,549,090 (after payment of $61,354 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements. The District advance refunded the bonds to revise its payment schedules due to changes in New York State's aid payment schedules. The economic gain (loss) on the transaction (the difference between the present value of the debt service payments on the old) is approximately $39,000.

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. $3,110,000 of bonds outstanding are considered defeased.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

4. Maturity

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

Year	Principal	Interest	Premium	Total
2019	$ 1,305,000	$ 143,158	$ 22,575	$ 1,470,733
2020	1,330,000	112,358	14,017	1,456,375
2021	555,000	83,711	4,630	643,341
2022	570,000	70,863	3,298	644,161
2023	430,000	58,113	1,924	490,037
2024-2032	1,985,000	177,676	1,543	2,164,219
Total	$ 6,175,000	$ 645,879	$ 47,987	$ 6,868,866

The District was authorized to issue debt in the amount of $313,041 that remains unissued at June 30, 3018.

5. Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit do not exceed 10% of the average full valuation of taxable real estate within such District. At June 30, 2018 the District has exhausted 24.04% of its constitutional debt limit.

6. Capital Leases

The Schoharie Central School District is obligated under a lease accounted for as capital lease to finance the cost of energy efficiency improvements. The net book value of assets under the capital leases were approximately $955,000 at June 30, 2018.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2018.

	Year Ending June 30	Total
	2019	$ 252,660
	2020	252,661
	2021	252,661
	2022	252,661
	2023	-
Minimum Lease Payments - Capital Lease		1,010,643
Less: Amount representing interest at District's incremental borrowing rate		55,200
Present Value - Minimum Lease Payments		$ 955,443

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

III. Deferred Inflows of Resources

Deferred inflows of resources on the balance sheet - governmental funds arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. The District has established a sixty day availability period.

5. COMMITMENTS AND CONTINGENCIES

A. Litigation

The District has been named as defendant in various actions. A review of these actions by District management indicates that they are either fully covered by insurance or not substantial enough to materially affect the financial position of the District.

B. Federal and State Grants

The District receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies or expenditures disallowed under the terms of the grant.

C. Risk Financing and Related Insurance

<u>General Information</u>

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 does not purchase insurance for the risk of losses for unemployment claims. Instead, the District manages its risks for these losses internally and accounts for these in the District's general fund, including provisions for unexpected and unusual claims.

<u>Workers' Compensation Insurance</u>

The District participates in the Schoharie Area Workers' Compensation Plan, a risk sharing pool of thirteen area school districts formed by a trust agreement, to fund the costs of workers' compensation coverage through a group self-insurance program.

<u>Health Insurance Plan</u>

The District's active and retired employees are enrolled in health and medical insurance coverage offered by Blue Shield of Northeastern New York (BSNENY). Two plans are available: Par Plus, and a PPO (preferred provider option). Additionally, the District self-funds the cost of medical prescriptions through a PBM (pharmacy benefit manager), which is ESI (Express Scripts, Inc.).

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Change in Accounting Principle and Restatement of Net Position

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and inflow of resources related to OPEB. The implementation of the statement resulted in an increase in the liability for Other Post-Employment Benefits Payable in the Statement of Net Position. The District's net position has been restated as follows:

Net position beginning of year, as previously stated	$ 1,716,483
GASB Statement No. 75 implementation	(42,681,213)
Net position beginning of year, as restated	$ (40,964,730)

Plan Description

The District administers the post-employment benefits as a single-employer defined benefit plan (the Plan), through which retirees and their spouses receive benefits. The Plan provides for continuation of medical and/or dental/vision benefits for certain retirees and their survivors and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of Statement No. 75.

Funding Policy

The obligations of the Plan members, employers and other contributing entities are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are eligible for the retiree health benefits upon meeting the following requirements: 1) retire from the District, 2) enrolled in District provided health care at time of retirement and 3) working .5 FTE or 30 hours a week and having at least 10 years of service under the New York State Teachers' or Employees' Retirement Systems, of which at least 5 such years must have been with the District. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. The cost of providing this benefit for 158 retirees was approximately $2,116,000.

The contribution requirements of Plan members and the District are established by the Board of Education. Until changes are made in the NYS law to permit funding, there is no legal authority to fund other post-employment benefit, other than "pay as you go".

Benefits Provided

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under,

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Benefits Provided

retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefit payments	158
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	196
Total plan members	354

Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumption and Other Inputs

The total OPEB liability at 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:

Inflation	2.20%
Real wage growth	1.00%
Wage inflation	3.20%
Salary increases	10.47% - 3.20%
Discount Rate	3.87%
Healthcare cost trend rates	
Pre-Medicare	5.50% for 2018 decreasing to an ultimate rate of 3.84% by 2078.
Medicare	5.50% for 2018 decreasing to an ultimate rate of 3.84% by 2078.

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

Retirement participation rate assumed that employees may retire at age 55 but may elect to retire at different ages. The retirement rates used were developed by the Office of the Actuary of TRS and ERS. It is assumed 100% of retirees will participate and 50% of male and 20% of females will elect spousal coverage.

Termination rates are based on a blend of assumptions for all employees under ERS and female employees under TRS.

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

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Changes in the Net OPEB Liability

Changes in the District's net OPEB liability were as follows:

	Total OPEB Liability [a]	Plan Fiduciary Net Position [b]	Net OPEB Liability [a] - [b]
Balances at June 30, 2017	$ 57,474,292	$ -	$ 57,474,292
Changes for the year:			
Service cost	1,635,011	-	1,635,011
Interest	2,019,699	-	2,019,699
Difference between expected and actual experience	-	-	-
Contributions - employer	-	-	-
Net investment income	-	-	-
Changes of assumptions or other inputs (change in discount rate)	(2,873,715)	-	(2,873,715)
Benefit payments	(2,116,260)	-	(2,116,260)
Administrative expense	-	-	-
Net changes	(1,335,265)	-	(1,335,265)
Balances, June 30, 2018	$ 56,139,027	$ -	$ 56,139,027

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

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

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	$68,872,859	$56,139,027	$48,411,711

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

The following presents the District's total 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 percentage point lower (4.50% decreasing to 2.85%) or 1 percentage point higher (6.5% decreasing to 4.85%) than the current healthcare cost trend rate:

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

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

	1% Decrease (4.50% Decreasing to 2.85%)	Healthcare Cost Trend Rate (5.50% Decreasing to 3.85%)	1% Increase (6.50% Decreasing to 4.85%)
Total OPEB Liability	$47,722,050	$56,139,027	$69,964,601

OPEB Expense, 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 $3,213,926. 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 expected and actual experience	$ -	$ -
Amounts recognized in OPEB expense	-	-
Changes of assumptions	-	(2,432,931)
Contributions subsequent to the measurement period	-	-
Total	$ -	$ (2,432,931)

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

Year Ending June 30,	
2019	$ (440,784)
2020	(440,784)
2021	(440,784)
2022	(440,784)
2023	(440,784)
Thereafter	(229,011)

7. TAX ABATEMENTS

The County of Schoharie enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District property tax revenue was reduced by $362,190. The District received Payments in Lieu of Tax (PILOT) payment totaling $1,839,962.

8. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 17, 2018, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2018, have been incorporated into these statements herein.

SCHOHARIE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
Revenues				
Local Sources				
Real Property Taxes	$ 6,863,664	$ 6,863,664	$ 6,851,823	$ (11,841)
Real Property Tax Items	3,306,465	3,306,465	3,303,149	(3,316)
Nonproperty Taxes	-	-	-	-
Charges for Services	72,250	72,250	142,020	69,770
Use of Money and Property	18,500	18,500	100,014	81,514
Sale of Property and Compensation for Loss	44,200	146,532	148,219	1,687
Miscellaneous	167,500	167,500	304,899	137,399
Total Local Sources	10,472,579	10,574,911	10,850,124	275,213
State Sources	11,209,741	11,209,741	11,022,116	(187,625)
Federal Sources	55,000	55,000	83,815	28,815
Other Sources				
Interfund Transfers	-	-	675	675
Total Revenue and Other Sources	21,737,320	21,839,652	21,956,730	$ 117,078
Appropriated Fund Balance				
Prior Year's Encumbrances	454,036	454,036	-	
Appropriated Fund Balance	1,678,499	1,678,499	-	
Total Appropriated Fund Balance	2,132,535	2,132,535	-	
Total Revenues, Other Sources and Appropriated Fund Balance	$ 23,869,855	$ 23,972,187	$ 21,956,730	

SCHOHARIE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
Expenditures					
General Support					
Board of Education	$ 15,721	$ 19,311	$ 17,536	$ 50	$ 1,725
Central Administration	187,932	191,672	187,635	-	4,037
Finance	330,183	357,487	311,513	26,618	19,356
Staff	189,208	184,874	132,112	9,863	42,899
Central Services	1,543,297	1,664,747	1,525,906	24,877	113,964
Special Items	174,755	179,704	175,661	1,005	3,038
Total General Support	2,441,096	2,597,795	2,350,363	62,413	185,019
Instruction					
Instruction, Administration & Improvement	486,555	491,599	466,504	923	24,172
Teaching - Regular School	5,770,181	5,685,567	5,100,562	8,967	576,038
Programs for Students with Disabilities	2,841,688	2,957,870	2,351,355	66,026	540,489
Occupational Education	469,000	446,858	443,107	-	3,751
Teaching - Special Schools	50,400	41,400	34,975	-	6,425
Instructional Media	609,367	644,919	552,579	6,957	85,383
Pupil Services	997,572	1,014,593	945,892	12,328	56,373
Total Instruction	11,224,763	11,282,806	9,894,974	95,201	1,292,631
Other Pupil Transportation	1,350,150	1,343,918	1,158,267	3,331	182,320
Community Services	2,940	3,014	3,014	-	-
Employee Benefits	6,683,680	6,577,428	5,899,084	48	678,296
Debt Service					
Debt Service Principal	1,773,342	1,788,342	1,767,966	-	20,376
Debt Service Interest	261,884	246,884	214,916	-	31,968
Total Other	10,071,996	9,959,586	9,043,247	3,379	912,960
Total Expenditures	23,737,855	23,840,187	21,288,584	160,993	2,390,610
Other Financing Uses					
Interfund Transfer	132,000	132,000	127,205	-	4,795
Total Expenditures and Other Uses	$ 23,869,855	$ 23,972,187	21,415,789	$ 160,993	$ 2,395,405
Net Change in Fund Balance			$ 540,941		
Fund balance - beginning			7,799,039		
Fund balance - ending			$ 8,339,980		

SCHOHARIE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
JUNE 30, 2018

		Fiscal Year Ending * 2018
Total OPEB Liability		
Measurement date		6/30/2018
Service cost at end of year	$	1,635,011
Interest		2,019,699
Changes in benefit terms		-
Difference between expected and actual experience in the measurement of the total OPEB liability		-
Changes in assumptions and other inputs		(2,873,715)
Benefit payments		(2,116,260)
Net Change in Total OPEB Liability		(1,335,265)
Total OPEB Liability - beginning		57,474,292
Total OPEB Liability - ending	$	56,139,027
Covered-employee payroll	$	10,052,971
Total OPEB Liability as a percentage of covered-employee payroll		558.43%

* Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each fiscal year were determined as of the measurement date as disclosed in the footnotes.

SCHOHARIE CENTRAL SCHOOL DISTRICT
SCHEDULES OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2018

ERS Pension Plan

	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.0080%	0.0077%	0.0073%	0.0073%
Proportionate share of the net pension liability (asset)	$ 259,637	$ 725,065	$ 1,186,644	$ 245,592
Covered-employee payroll	$ 2,372,107	$ 2,229,610	$ 2,219,998	$ 2,123,727
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	11%	33%	53%	12%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

TRS Pension Plan

	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.0468%	0.0472%	0.0466%	0.0466%
Proportionate share of the net pension liability (asset)	$ (355,770)	$ 506,458	$ (4,839,896)	$ (5,191,726)
Covered-employee payroll	$ 7,493,705	$ 7,553,018	$ 8,229,550	$ 8,667,256
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-5%	7%	-59%	-60%
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

SCHOHARIE CENTRAL SCHOOL DISTRICT
SCHEDULES OF DISTRICT CONTRIBUTIONS
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2018

ERS Pension Plan

	2018	2017	2016	2015
Contractually required contribution	$ 326,335	$ 321,424	$ 366,730	$ 381,413
Contributions in relation to the contractually required contribution	(326,335)	(321,424)	(366,730)	(381,413)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 2,372,107	$ 2,229,610	$ 2,219,998	$ 2,123,727
Contributions as a percentage of covered-employee payroll	13.76%	14.42%	16.52%	17.96%

TRS Pension Plan

	2018	2017	2016	2015
Contractually required contribution	$ 869,293	$ 967,552	$ 1,227,001	$ 1,118,743
Contributions in relation to the contractually required contribution	(869,293)	(967,552)	(1,227,001)	(1,118,743)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 7,493,705	$ 7,553,018	$ 8,229,550	$ 8,667,256
Contributions as a percentage of covered-employee payroll	11.60%	12.81%	14.91%	12.91%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

SCHOHARIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND SCHEDULE OF SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$	23,415,819
Add: Prior year's encumbrances		454,036
Original Budget		23,869,855
Additions:		
Budget Amendments		102,332
Final Budget	$	23,972,187

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-19 [subsequent year's] voter-approved expenditure budget			$	23,822,954
Maximum allowed (4% of 2018-19 [subsequent year's] budget)				952,918
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:				
Unresticted Fund Balance:				
Committed Fund Balance	$	-		
Assigned Fund Balance		1,831,664		
Unassigned Fund Balance		1,682,240		
Total Unrestricted Fund Balance		3,513,904		
Less:				
Appropriated Fund Balance		1,670,671		
Insurance Recovery Reserve		-		
Tax Reduction Reserve		-		
Encumbrances included in Committed and Assigned Fund Balance		160,993		
Total Adjustments		1,831,664		
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law			$	1,682,240
Actual percentage				7.06%

* 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 comimitted and assigned fund balance.

SCHOHARIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018

			Expenditures				Methods of Financing					
PROJECT TITLE	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Installment Purchase Debt	Serial Installment Bonds	Local Sources	State Sources	Total	Fund Balance June 30, 2018
Capital Project #1 EXCEL Project	$ 2,482,000	$ 2,537,134	$ 2,537,134	$ -	$ 2,537,134	$ -	$ 2,079,942	$ 347,058	$ 110,134	$ -	$ 2,537,134	$ -
Capital Project #2 Bus Purchase	1,962,021	1,962,021	2,335,774	231,796	2,567,570	(605,549)	1,802,377	-	59,724	-	1,862,101	(705,469)
Capital Project #3 Asbestos Project	455,000	199,657	199,657	-	199,657	-	36,650	-	106,618	-	143,268	(56,389)
Capital Project #4 Renovations Project	1,850,000	2,249,684	2,594,873	-	2,594,873	(345,189)	-	1,800,000	425,835	-	2,225,835	(369,038)
Generator Project	675,350	675,350	675,350	-	675,350	-	-	-	675,350	-	675,350	-
Installment Purchase Debt - Truck	39,899	39,899	79,297	-	79,297	(39,398)	72,367	-	-	-	72,367	(6,930)
Bus Garage Phase I (Tank)	376,000	510,805	510,805	-	510,805	-	38,363	630,290	145,366	-	814,019	303,214
Bus Garage Project Phase II	437,000	302,195	37,088	-	37,088	265,107	-	-	-	-	-	(37,088)
High School Roof	100,000	110,000	104,410	-	104,410	5,590	-	-	-	-	-	(104,410)
High School Renovations	984,710	804,628	741,853	-	741,853	62,775	-	1,084,710	-	-	1,084,710	342,857
Elementary School Renovations	-	85,114	160,629	-	160,629	(75,515)	-	-	-	-	-	(160,629)
High School Renovations	-	9,854	9,854	-	9,854	-	-	-	-	-	-	(9,854)
Elem. School Renovations 2017-18	1,760,500	1,760,500	-	444,539	444,539	1,315,961	-	-	-	-	-	(444,539)
High School Renovations 2017-18	18,642,000	18,642,000	-	665,712	665,712	17,976,288	-	-	-	-	-	(665,712)
Smart Schols Bond Act	942,067	942,067	492,688	438,670	931,358	10,709	-	-	-	924,978	924,978	(6,380)
Energy Performance Contract	2,079,148	2,114,563	2,114,563	-	2,114,563	-	2,079,148	35,415	-	-	2,114,563	-
Totals	$ 32,785,695	$ 32,945,471	$ 12,593,975	$ 1,780,717	$ 14,374,692	$ 18,570,779	$ 6,108,847	$ 3,897,473	$ 1,523,027	$ 924,978	$ 12,454,325	$ (1,920,367)

SCHOHARIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2018

Capital Assets, Net			$	15,858,296
Add:				
Unamortized deferred loss	$	39,480		
Capital projects fund - cash and investments		682,245		
				721,725
Deduct:				
Bond anticipation notes payable	$	(2,306,070)		
Short-term portion of bonds payable		(1,305,000)		
Long-term portion of bonds payable		(4,870,000)		
Unamortized bond premium		(47,987)		
Short-term portion of installment purchase debt		(230,829)		
Long-term portion of installment purchase debt		(724,614)		(9,484,500)
Net Investment in Capital Assets			$	7,095,521

MARVIN
AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
A History of Shaping Futures

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

To the President and Members
of the Board of Education of
Schoharie Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Schoharie Central School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-001.

District's Response to the Finding

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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 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.

Marvin and Company, P.C.

Latham, NY
October 17, 2018

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

To the President and Members
of the Board of Education of
Schoharie Central School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Schoharie 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 Schoharie 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 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 District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-003 that we consider to be a significant deficiency.

Schoharie Central School District's response to internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Marvin and Company, P.C.

Latham, NY
October 17, 2018

SCHOHARIE 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 Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through To Subrecipient	Total Federal Expenditures
U.S. Department of Education				
Indirect Awards - Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-18-0843	-	$ 229,700
Special Education Preschool Grants	84.173	0033-18-0843	-	17,202
Total Special Education Cluster				246,902
Title I Grants to Local Educational Agencies - Parts A&D	84.010	0021-18-2790	-	236,142
Improving Teacher Quality State Grants	84.367	147-18-7678	-	37,656
Total U.S. Department of Education				520,700
U.S. Department of Agriculture				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
National School Lunch Program	10.555	Not Applicable	-	187,729
School Breakfast Program	10.553	Not Applicable	-	53,933
Food Distribution	10.555	Not Applicable	-	24,305
Total Child Nutrition Cluster				265,967
Total U.S. Department of Agriculture				265,967
U.S. Department of Homeland Security				
Passed Through New York State Division of Homeland Security and Emergency Services				
Disaster Grants- Public Assistance	97.036	Not Applicable		6,347
Total U.S. Department of Homeland Security				6,347
Total Expenditures of Federal Awards				$ 793,014

See accompanying notes to Schedule of Expenditures of Federal Awards.

SCHOHARIE CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. 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 presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The federal expenditures are recognized under the Uniform Guidance.

3. SCOPE OF AUDIT

The Schoharie Central School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

4. NON-CASH ASSISTANCE

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2018, the District received food commodities totaling $24,305.

5. INDIRECT COST RATE

The Schoharie Central School District did not elect to use the 10% de minimus cost rate.

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

SCHOHARIE CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_X_ yes	____ no
• Significant deficiency(ies) identified?	____ yes	_X_ none reported
Noncompliance material to financial statements noted?	_X_ yes	____ no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	____ yes	_X_ no
• Significant deficiency(ies) identified?	_X_ yes	____ none reported
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_X_ yes	____ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	____ yes	_X_ no

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Noncompliance Material to the Financial Statements

2018-001 Compliance with New York Stat Real Property Tax Law

Statement of Condition: The unassigned fund balance of the general fund exceeds 4% of the 18/19 general fund budget.

Criteria: NYS Real Property Tax Law 1318 limits the amount of unassigned fund balance a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

Cause: The cumulative effect of expenditures being significantly under budget.

Effect of Condition: The District was not in compliance with Real Property Tax Law.

SCHOHARIE CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Section II: Financial Statement Findings

2018-001 Compliance with New York State Real Property Tax Law – Repeated from 2017

Context: As part of audit procedures the compliance the NYS Real Property Tax Law 1318 limits is reviewed.

Recommendation: The District should develop a plan regarding how to address and use the excess in future years.

Views of responsible officials and planned corrective actions: The District will work to better plan and use reserves to achieve compliance with Real Property Tax Law 1318.

Material Weakness

2018-002 Capital Fund Accounts Payable

Statement of Condition: Through our audit procedures we noted that certain construction related items were not included as accounts payable and expenditures as of June 30, 2018.

Cause: Inadequate review of performance dates on construction invoices.

Effect of Condition: Accounts payable and capital outlay expenditures were materially understated.

Context: A search for unrecorded liabilities disclosed three invoices paid subsequent to June 30, 2018 which pertained to work completed prior to year-end.

Recommendation: The District should develop policies and procedures to ensure proper review of transactions after year-end is performed to determine if they are accounted for in the correct year.

Views of responsible officials and planned corrective actions: The District currently works diligently to ensure that all invoices and expenses are recorded appropriately. The noted invoices were not received until well into the new fiscal year. Moving forward, the District will work closer with the Construction Manager to ensure that all invoices are received prior to the end of the fiscal year to be recorded properly.

SCHOHARIE CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):

2018-003 Paid Lunch Equity Calculation

Information on Federal Program: National School Lunch Programs and School Breakfast Program CFDA No. 10.553 and CFDA No. 10.555

Criteria: Paid Lunch Equity requirement 7 CFR section 210.14(e)

Condition: We noted the paid lunch equity calculation was not performed.

Questioned Costs: None.

Context: The paid lunch equity calculation is required to be performed on an annual basis by November 15th of each year and submitted December 15th. The paid lunch equity calculation appears to have been performed for the 2017/2018 school year, but could not be located by the District.

The paid lunch equity calculation had been performed for the 2018/2019 school year, with proposed adjustments to the meal costs to be in compliance with the 2018/2019 calculation.

Effect: Non-compliance with the paid lunch equity requirement.

Cause: The District also experienced turnover in the position responsible for performing the calculation.

Perspective Information: The Child Nutrition Director position experienced turnover between the 2016/2017 and 2017/2018 school years.

Repeat Finding: No

Recommendation: We recommend that the District continue to complete the paid lunch equity calculation on an annual basis and maintain the calculation as supporting documentation for compliance purposes.

Views of the Responsible Officials and Planned Corrective Actions: Management is confident that the calculation associated with the Price Calculator for the Food Service Program was conducted. For the future, we will ensure that these calculations are maintained in both a physical copy as well as an electronic copy with the yearly reports.

Summary Schedule of Prior Audit Findings

2017-001 Compliance with New York State Real Property Tax Law

Status: Repeated as item 2018-001