August 16, 2019

ERRATUM NOTICE

$5,731,700

SCIO CENTRAL SCHOOL DISTRICT

ALLEGANY COUNTY, NEW YORK

GENERAL OBLIGATIONS

$5,731,700 Bond Anticipation Notes, 2019

Dated: August 30, 2019 **Due: June 26, 2020**

An erratum notice for the Official Statement for the above referenced issue, which is selling via competitive bid on August 20, 2019 at 11:00 A.M., was previously published correcting the "Due Date" on the cover page and on page 2 under "THE NOTES, Description of the Notes" to August 28, 2020.

THIS IS INCORRECT

It *should* read:

Cover page:
"Dated: August 30, 2019 **Due: June 26, 2020"**

Page 2:
"The Notes are dated August 30, 2019 and mature on June 26, 2020."

Also, the second paragraph of the Notice of Sale should read: **"The Notes will be dated August 30, 2019 and will mature on June 26, 2020, with interest payable at maturity."**

As well as the "Proposal for Notes" page, should read:
"Dated: August 30, 2019 **Due: June 26, 2020"**

August 9, 2019

ERRATUM NOTICE

$5,731,700
SCIO CENTRAL SCHOOL DISTRICT
ALLEGANY COUNTY, NEW YORK
GENERAL OBLIGATIONS

$5,731,700 Bond Anticipation Notes, 2019

Dated: August 30, 2019 **Due: August 28, 2020**

The Official Statement for the above referenced issue, which is selling via competitive bid on August 20, 2019 at 11:00 A.M., *erroneously* stated on the cover page and on page 2 under 'THE NOTES, Description of the Notes" that the Notes mature(due) on June 26, 2020.

It *should* read:

"Dated: August 30, 2019 **Due: August 28, 2020"**

"The Notes are dated August 30, 2019 and mature on August 28, 2020."

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

$5,731,700

SCIO CENTRAL SCHOOL DISTRICT

ALLEGANY COUNTY, NEW YORK

GENERAL OBLIGATIONS

$5,731,700 Bond Anticipation Notes, 2019

(the "Notes")

Dated: August 30, 2019 **Due: June 26, 2020**

The Notes are general obligations of the Scio Central School District (the "District" or "School District"), Allegany 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, except for one necessary odd denomination which is or includes $6,700, as may be determined by such successful bidder(s).

Alternatively, if the Notes are issued as registered notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes $6,700, 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 30, 2019.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on August 20, 2019 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

August 8, 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.

SCIO CENTRAL SCHOOL DISTRICT
ALLEGANY COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2019-2020 BOARD OF EDUCATION

LOREN KNAPP
President

JON NICKERSON
Vice President

DANIEL FULLER
DAVID ROBERTS
MELANIE RYAN
ROBERT THOMPSON
MARY WEIMER

* * * * * * * * *

JENNIFER O. CAPPELLETTI
Superintendent of Schools

NICHELE LINDERMAN
Business Administrator

JANICE FULLER
Records Management Officer/Treasurer

CATHERINE LAW
School District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

BARCLAY DAMON LLP
Bond Counsel

No person has been authorized by Scio 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 Scio Central School District.

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
120 Walton Street, Suite 600
Syracuse, New York 13202
(315) 752-0051
http://www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

SCIO CENTRAL SCHOOL DISTRICT
ALLEGANY COUNTY, NEW YORK

Relating To

$5,731,700 Bond Anticipation Notes, 2019

This Official Statement, which includes the cover page and appendices, has been prepared by the Scio Central School District, Allegany County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $5,731,700 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 30, 2019 and mature 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 except for one necessary odd denomination which is or includes $6,700, 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 8, 2018 authorizing the issuance of $5,731,700 general obligation serial bonds to finance the reconstruction of various District buildings and athletic facilities, site work, and the acquisition of original furnishings, equipment, machinery, and apparatus.

The proceeds of the Notes will partially redeem in full the $2,400,000 bond anticipation notes maturing August 31, 2018 and provide $3,331,700 new money for the above referenced project.

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, except for one necessary odd denomination which is or includes $6,700. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District is located in the southwest portion of Upstate New York in the County of Allegany. The City of Olean is approximately 35 miles west and the City of Buffalo is approximately 80 miles northwest. Major highways bisecting the District include New York State Routes 19 and 417. An exchange to the Southern Tier Expressway (I86) is located 8 miles north of the District.

The land area of the District is approximately 125 square miles, the District has an estimated population of 1,862 and is residential and agricultural in nature. Many of the residents are employed in and around the Olean metropolitan area as well as in the Village of Wellsville, which is located within five minutes of the District.

Source: District officials.

Population

The current estimated population of the District is 1,862. (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 are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the County are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
Town of:						
Alma	$ 13,061	$ 18,727	$ 30,565	$ 35,833	$ 43,542	$ 63,750
Amity	15,304	20,820	23,426	40,387	44,777	51,125
Andover	19,273	19,274	25,509	40,341	47,404	64,408
Bolivar	13,766	19,329	20,235	38,750	52,232	50,278
Friendship	12,552	17,218	19,654	33,542	43,631	44,432
Scio	14,472	20,782	24,581	38,250	43,125	57,500
Ward	15,271	22,207	24,370	41,000	63,611	73,125
Wellsville	18,744	21,322	25,972	39,705	47,887	48,984
Wirt	12,387	19,454	20,741	32,222	38,409	49,453
County of:						
Allegany	14,975	20,058	22,377	38,580	49,864	55,302
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

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

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

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Five Largest Employers

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

Name	Type	Employees
Allegany County	Government	570
Dresser Rand - Siemens	Commercial	515
Alstom	Air Preheater Company	500
Jones Memorial Hospital	Hospital	385
Saputo - Friendship Diaries	Manufacturing	270

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 Allegany County. The figures set below with respect to said 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 Average

	2012	2013	2014	2015	2016	2017	2018
Allegany County	8.4%	7.5%	6.2%	6.5%	6.3%	6.6%	5.6%
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	Aug
Allegany County	6.7%	6.3%	6.0%	5.1%	4.8%	4.7%	N/A	N/A
New York State	4.6%	4.4%	4.1%	3.6%	3.8%	3.8%	N/A	N/A

Note: Unemployment rates for July and August 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 five-year terms so, that as nearly as possible, an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District 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 the qualified voters on May 15, 2018 by a vote of 70 to 13. The District's adopted 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 2.0%, which was below the District tax levy limit of 2.28%.

The budget for the 2019-20 fiscal year was adopted by the qualified voters on May 21, 2019 by a vote of 66 to 11. The District's adopted 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 1.98%, which is below the District tax levy limit of 2.11%.

The State's 2018-19 Enacted Budget includes 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 or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations of agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality, school district or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments for the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits in excess of the amount insured under the Federal Deposit Insurance Act be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations of 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, 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 77.29% 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”).

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 95.6% 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 a part of the Community Schools Grant Initiative (CSGI) and has not received any grant monies from the State.

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called “Deficit Reduction Assessment”) as a way to help close the State’s then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $8,945,210. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

School district fiscal year (2017-2018): The State 2017-2018 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State’s usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-2018 and 2018-2019 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2018-2019): The State’s 2018-2019 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately $859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at $26.03 billion statewide, a 3.4% increase over the prior year. The State’s 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid totaled nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State’s 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. $50 million of the Foundation Aid increase was “set aside” for certain school districts to fund community schools. The State’s 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-2019.

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

State Aid Litigation

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

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

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

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

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

State Aid Revenues

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

Fiscal Year	Total Revenues (1)	Total State Aid (1)	Percentage of Total Revenues Consisting of State Aid
2013-2014	$ 8,972,045	$ 6,679,829	74.45%
2014-2015	8,996,875	6,763,239	75.17
2015-2016	9,268,021	6,951,603	75.01
2016-2017	9,544,339	7,148,391	74.90
2017-2018	9,644,275	7,155,294	74.19
2018-2019 (Budgeted)	9,998,436	7,710,507	77.12
2018-2019 (Unaudited Actual)	9,784,547	7,263,895	74.24
2019-2020 (Budgeted)	10,258,127	7,928,647	77.29

(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. The 2018-2019 unaudited results are estimated and audited results may vary therefrom. This table is not audited.

District Facilities

The District currently operates the following facilities:

Name	Grades	Capacity	Year(s) Built
Scio Central School	K-12	588	1938, '51, '79, '87, '95, '99

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2014-2015	345	2019-2020	349
2015-2016	335	2020-2021	350
2016-2017	336	2021-2022	350
2017-2018	350	2022-2023	347
2018-2019	341	2023-2024	345

Source: District officials.

Employees

The District employs a total of 79 full-time and 2 part-time employees with representation by the various bargaining units listed below:

Number of Employees	Bargaining Unit	Contract Expiration Date
46	Scio Central School Teachers' Association	June 30, 2021
31	Scio Central School C.S.E.A.	June 30, 2020

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
2013-2014	$ 188,858	$ 468,349
2014-2015	182,041	521,834
2015-2016	155,294	387,772
2016-2017	156,613	371,954
2017-2018	142,939	320,672
2018-2019 (Budgeted)	147,600	329,500
2018-2019 (Estimated)	136,000	307,000
2019-2020 (Budgeted)	151,800	275,000

Source: District records. The 2018-2019 unaudited results are estimated and audited results may vary therefrom.

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 offered an early retirement incentive during the 2017-2018 fiscal year in which 2 employees participated for an estimated five-year savings of $303,500. The District also offered an early retirement incentive during the 2018-2019 fiscal year in which 2 employees participated for an estimated four-year savings of $181,000.

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

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

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

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

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

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

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

The 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. The Board of Education approved establishment of a TRS reserve at its June 6, 2019 meeting. As of the date of this Official Statement, no funds have been placed into the reserve. The District hopes to put the allowed 2% of TRS salaries in the reserve during the 2019-2020 fiscal year. The amount would be approximately $57,000.

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 Nyhart Actuary and Employee Benefits, 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:	$ 882,271
Changes for the year:	
Service cost	31,687
Interest	24,950
Differences between expected and actual experience	0
Changes of benefit terms	(41,017)
Changes in assumptions or other inputs	(27,000)
Benefit payments	(119,856)
Net Changes	(131,236)
Balance at June 30, 2018:	$ 751,035

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

Annual OPEB Cost and Net OPEB Obligation:

	2017	2016
Annual required contribution (ARC)	$ 69,506	$ 69,506
Interest on net OPEB obligation	1,425	1,425
Adjustment to ARC	(2,948)	(2,948)
Annual OPEB cost (expense)	67,983	67,983
Contributions made	(65,643)	(65,643)
Increase in net OPEB obligation	2,340	2,340
Net OPEB obligation - beginning of year	34,004	31,664
Net OPEB obligation - end of year	$ 36,344	$ 34,004
Percentage of annual OPEB cost contributed	96.56%	96.56%

Funding Status

	2017	2016
Actuarial Accrued Liability (AAL)	$ 500,581	$ 500,581
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 500,581	$ 500,581
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	$ 67,983	96.56%	$ 36,344
2016	67,983	96.56	34,004
2015	71,974	96.80	31,664

Note: The above tables are not audited. The Annual OPEB Cost figures for the fiscal years ending in 2016 and 2017 are the same.

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 $778,463. Summary unaudited information for the General Fund for the period ending June 30, 2019 is as follows:

Revenues:	$ 9,784,547
Expenditures:	9,620,931
Excess (Deficit) Revenues Over Expenditures:	$ 163,616
Total Fund Balance:	$ 1,807,496

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 March 17, 2017. The purpose of the audit was to evaluate the accuracy of payroll payments for the period July 1, 2015 through December 22, 2016.

Key Findings:

- The Board has not adopted written policies and District officials have not developed written procedures over the payroll function.

Key Recommendations:

- Develop and adopt written payroll policies and procedures.

The District provided a complete response to the State Comptroller's office on March 10, 2017. 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	10.0%
2016	Susceptible Fiscal Stress	43.3%

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:					
Alma	$ 7,374,556	$ 7,263,879	$ 7,248,258	$ 7,246,112	$ 7,275,097
Amity	4,955,288	5,043,899	5,065,274	4,936,954	4,906,729
Andover	167,977	169,609	169,986	237,526 (1)	239,198
Bolivar	2,488,671	2,548,051	2,738,912	3,385,017 (1)	3,360,663
Friendship	23,700	26,760	23,765	23,766	24,040
Scio	38,904,051	63,564,425 (1)	62,943,773	62,681,696	62,296,620
Ward	10,554,647	10,500,530	10,650,688	10,651,712	10,591,721
Wellsville	65,000	95,173	95,180	95,180	95,165
Wirt	2,890,715	2,935,908	2,987,859	2,928,572	3,608,369
Total Assessed Values	$ 67,424,605	$ 92,148,234	$ 91,923,695	$ 92,186,535	$ 92,397,602

(1) Significant change from previous year due to revaluation.

State Equalization Rates

Towns of:					
Alma	100.00%	100.00%	100.00%	100.00%	99.00%
Amity	100.00%	92.00%	90.00%	89.00%	89.00%
Andover	85.00%	77.00%	73.00%	100.00% (1)	100.00%
Bolivar	98.00%	95.00%	90.00%	100.00% (1)	100.00%
Friendship	100.00%	100.00%	100.00%	95.00%	91.00%
Scio	71.00%	100.00% (1)	100.00%	100.00%	100.00%
Ward	100.00%	100.00%	97.00%	92.00%	95.00%
Wellsville	100.00%	100.00%	100.00%	100.00%	99.00%
Wirt	100.00%	92.00%	86.00%	86.00%	100.00%
Total Taxable Full Valuation	$ 83,395,424	$ 93,026,901	$ 93,669,497	$ 94,200,951	$ 93,638,335

(1) Significant change from previous year due to revaluation.

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Towns of:					
Alma	$ 23.51	$ 21.49	$ 21.54	$ 21.84	$ 22.64
Amity	23.51	23.36	23.94	24.54 (1)	25.18
Andover	27.66	27.91	29.51	21.84 (1)	22.41
Bolivar	23.99	22.62	23.94	21.84	22.41
Friendship	23.51	21.49	21.54	22.99	24.63
Scio	33.11	21.49 (1)	21.54	21.84	22.41
Ward	23.51	21.49	22.21	23.74	23.59
Wellsville	23.51	21.49	21.54	21.84	22.64
Wirt	23.51	23.36	25.05	25.40	22.41

(1) Significant change from previous year due to revaluation.

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged from October 2nd to October 31st. On November 1st, all unpaid taxes are turned over to the County for re-levy on the following year’s town and county tax bills. The District is reimbursed by the County for all unpaid taxes in April of each year and is thus assured of 100% collection of its annual tax levy.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Total Tax Levy	$ 1,960,802	$ 1,999,038	$ 2,018,029	$ 2,057,381	$ 2,098,529
Amount Uncollected (1)	239,859	213,185	204,106	211,636	200,763
% Uncollected	12.23%	10.66%	10.11%	10.29%	9.57%

(1) See "Tax Collection Procedure" herein.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2013-2014	$ 8,972,045	$ 1,955,668	21.80%
2014-2015	8,996,875	1,965,193	21.84
2015-2016	9,268,021	2,008,817	21.67
2016-2017	9,544,339	2,025,899	21.23
2017-2018	9,644,275	2,062,205	21.38
2018-2019 (Budgeted)	9,998,436	2,101,529	21.02
2018-2019 (Unaudited Actual)	9,784,547	2,104,193	21.51
2019-2020 (Budgeted)	10,258,127	2,143,080	20.89

(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. The 2018-2019 unaudited results are estimated and audited results may vary therefrom. This table is not audited.

Larger Taxpayers 2018 Tax Roll for 2018-19

Name	Type	Full Valuation
National Grid (Niagara Mohawk)	Utility	$ 3,257,919
Dominion Resources	Utility	2,625,741
State of New York	Government	1,891,200
National Fuel	Utility	1,478,873
John and Carol Potter	Private Property/Business	680,950
Dan and Sue Nickerson	Private Property/Business	652,000
Ackerman Land and Minerals	Private Property/Business	651,500
Verizon	Utility	507,065
Hydramec, Inc	Business	498,900
Rochester Gas & Electric	Utility	451,661

The ten larger taxpayers listed above have a total full valuation of $12,695,809, which represents 13.56% of the tax base of the District.

As of the date of this Official Statement, the District 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 or less have the option to elect the credit or the exemption. 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
Alma	$ 68,010	$ 29,700	4/9/2019
Amity	61,140	26,700	4/9/2019
Andover	68,700	30,000	4/9/2019
Bolivar	68,700	30,000	4/9/2019
Friendship	62,520	27,300	4/9/2019
Scio	68,700	30,000	4/9/2019
Ward	68,700	30,000	4/9/2019
Wellsville	68,010	29,700	4/9/2019
Wirt	68,700	30,000	4/9/2019

$486,105 of the District's $2,098,529 school tax levy for the 2018-19 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2019.

Approximately $ 490,000 of the District's $ 2,140,080 school tax levy for the 2019-20 fiscal year is expected to be exempt by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State in January 2020.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Agricultural-10%, Residential-70% and Commercial-20%.

The estimated total annual property tax bill of a $55,000 market value residential property located in the District is approximately $2,500 including County, Town or Village, 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.

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.

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 30^{th}:	2015	2016	2017	2018	2019
Bonds	$ 3,753,326	$ 3,219,388	$ 4,919,454	$ 4,377,829	$ 3,659,883
Bond Anticipation Notes	2,895,000	2,895,000	2,722,846	0	2,400,000
Total Debt Outstanding	$ 6,648,326	$ 6,114,388	$ 7,642,300	$ 4,377,829	$ 6,059,883

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of August 8, 2019.

Type of Indebtedness	Maturity		Amount
Bonds	2019-2032		$ 3,659,883
Bond Anticipation Notes			
Capital Improvements	August 30, 2019		2,400,000 (1)
		Total Indebtedness	$ 6,059,883

(1) To be renewed in full at maturity with the proceeds of the Notes.

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of August 8, 2019:

Full Valuation of Taxable Real Property			$ 93,638,335
Debt Limit 10% thereof			9,363,834
Inclusions:			
Bonds	$ 3,659,883		
Bond Anticipation Notes	0		
Principal of this Issue	5,731,700		
Total Inclusions		$ 9,391,583	
Exclusions:			
State Building Aid (1)	$ 5,339,920		
Total Exclusions		$ 5,339,920	
Total Net Indebtedness			$ 4,051,663
Net Debt-Contracting Margin			$ 5,312,171
The percent of debt contracting power exhausted is			43.27%

(1) Represents a preliminary estimate of monies to be received by the District from the State as an apportionment for debt service for school building purposes, based on the most recent request for an exclusion certificate applied for and received by the District from the State Commissioner of Education on July 30, 2019. Based on preliminary 2019-2020 building aid estimates, the District anticipates State Building aid of 95.6% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

Bonded Debt Service

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

Capital Project Plans

On June 8, 2017, the voters of the District approved a $5,731,700 capital project. Project numbers and a project manager have been assigned. Preliminary plans were submitted to the State Education Department in early October 2017 and received approval on May 8, 2018. Construction is expected to commence summer 2019. The District issued $2,400,000 bond anticipation notes on August 31, 2018 representing the first borrowing against this authorization. The Notes are being issued to renew the $2,400,000 bond anticipation notes maturing August 30, 2019 and provide $3,331,700 new money for the aforementioned project. Upon project completion the District would expect to convert to long term financing through the issuance of serial bonds.

The District issues obligations annually for the purchase of school buses. The District plans to issue statutory installment bonds in September 2019 in the amount of $91,809.63 for the purchase of school buses.

There are presently no other capital projects authorized and unissued by the District.

Cash Flow Borrowings

The District has borrowed for cash flow purposes through the issuance of revenue anticipation notes in the past but does not reasonably expect to issue revenue anticipation notes or tax anticipation notes in the current fiscal year.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Allegany	12/31/2017	$ 24,630,000	$ -	$ 24,630,000	4.67%	$ 1,150,221
Town of:						
Alma	12/31/2017	66,000	-	66,000	15.94%	10,520
Amity	12/31/2017	-	-	-	6.89%	-
Andover	12/31/2017	364,909	-	364,909	0.31%	1,131
Bolivar	12/31/2017	258,000	258,000	-	4.35%	-
Friendship	12/31/2017	1,633,062	1,448,462	184,600	0.04%	74
Scio	12/31/2017	-	-	-	90.09%	-
Ward	12/31/2017	-	-	-	35.69%	-
Wellsville	12/31/2017	515,086	356,468	158,618	0.04%	63
Wirt	12/31/2017	-	-	-	6.72%	-
					Total:	$ 1,162,010

(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 is currently unavailable as of the date of this Official Statement.

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

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of August 8, 2019:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 4,051,663	$ 2,175.97	4.33%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	5,213,673	2,800.04	5.57

(a) The current estimated population of the District is 1,862. (See "THE SCHOOL DISTRICT – Population" herein.)
(b) The District's full value of taxable real estate for the 2018-19 fiscal year is $93,638,335. (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 $1,162,010. (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 past 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 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. 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 "Baa1" 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. Nichele Linderman, Business Administrator, Administration Offices, 3968 Washington Street, Scio, New York 14880 telephone (585) 593-5510 x 1180, fax (585) 593-3468, email NLinderman@scio.wnyric.org.

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

SCIO CENTRAL SCHOOL DISTRICT

Dated: August 8, 2019

LOREN KNAPP
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
ASSETS					
Unrestricted Cash	$ 1,614,298	$ 1,276,087	$ 1,146,809	$ 1,362,328	$ 1,566,748
Accounts Receivable	-	-	-	-	-
State and Federal Aid Receivable	94,463	80,679	98,988	180,427	107,046
Due From Other Funds	592,657	684,731	748,454	835,437	944,736
Due From Other Governments	-	-	-	-	6,480
Other Receivables	-	-	-	-	67
Inventories	-	-	-	-	-
TOTAL ASSETS	$ 2,301,418	$ 2,041,497	$ 1,994,251	$ 2,378,192	$ 2,625,077
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 25,271	$ 15,030	$ 77,151	$ 101,187	$ 45,261
Accrued Liabilities	67,836	85,530	106,838	111,669	146,036
Due to Other Funds	25,000	44,751	90,330	291,893	412,221
Due to Other Governments	-	-	-	-	13,473
Due To Teachers' Retirement System	494,223	556,539	413,904	371,954	325,320
Due To Employees' Retirement System	56,196	52,745	38,698	39,964	38,886
TOTAL LIABILITIES	$ 668,526	$ 754,595	$ 726,921	$ 916,667	$ 981,197
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	1,014,119	792,320	687,293	623,270	583,270
Assigned	557,084	553,089	421,216	435,042	445,763
Unassigned	61,689	(58,507)	158,821	403,213	614,847
TOTAL FUND EQUITY	$ 1,632,892	$ 1,286,902	$ 1,267,330	$ 1,461,525	$ 1,643,880
TOTAL LIABILITIES and FUND EQUITY	$ 2,301,418	$ 2,041,497	$ 1,994,251	$ 2,378,192	$ 2,625,077

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	$ 1,388,268	$ 1,396,710	$ 1,414,045	$ 1,449,034	$ 1,503,862
Other Tax Items	536,024	558,958	551,148	559,783	522,037
Charges for Services	41,163	7,167	11,781	20,118	18,825
Use of Money & Property	73,193	69,588	89,249	71,721	93,429
Sale of Property and Compensation for Loss	922	9,513	5,124	1,179	9,060
Miscellaneous	219,515	233,933	140,476	195,291	224,972
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	6,739,627	6,679,829	6,763,239	6,951,603	7,148,391
Revenues from Federal Sources	30,571	16,347	21,813	19,292	23,763
Total Revenues	$ 9,029,283	$ 8,972,045	$ 8,996,875	$ 9,268,021	$ 9,544,339
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 9,029,283	$ 8,972,045	$ 8,996,875	$ 9,268,021	$ 9,544,339
EXPENDITURES					
General Support	$ 1,388,697	$ 1,479,410	$ 1,401,466	$ 1,387,864	$ 1,424,673
Instruction	4,691,561	4,637,794	4,763,843	4,760,067	4,841,056
Pupil Transportation	513,393	514,516	509,267	535,847	487,709
Community Services	1,000	-	-	-	1,000
Employee Benefits	1,637,592	1,835,268	1,914,816	1,803,106	1,788,318
Debt Service	958,912	952,673	753,473	775,709	785,388
Total Expenditures	$ 9,191,155	$ 9,419,661	$ 9,342,865	$ 9,262,593	$ 9,328,144
Other Uses:					
Interfund Transfers	25,000	124,999	-	25,000	22,000
Total Expenditures and Other Uses	$ 9,216,155	$ 9,544,660	$ 9,342,865	$ 9,287,593	$ 9,350,144
Excess (Deficit) Revenues Over Expenditures	(186,872)	(572,615)	(345,990)	(19,572)	194,195
FUND BALANCE					
Fund Balance - Beginning of Year	2,392,379	2,205,507	$ 1,632,892	$ 1,286,902	$ 1,267,330
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 2,205,507	$ 1,632,892	$ 1,286,902	$ 1,267,330	$ 1,461,525

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2018 Adopted Budget	2018 Modified Budget	2018 Actual	2019 Adopted Budget	2020 Adopted Budget
REVENUES					
Real Property Taxes	$ 1,539,381	$ 1,539,381	$ 1,562,885	$ 1,580,529	$ 1,622,080
Other Tax Items	521,000	521,000	499,320	521,000	521,000
Charges for Services	25,500	25,500	19,181	2,000	25,500
Use of Money & Property	80,000	80,000	96,322	99,500	76,000
Sale of Property and Compensation for Loss	900	900	2,570	900	900
Miscellaneous	57,000	57,000	259,268	57,000	57,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	7,580,541	7,580,541	7,155,294	7,710,507	7,928,647
Revenues from Federal Sources	27,000	27,000	49,435	27,000	27,000
Total Revenues	$ 9,831,322	$ 9,831,322	$ 9,644,275	$ 9,998,436	$ 10,258,127
Other Sources:					
Appropriated Reserves	18,384	18,384	-	-	-
Interfund Transfers	161,750	161,750	-	461,785	60,000
Total Revenues and Other Sources	$ 10,011,456	$ 10,011,456	$ 9,644,275	$ 10,460,222	$ 10,318,127
EXPENDITURES					
General Support	$ 1,590,903	$ 1,579,006	$ 1,455,708	$ 1,569,545	$ 1,480,746
Instruction	5,285,669	5,308,787	4,778,946	5,282,451	5,456,309
Pupil Transportation	595,611	599,753	486,313	584,351	585,354
Community Services	1,000	1,000	692	1,000	1,000
Employee Benefits	1,961,586	1,946,223	1,758,179	2,013,648	1,963,800
Debt Service	968,345	968,345	957,082	984,227	1,291,070
Total Expenditures	$ 10,403,114	$ 10,403,114	$ 9,436,920	$ 10,435,222	$ 10,778,279
Other Uses:					
Interfund Transfers	25,000	25,000	25,000	25,000	-
Total Expenditures and Other Uses	$ 10,428,114	$ 10,428,114	$ 9,461,920	$ 10,460,222	$ 10,778,279
Excess (Deficit) Revenues Over Expenditures	(416,658)	(416,658)	182,355	-	(460,152)
FUND BALANCE					
Fund Balance - Beginning of Year	416,658	416,658	1,461,525	-	460,152
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 1,643,880	$ -	$ -

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Adopted Budgets

Fiscal Years Ending June 30:	2016 Adopted Budget	2017 Adopted Budget	2018 Adopted Budget	2019 Adopted Budget	2020 Adopted Budget
REVENUES					
Real Property Taxes	$ 1,999,038	$ 1,459,319	$ 1,539,381	$ 1,580,529	$ 1,622,080
Other Tax Items	-	555,000	521,000	521,000	521,000
Charges for Services	-	-	2,000	2,000	25,500
Use of Money & Property	-	-	103,500	99,500	76,000
Sale of Property and Compensation for Loss	-	-	900	900	900
Miscellaneous	266,400	161,400	57,000	57,000	57,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	7,061,860	7,384,755	7,580,541	7,710,507	7,928,647
Revenues from Federal Sources	27,000	27,000	27,000	27,000	27,000
Total Revenues	$ 9,354,298	$ 9,587,474	$ 9,831,322	$ 9,998,436	$ 10,258,127
Other Sources:					
Interfund Transfers	-	668,685	578,408	461,785	60,000
Total Revenues and Other Sources	$ 9,354,298	$ 10,256,159	$ 10,409,730	$ 10,460,222	$ 10,318,127
EXPENDITURES					
General Support	$ 1,789,623	$ 1,602,595	$ 1,590,903	$ 1,569,545	$ 1,480,746
Instruction	4,787,388	5,010,405	5,282,030	5,282,451	5,456,309
Pupil Transportation	591,923	613,884	580,866	584,351	585,354
Community Services	1,000	1,000	1,000	1,000	1,000
Employee Benefits	2,110,851	2,035,399	1,961,586	2,013,648	1,963,800
Debt Service	761,039	967,876	968,345	984,227	1,291,070
Total Expenditures	$ 10,041,824	$ 10,231,159	$ 10,384,730	$ 10,435,222	$ 10,778,279
Other Uses:					
Interfund Transfers	25,000	25,000	25,000	25,000	
Total Expenditures and Other Uses	$ 10,066,824	$ 10,256,159	$ 10,409,730	$ 10,460,222	$ 10,778,279
Excess (Deficit) Revenues Over Expenditures	(712,526)	-	-	-	(460,152)
FUND BALANCE					
Fund Balance - Beginning of Year	712,526				460,152
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -	$ -

Source: Adopted budgets of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	$ 819,750	$ 162,199.21	$ 981,949.28
2021	446,980	127,113.35	574,093.41
2022	451,576	108,578.58	560,154.78
2023	326,576	91,086.16	417,662.36
2024	160,000	80,750.00	240,750.00
2025	165,000	72,750.00	237,750.00
2026	175,000	64,500.00	239,500.00
2027	185,000	55,750.00	240,750.00
2028	190,000	46,500.00	236,500.00
2029	200,000	37,000.00	237,000.00
2030	210,000	27,000.00	237,000.00
2031	220,000	16,500.00	236,500.00
2032	110,000	5,500.00	115,500.00
TOTALS	$ 3,659,883	$ 895,227.30	$ 4,555,109.83

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2008 Reconstruction Principal	Interest	Total	2010 Refunding of 2002 Principal	Interest	Total
2020	$ 245,000	$ 34,003.13	$ 279,003.13	$ 380,000	$ 17,375.00	$ 397,375.00
2021	255,000	23,531.25	278,531.25	-	-	-
2022	270,000	12,206.25	282,206.25	-	-	-
2023	140,000	3,150.00	143,150.00	-	-	-
TOTALS	$ 910,000	$ 72,890.63	$ 982,890.63	$ 380,000	$ 17,375.00	$ 397,375.00

Fiscal Year Ending June 30th	2014 Purchase of Buses Principal	Interest	Total	2015 Purchase of Buses Principal	Interest	Total
2020	$ 7,770	$ 229.22	$ 7,999.22	$ 15,404	$ 847.21	$ 16,251.08
2021	-	-	-	15,404	423.61	15,827.47
TOTALS	$ 7,770	$ 229.22	$ 7,999.22	$ 30,808	$ 1,270.82	$ 32,078.55

Fiscal Year Ending June 30th	2017 Purchase of Buses Principal	Interest	Total
2020	$ 18,801	$ 2,256.08	$ 21,056.74
2021	18,801	1,692.06	20,492.72
2022	18,801	1,128.04	19,928.70
2023	18,801	564.02	19,364.68
TOTALS	$ 75,203	$ 5,640.20	$ 80,842.84

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2017 Reconstruction			2018 Purchase of Buses		
	Principal	Interest	Total	Principal	Interest	Total
2020	$ 135,000	$ 105,000.00	$ 240,000.00	$ 17,776	$ 2,488.58	$ 20,264.12
2021	140,000	99,600.00	239,600.00	17,776	1,866.43	19,641.97
2022	145,000	94,000.00	239,000.00	17,776	1,244.29	19,019.83
2023	150,000	86,750.00	236,750.00	17,776	622.14	18,397.68
2024	160,000	80,750.00	240,750.00	-	-	-
2025	165,000	72,750.00	237,750.00	-	-	-
2026	175,000	64,500.00	239,500.00	-	-	-
2027	185,000	55,750.00	240,750.00	-	-	-
2028	190,000	46,500.00	236,500.00	-	-	-
2029	200,000	37,000.00	237,000.00	-	-	-
2030	210,000	27,000.00	237,000.00	-	-	-
2031	220,000	16,500.00	236,500.00	-	-	-
2032	110,000	5,500.00	115,500.00	-	-	-
TOTALS	$ 2,185,000	$ 791,600.00	$2,976,600.00	$ 71,102	$ 6,221.44	$ 77,323.60

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.

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.

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.

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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SCIO CENTRAL SCHOOL DISTRICT
ALLEGANY 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.

SCIO CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2018

SCIO CENTRAL SCHOOL DISTRICT

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TABLE OF CONTENTS (CONT.)

* * * * *

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Scio Central School District
Scio, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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 Unites 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 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.

36 Niagara Street
Tonawanda, New York 14150
Phone: 716.694.0336
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email: info@amatofox.com

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Scio Central School District's basic financial statements. The Combining and Individual Fund Statements and Schedules, and the Financial Statements of Individual Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining and Individual Fund Statements and Schedules, and the Financial Statements of Individual Funds are the responsibility of management and was derived from and relates 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 schedules 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 5, 2018 on our consideration of the Scio Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Scio Central School District's internal control over financial reporting and compliance.

Amato, Fox & Company, P.C.

Amato, Fox and Company, PC
Tonawanda, New York
October 5, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

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

FINANCIAL HIGHLIGHTS

The District's total Net Position at the close of this fiscal year was $4,703,713. Beginning Net Position was restated from $5,515,640 to $4,601,696 due to the implementation of GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Total Net Position increased from $4,601,696 due to a change in net position of $102,017.

The District's total combined fund balance at the close of this fiscal year was $1,617,503.

Total combined fund balance increased from $1,321,190 due to an excess of revenues over expenditures of $296,313.

Total long-term debt at year-end was $5,499,402, a decrease of $1,138,998 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

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

- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operation in *more detail* than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds.

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

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

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

The following figure summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of the Management Discussion & Analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	·Statement of net position ·Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the School District's net position and how it has changed. Net position – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the School District's activities are shown as *Governmental activities*: Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- Governmental Funds: Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- Fiduciary Funds: The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

SCIO CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Condensed Statement of Net Position

	Governmental Activities and Total School District		Percentage
	Beginning	Ending	Change
Current and other assets	$ 4,638,959	$ 2,358,014	-49.17%
Capital assets	7,806,389	7,396,039	-5.26%
Total assets	12,445,348	9,754,053	-21.62%
Deferred outflow of resources	2,305,264	1,888,336	-18.09%
Total deferred outflows	2,305,264	1,888,336	-18.09%
Long-term debt outstanding	6,638,400	5,499,402	-17.16%
Other liabilities	3,310,805	598,732	-81.92%
Total liabilities	9,949,205	6,098,134	-38.71%
Deferred inflow of resources	199,711	840,542	320.88%
Total deferred inflow	199,711	840,542	320.88%
Net Position:			
Net investment in capital assets	164,090	3,018,210	1739.36%
Restricted	825,068	883,674	7.10%
Unrestricted	3,612,538	801,829	-77.80%
Total Net Position	**$ 4,601,696**	**$ 4,703,713**	**2.22%**

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FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Changes in Net Position from Operating Results

	Governmental Activities and Total School District		Percentage
	Beginning	Ending	Change
Revenues:			
Program revenues:			
Charges for services	$ 46,288	$ 39,719	-14.19%
Operating grants and contributions	1,106,251	653,911	-40.89%
General revenues:			
Property taxes and tax items	2,025,899	2,062,205	1.79%
State and federal sources	6,937,132	7,173,692	3.41%
Other	330,985	767,755	131.96%
Total revenues	10,446,555	10,697,282	2.40%
Expenses:			
General support	2,012,056	2,589,093	28.68%
Instruction	6,916,882	6,864,718	-0.75%
Pupil transportation	762,708	624,678	-18.10%
Community	-	1,006	100.00%
Debt service - interest	170,587	264,313	54.94%
School lunch expenditures	245,199	251,457	2.55%
Total expenses	10,107,432	10,595,265	4.83%
Changes in Net Position	339,123	102,017	-69.92%
Net Position at beginning of year	4,262,573	4,601,696	-42.32%
Net Position at end of year	**$ 4,601,696**	**$ 4,703,713**	**2.22%**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

	Governmental Funds					
	General	Special Aid	School Lunch	Capital	Debt Service	Total
Fund Balance at June 30, 2016	**$ 1,267,330**	**$ 12,282**	**$ (67,678)**	**$ (2,441,332)**	**$ 211,472**	**$ (1,017,926)**
Revenues	9,544,339	482,538	284,216	131,992	3,469	10,446,554
Expenditures	(9,328,144)	(494,820)	(268,921)	(327,410)	(13,143)	(10,432,438)
Other financing sources (uses)	(22,000)	-	-	2,347,000	-	2,325,000
Fund Balance at June 30, 2017	**$ 1,461,525**	**$ -**	**$ (52,383)**	**$ (289,750)**	**$ 201,798**	**$ 1,321,190**
Revenues	9,644,275	376,929	276,584	217	214	10,298,219
Expenditures	(9,436,920)	(376,929)	(273,617)	(467,020)	(15,486)	(10,569,972)
Other financing sources (uses)	(25,000)	-	-	593,066	-	568,066
Fund Balance at June 30, 2018	**$ 1,643,880**	**$ -**	**$ (49,416)**	**$ (163,487)**	**$ 186,526**	**$ 1,617,503**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

General Fund Budgetary Highlights

The following information is presented to assist in comparing the original budget and the final modified budget and how actual results compared with these budgeted amounts.

	Original Budget	Final Budget	Actual
Revenues:			
Real property tax	$ 1,539,381	$ 1,539,381	$ 1,562,885
Real property tax items	521,000	521,000	499,320
Charges for services	25,500	25,500	19,181
Use of money and property	80,000	80,000	96,322
Sale of property	900	900	2,570
Miscellaneous	57,000	57,000	259,268
State sources	7,580,541	7,580,541	7,155,294
Federal sources	27,000	27,000	49,435
Total revenues	9,831,322	9,831,322	9,644,275
Other sources:			
Operating transfers in	161,750	161,750	-
Total revenues and other sources	**9,993,072**	**9,993,072**	**9,644,275**
Expenditures and other uses:			
General support	1,590,903	1,579,006	1,455,708
Instruction	5,285,669	5,308,786	4,778,946
Pupil transportation	595,611	599,753	486,313
Community service	1,000	1,000	692
Employee benefits	1,961,586	1,946,224	1,758,179
Debt service	968,345	968,345	957,082
Total expenditures	10,403,114	10,403,114	9,436,920
Other uses:			
Operating transfers out	25,000	25,000	25,000
Total expenditures and other uses	**$ 10,428,114**	**$ 10,428,114**	**$ 9,461,920**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets includes land, buildings, equipment and infrastructure, including such things as parking lots and curbing.

The following table lists the capital assets:

Asset	Balance at 6/30/2017	Additions	Deletions	Balance at 6/30/2018
Buildings	$ 13,252,633	$ -	$ -	$ 13,252,633
Building improvements	1,386,288	-	-	1,386,288
Equipment and vehicles	2,690,223	123,592	(432,355)	2,381,460
Work in progress	13,841	-	-	13,841
TOTAL	**$ 17,342,985**	**$ 123,592**	**$ (432,355)**	**$ 17,034,222**

Depreciation	Balance at 6/30/2017	Additions	Deletions	Balance at 6/30/2018
Buildings	$ 6,383,166	$ 355,370	$ -	6,738,536
Building improvements	1,087,854	45,507	-	1,133,361
Equipment and vehicles	2,065,576	130,608	(429,898)	1,766,286
TOTAL	**$ 9,536,596**	**$ 531,485**	**$ (429,898)**	**$ 9,638,183**

Outstanding Long-Term Debt

	Total School District	
	6/30/2017	6/30/2018
Serial bonds	$ 4,919,454	$ 4,377,829
Compensated absences	280,069	254,819
OPEB (GASB 75)	882,271	751,035
Net pension liability	556,606	115,719
Total	**$ 6,638,400**	**$ 5,499,402**

Constitutional Debt Limit

The constitutional debt limit for the district is contained in Section 104.00 of the Local Finance Law. The limit is 10% of the full value on the most recent tax roll. The debt limit for the district is $8,857,608 of which 2.91% is exercised.

Bond Rating

The District's Moody's bond rating is A2. This has remained unchanged since 2010.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

Uncertainties regarding Aid from New York State may adversely affect the District's programs and financial position.

The 2% tax cap may adversely affect the District's programs and financial position.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Scio Central School District, Scio, New York.

BASIC FINANCIAL STATEMENTS

SCIO CENTRAL SCHOOL DISTRICT

Statement of Net Position
June 30, 2018

ASSETS AND DEFERRED OUTFLOWS

Assets	
Unrestricted cash	$ 1,837,907
State and federal aid receivable	272,521
Other receivables	67
Due from fiduciary funds	73,968
Due from other governments	6,480
Inventories	10,760
Bond issuance costs	12,121
Capital assets, net of depreciation	7,396,039
Net pension asset - proportionate share	144,190
Total assets	9,754,053
Deferred outflows of resources	
OPEB (GASB 75)	-
Pensions	1,888,336
Total deferred outflows of resources	1,888,336
Total assets and deferred outflows of resources	**$ 11,642,389**

The accompanying notes are an integral part of the basic financial statements.

SCIO CENTRAL SCHOOL DISTRICT

Statement of Net Position
June 30, 2018

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	
Liabilities	
Current liabilities	
Accounts payable	$ 45,261
Accrued liabilities	147,565
Accrued interest on obligations	14,532
Due to fiduciary funds	13,364
Due to other governments	13,804
Due to employees' retirement system	38,886
Due to teachers' retirement system	325,320
Noncurrent liabilities due within one year	
Bonds payable	789,049
Noncurrent liabilities due after one year	
Bonds payable	3,588,780
Compensated absences	254,819
Accrued post-employment benefit obligation	751,035
Net pension liability - proportionate share	115,719
Total liabilities	6,098,134
Deferred inflows of resources	
OPEB (GASB 75)	59,515
Pensions	781,027
Total deferred inflow of resources	840,542
Net Position	
Net investment in capital assets	3,018,210
Restricted	883,674
Unrestricted	801,829
Total Net Position	4,703,713
Total liabilities and Net Position	**$ 11,642,389**

The accompanying notes are an integral part of the basic financial statements.

SCIO CENTRAL SCHOOL DISTRICT

Statement of Activities
June 30, 2018

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Functions / programs:				
General support	$ (2,589,093)	$ -	$ -	$ (2,589,093)
Instruction	(6,864,718)	900	407,966	(6,455,852)
Pupil transportation	(624,678)	18,281	-	(606,397)
Community	(1,006)	-	-	(1,006)
Debt service	(264,313)	-	-	(264,313)
Expenditures - School Lunch	(251,457)	20,538	245,945	15,026
Total functions / programs	**$ (10,595,265)**	**$ 39,719**	**$ 653,911**	(9,901,635)
General Revenues:				
Real property tax				1,562,885
Real property tax items				499,320
Use of money and property				96,761
Sale of property				2,570
Premium on obligation				399,063
Miscellaneous				269,361
State sources				7,124,257
Federal sources				49,435
Total general revenues				10,003,652
Change in Net Position				102,017
Total Net Position at beginning of year (restated)				4,601,696
Total Net Position at end of year				**$ 4,703,713**

The accompanying notes are an integral part of the basic financial statements.

SCIO CENTRAL SCHOOL DISTRICT

Balance Sheet – Governmental Funds
June 30, 2018

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
Assets:						
Unrestricted cash	$ 1,566,748	$ 2,386	$ (1,566)	$ 57,196	$ 213,143	$ 1,837,907
State and federal aid receivable	107,046	150,804	14,671	-	-	272,521
Other receivables	67	-	-	-	-	67
Due from other funds	944,736	61,876	49,218	63,362	201,722	1,320,914
Due from other governments	6,480	-	-	-	-	6,480
Inventories	-	-	10,760	-	-	10,760
Total assets	**$ 2,625,077**	**$ 215,066**	**$ 73,083**	**$ 120,558**	**$ 414,865**	**$ 3,448,649**

The accompanying notes are an integral part of the basic financial statements.

SCIO CENTRAL SCHOOL DISTRICT

Balance Sheet – Governmental Funds
June 30, 2018

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
Liabilities:						
Accounts payable	$ 45,261	$ -	$ -	$ -	$ -	$ 45,261
Accrued liabilities	146,036	-	1,529	-	-	147,565
Due to other funds	412,221	215,066	120,639	284,045	228,339	1,260,310
Due to other governments	13,473	-	331	-	-	13,804
Due to employees' retirement system	38,886	-	-	-	-	38,886
Due to teachers' retirement system	325,320	-	-	-	-	325,320
Total liabilities	981,197	215,066	122,499	284,045	228,339	1,831,146
Fund balances:						
Non-spendable	-	-	10,760	-	-	10,760
Restricted	583,270	-	-	113,878	186,526	883,674
Committed	-	-	-	-	-	-
Assigned	445,763	-	-	-	-	445,763
Unassigned	614,847	-	(60,176)	(277,365)	-	277,306
Total fund balances	1,643,880	-	(49,416)	(163,487)	186,526	1,617,503
Total liabilities and fund equity	**$ 2,625,077**	**$ 215,066**	**$ 73,083**	**$ 120,558**	**$ 414,865**	
Amounts reported in the statement of net position are different because the following were not reported in the funds:						
Capital assets						7,396,039
Bond issuance costs						12,121
Long-term liabilities						(5,383,683)
Accrued interest on serial bonds						(14,532)
Net pension asset						144,190
Net deferred pension and OPEB outflows						1,888,336
Net pension liability						(115,719)
Net deferred pension and OPEB inflows						(840,542)
Total Net Position						**$ 4,703,713**

The accompanying notes are an integral part of the basic financial statements.

SCIO CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds – Balance Sheet
to the Statement of Net Position
For the Year Ended June 30, 2018

	Total Governmental Funds	Long-term Assets and Liabilities	Reclassifications and Eliminations	Pension and OPEB Proportionate Share	Statement of Net Position Total
Assets:					
Unrestricted cash	$ 1,837,907	$ -	$ -	$ -	$ 1,837,907
State and federal aid receivable	272,521	-	-	-	272,521
Other Receivables	67	-	-	-	67
Due from other funds	1,320,914	-	(1,320,914)	-	-
Due from fiduciary funds	-	-	73,968	-	73,968
Due from other governments	6,480	-	-	-	6,480
Inventories	10,760	-	-	-	10,760
Bond issuance costs	-	12,121	-	-	12,121
Net pension asset - proportionate share	-	-	-	144,190	144,190
Capital assets	-	7,396,039	-	-	7,396,039
Total assets	3,448,649	7,408,160	(1,246,946)	144,190	9,754,053
Deferred outflow of resources					
Pensions	-	-	-	1,888,336	1,888,336
Total deferred outflows of resources	-	-	-	1,888,336	1,888,336
Total assets and deferred outflows	**3,448,649**	**7,408,160**	**(1,246,946)**	**2,032,526**	**11,642,389**
Liabilities:					
Accounts payable	45,261	-	-	-	45,261
Accrued liabilities	147,565	14,532	-	-	162,097
Due to other funds	1,260,310	-	(1,260,310)	-	-
Due to fiduciary funds	-	-	13,364	-	13,364
Due to other governments	13,804	-	-	-	13,804
Due to employee's retirement system	38,886	-	-	-	38,886
Due to teachers' retirement system	325,320	-	-	-	325,320
Bonds payable	-	4,377,829	-	-	4,377,829
Compensated absences	-	254,819	-	-	254,819
Accrued post-employment benefit obligations	-	-	-	751,035	751,035
Net pension liability - proportionate share	-	-	-	115,719	115,719
Total liabilities	1,831,146	4,647,180	(1,246,946)	866,754	6,098,134
Deferred inflow of resources					
OPEB (GASB 75)	-	-	-	59,515	59,515
Pensions	-	-	-	781,027	781,027
Total deferred inflows of resources	-	-	-	840,542	840,542
Fund balance / net position	1,617,503	2,760,980	-	325,230	4,703,713
Total liabilities, deferred inflows, and Fund Balance / Net Position	**$ 3,448,649**	**$ 7,408,160**	**$ (1,246,946)**	**$ 2,032,526**	**$ 11,642,389**

The accompanying notes are an integral part of the basic financial statements.

SCIO CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Equity – Governmental Funds June 30, 2018

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
Revenues:						
Real property tax	$ 1,562,885	$ -	$ -	$ -	$ -	$ 1,562,885
Real property tax items	499,320	-	-	-	-	499,320
Charges for services	19,181	-	-	-	-	19,181
Use of money and property	96,322	-	8	217	214	96,761
Sale of property	2,570	-	-	-	-	2,570
Miscellaneous	259,268	-	10,093	-	-	269,361
State sources	7,155,294	139,089	6,622	-	-	7,301,005
Federal sources	49,435	237,840	239,323	-	-	526,598
Sales - food service	-	-	20,538	-	-	20,538
Total revenues	$ 9,644,275	$ 376,929	$ 276,584	$ 217	$ 214	$ 10,298,219

The accompanying notes are an integral part of the basic financial statements.

SCIO CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Equity – Governmental Funds June 30, 2018

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
Expenditures:						
General support	$ 1,455,708	$ -	$ -	$ 467,020	$ -	$ 1,922,728
Instruction	4,778,946	312,830	-	-	-	5,091,776
Pupil transportation	486,313	7,651	-	-	-	493,964
Community services	692	-	-	-	-	692
Employee benefits	1,758,179	56,448	22,160	-	-	1,836,787
Debt service - principal	710,629	-	-	-	-	710,629
Debt service - interest	246,453	-	-	-	15,486	261,939
Cost of sales	-	-	251,457	-	-	251,457
Total expenditures	9,436,920	376,929	273,617	467,020	15,486	10,569,972
Excess (deficiency) of revenues over expenditures	207,355	-	2,967	(466,803)	(15,272)	(271,753)
Other sources and (uses):						
Proceeds from bond issuance	-	-	-	94,003	-	94,003
Premium on obligation	-	-	-	399,063	-	399,063
BANs redeemed from appropriation	-	-	-	75,000	-	75,000
Operating transfers in	-	-	-	25,000	-	25,000
Operating transfers out	(25,000)	-	-	-	-	(25,000)
Total other sources and (uses)	(25,000)	-	-	593,066	-	568,066
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	182,355	-	2,967	126,263	(15,272)	296,313
Fund equity at beginning of year	1,461,525	-	(52,383)	(289,750)	201,798	1,321,190
Fund equity at end of year	**$ 1,643,880**	**$ -**	**$ (49,416)**	**$ (163,487)**	**$ 186,526**	**$ 1,617,503**

The accompanying notes are an integral part of the basic financial statements.

SCIO CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Fund Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities For the Year Ended June 30, 2018

	Total Governmental Funds	Reclassifications and Eliminations	Capital Related Items	Long-term Debt Transaction	Net Pension Proportionate Share	Statement of Activities Total
Revenues:						
Real property tax	$ 1,562,885	$ -	$ -	$ -	$ -	$ 1,562,885
Real property tax items	499,320	-	-	-	-	499,320
Charges for services	19,181	(19,181)	-	-	-	-
Use of money and property	96,761	-	-	-	-	96,761
Sale of property	2,570	-	-	-	-	2,570
Miscellaneous	269,361	-	-	-	-	269,361
State sources	7,301,005	(176,748)	-	-	-	7,124,257
Federal sources	526,598	(477,163)	-	-	-	49,435
Sales - food service	20,538	(20,538)	-	-	-	-
Total revenues	10,298,219	(693,630)	-	-	-	9,604,589
Expenditures:						
General support	1,922,728	235,349	417,150	3,765	10,101	2,589,093
Instruction	5,091,776	1,046,838	12,158	(20,011)	325,091	6,455,852
Pupil transportation	493,964	127,148	(18,958)	(1,999)	6,242	606,397
Community services	692	305	-	(4)	13	1,006
Employee benefits	1,836,787	(1,836,787)	-	-	-	-
Debt service - principal	710,629	(75,000)	-	(635,629)	-	-
Debt service - interest	261,939	-	-	2,374	-	264,313
Cost of sales	251,457	(266,483)	-	-	-	(15,026)
Total expenditures	10,569,972	(768,630)	410,350	(651,504)	341,447	9,901,635
Excess (deficiency) of revenues over expenditures	(271,753)	75,000	(410,350)	651,504	(341,447)	(297,046)
Other sources and (uses):						
Proceeds from bond issuance	94,003	-	-	(94,003)	-	-
Premium on obligation	399,063	-	-	-	-	399,063
BANs redeemed from appropriation	75,000	(75,000)	-	-	-	-
Operating transfers in	25,000	(25,000)	-	-	-	-
Operating transfers out	(25,000)	25,000	-	-	-	-
Total other sources and (uses)	568,066	(75,000)	-	(94,003)	-	399,063
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	296,313	-	(410,350)	557,501	(341,447)	102,017
Fund equity at beginning of year	1,321,190	-	3,171,330	(557,501)	666,677	4,601,696
Fund equity at end of year	**$ 1,617,503**	**$ -**	**$ 2,760,980**	**$ -**	**$ 325,230**	**$ 4,703,713**

The accompanying notes are an integral part of the basic financial statements.

SCIO CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position
June 30, 2018

	Private Purpose Trust Fund	Agency Funds
Assets:		
Unrestricted cash	$ 36,211	$ 65,877
Restricted cash	-	36,330
Due from other funds	6,546	6,818
Total assets	**42,757**	**109,025**
Liabilities:		
Extraclassroom activity balances	-	36,330
Due to other funds	8,000	65,968
Other liabilities	-	6,727
Total liabilities	8,000	109,025
Net position:		
Held in trust for:		
Endowment scholarships	34,757	-
Total liabilities and net position	**$ 42,757**	**$ 109,025**

The accompanying notes are an integral part of the basic financial statements.

SCIO CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	Private Purpose Trust Fund
Additions:	
Contributions	$ 2,600
Use of money	36
Deductions:	
Scholarship expenses	3,963
Change in Net Position	(1,327)
Net position at beginning of year	44,084
Net position at end of year	**$ 42,757**

The accompanying notes are an integral part of the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Summary of Certain Significant Accounting Policies

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

***Reporting Entity* -** The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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. 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, no entities are included in the District's reporting entity.

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

***Joint Venture* -** The District is a component district in the Cattaraugus-Allegany Board of Cooperative Educational Services (BOCES). 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.

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Joint Venture (Cont.)

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

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

During the year, the District was billed $2,267,759 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $916,206. Financial statements for BOCES are available from the BOCES administrative office.

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 reflects capital-specific grants.

The Statement of Activities presents a comparison between program expenses and revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Basis of Presentation (Cont.)

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

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as Federal and State Grants, that are legally restricted to expenditures for specified purposes, school lunch operations, or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

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

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.

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Basis of Presentation (Cont.)

Fiduciary Funds (Cont.)

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 extra-classroom activity funds and for payroll or employee withholding.

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

The 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 365 days after the end of the fiscal year, except for real property taxes which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

Property Taxes - Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 15. Taxes are collected during the period September 1 to November 1.

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

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

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.

Interfund Transactions - The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure 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.

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

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

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

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

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

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

Investments - Investments are stated at Fair Value.

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

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

***Prepaid Items* -** Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. These non-liquid assets (inventories and prepaid items) have been recognized as non-spendable fund balances to signify that a portion of fund balance is not available for other subsequent expenditures.

***Bond Issuance Costs* -** Bond issuance costs are amortized over the life of the respective bonds using the straight-line method of amortization.

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 1,500	Straight-line	30-40 years
Equipment and vehicles	1,500	Straight-line	5-20 years

Vested Employee Benefits:

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

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

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

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

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

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Vested Employee Benefits (Cont.)

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

Short-Term Debt - The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's 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 there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (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 be converted to long-term financing within five years after the original issue date.

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

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

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Equity Classifications:

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, constructions or improvements of those assets.

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

Unrestricted net position – reports other 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.

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

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 balance includes inventory in the School Lunch Fund of $10,760.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or law or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has established the following restricted fund balances:

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

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Equity Classifications (Cont.)

Liability Claims and Property Loss Reserve - According to Education Law §1709(8)(c)) this reserve must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and may not in total exceed 3% of the total annual budget. This reserve is accounted for in the General Fund.

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

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

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

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

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Equity Classifications (Cont.)

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

Restricted fund balance includes the following:

General Fund:	
Unemployment insurance	$ 22,005
Retirement contributions	33,495
Employee benefit liability	178,804
Liability claims and property loss	70,800
Tax certiorari	6,376
Repairs	169,639
Bus reserve	91,977
Equipment reserve	1,658
Debt	8,516
Total General Fund	583,270
Capital Projects Fund:	
Encumbrances	113,878
Total Capital Projects Fund	113,878
Debt Service Fund	186,526
Total Restricted Funds	**$ 883,674**

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

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Equity Classifications (Cont.)

Assigned - Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund.

Encumbrances **-** Encumbrances accounting, under which purchase orders, contracts and other commitments of expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds and Capital Projects Funds. This assignment represents the amount of outstanding encumbrances at the end of the fiscal year to be potentially expended in the subsequent year.

Assigned Fund Balance includes the following:

General Fund:	
Designated for subsequent years' expenditures	$ 416,658
Encumbrances	29,105
Total General Fund	445,763
Total Assigned Funds	**$ 445,763**

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

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

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Order of Use of Fund Balance **-** The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported an unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

New Accounting Standards – The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. For the year ended June 30, 2018, the District implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The effects of this GASB Statement can be seen in note 10.

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 government has three items that qualify for reporting in this category. First, is the deferred charge on refunding results reported in the government-wide Statement of Net Position. A deferred Charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refined or refunding debt. The second item relates to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the Districts proportion of the collective net pension asset or liability and the difference during the measurement period between the district's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly, is the District's contribution to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources represents an acquisition of net position that applies to a future period(s) and so will not qualify for reporting in this category. First, arises only under modified accrual basis of accounting and is reported as unavailable revenue – property taxed. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems.

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

PENSIONS OBLIGATIONS

New York State and Local Employees' Retirement system (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

PLAN DESCRIPTIONS AND BENEFITS PROVIDED

Teachers' Retirement System

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

Employees' Retirement System (ERS)

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

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Contributions

The systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first 10 years of membership, and employees who joined on or after January 1, 2010 contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, Contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

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

	NYSERS	NYSTRS
2018	$ 144,018	$ 352,315
2017	155,294	371,954
2016	182,041	413,904

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

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

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

For the year ended June 30, 2018, the districted recognized a pension expense of $148,322 for ERS and the actual value of $369,587 for TRS. At June 30, 2018, the district's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 41,273	$ 118,633	$ 34,107	$ 56,218
Changes of Assumptions	76,731	1,467,159	-	-
Net difference between projected and actual earnings on pension plan investments	168,072	-	331,758	339,609
Changes in proportion and differences between District contributions and proportionate share of contributions	21,558	42,622	7,836	11,499
District's contributions subsequent to the measurement date	(1,078)	(46,634)	-	-
Total	**$ 306,556**	**$ 1,581,780**	**$ 373,701**	**$ 407,326**

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	ERS	TRS
2018	$ -	$ 40,444
2019	33,196	395,242
2020	24,430	284,854
2021	(83,276)	76,035
2022	(40,417)	284,046
Thereafter	-	140,466

ACTUARIAL ASSUMPTIONS

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below. The actuarial valuations 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%	8.0%
Salary scale	4.01% - 10.91%	4.01% - 10.91%
Decrement Tables	April 1, 2005 - March 31, 2010 System's experience	July 1, 2005 - June 30, 2010 System's Experience
Inflation Rate	2.5%	3.0%

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Inflation Rate

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

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Asset Type:		
Domestic Equity	7.3%	7.3%
International Equity	8.3%	8.3%
Real Estate	5.0%	5.0%
Domestic fixed income securities	-	1.5%
Global fixed income securities	-	1.4%
Bonds and Mortgages	3.4%	3.4%
Short-term	-	1.2%
Alternative Investments	-	11.0%

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.00% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contribution from plan members will be made at the current contribution rates and that contributions from employers will be made statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset (liability), would be if it were calculated using a discount rate that is 1-percentage point lower (6.00% for ERS and 6.25% for TRS) or 1-percentage point higher (8.00% 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 propotionate share of the net pension liability (asset)	$ 875,559	**$ 115,719**	$ (527,076)

TRS	1% Decrease 6.25%	Current Assumption 7.25%	1% Increase 8.25%
Employer's propotionate share of the net pension liability (asset)	$ 2,483,962	**$ (144,190)**	$ (2,345,137)

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

PENSION PLAN FIDUCIARY NET POSITION

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

	ERS	TRS	TOTAL
Valuation Date	April 1, 2017	June 30, 2016	
Employers' total pension liability (asset)	115,719	(144,190)	(28,471)
Plan Net Position	-	-	-
Employers' net position liability (asset)	115,719	(144,190)	(28,471)
Ration of plan net position to the Employers' total pension liability (asset)	100%	100%	100%

PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 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 zero.

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 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 zero.

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

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

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities - Total fund balances of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities - Differences between the Funds Statements of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

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

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

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

Note 3 - Stewardship, Compliance, and Accountability

Budgets - The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted: General Fund.

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

Appropriations are adopted at the program line item level.

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

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

Budgets are established and used for individual capital project fund 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.

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

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.

Note 3 - Stewardship, Compliance, and Accountability (Cont.)

Deficit Fund Balance - The Capital Projects Fund has a deficit fund balance at June 30, 2018. This will be funded through future Capital Reserve transfers. The School Lunch Fund also has a deficit fund balance. This is due to past and current expenditures exceeding revenues from local sources.

Note 4 - Cash and Cash Equivalents

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

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

Collateralized with securities held by the pledging financial institution, or its trust department or agent in the District's name:	**$ 1,551,720**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $36,330 in the fiduciary funds which represents amounts held for the District's student activities.

Note 5 - Receivables

Receivables at year-end for individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			
Description	General	School Lunch	Special Aid	Total
State and Federal aid receivable	$ 107,046	$ 14,671	$ 150,804	$ 272,521
Other receivables	67	-	-	67
Due from other governments	6,480	-	-	6,480
Total	**$ 113,593**	**$ 14,671**	**$ 150,804**	**$ 279,068**

District management has deemed the amounts to be fully collectible.

Note 6 - Capital Assets

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital Assets that are Depreciated				
Buildings	$ 13,252,633	$ -	$ -	$ 13,252,633
Building improvements	1,386,288	-	-	1,386,288
Vehicles	1,298,696	119,477	(406,604)	1,011,569
Equipment	1,391,527	4,115	(25,751)	1,369,891
Work in Progress	13,841	-	-	13,841
Total Depreciable Historical Cost	**17,342,985**	**123,592**	**(432,355)**	**17,034,222**
Less Accumulated Depreciation				
Buildings	6,383,166	355,370	-	6,738,536
Building improvements	1,087,854	45,507	-	1,133,361
Vehicles	989,440	97,369	(406,604)	680,205
Equipment	1,076,136	33,239	(23,294)	1,086,081
Total Accumulated Depreciation	9,536,596	531,485	(429,898)	9,638,183
Total Depreciable Historical Cost, Net	**$ 7,806,389**	**$ (407,893)**	**$ (2,457)**	**$ 7,396,039**

Depreciation expense charged to governmental functions as follows:

Instruction	$ 361,410
Pupil Transportation	170,075
Total depreciation	**$ 531,485**

Note 7 - Short-term Debt

The District did not have any outstanding BANS as of June 30, 2018.

Note 8 - Long-term Debt

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

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018	Amounts Due Within One Year
Government Activities:					
Bonds payable	$ 4,919,454	$ 94,003	$ (635,628)	$ 4,377,829	$ 789,049
Compensated absences	280,069	-	(25,250)	254,819	-
OPEB (GASB 75)	882,271	-	(131,236)	751,035	-
Net pension liability	556,606	-	(440,887)	115,719	-
Total Long-Term Liabilities	**$ 6,638,400**	**$ 94,003**	**$ (1,233,001)**	**$ 5,499,402**	**$ 789,049**

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Existing serial, statutory, and refinancing bond obligations are as follows:

Description	Issue Date	Final Maturity	Interest Rate	Balance
Refinancing bonds	5/10	5/20	1.50 - 5.00%	$ 745,000
Serial bonds	12/08	12/22	3.50 - 4.50%	1,145,000
Serial bonds	6/17	6/32	5.0%	2,315,000
Statutory installment bond	2/14	2/19	2.75%	17,075
Statutory installment bond	7/14	9/19	2.95%	15,539
Statutory installment bond	11/15	11/20	2.75%	46,212
Statutory installment bond	8/17	8/22	3.00%	94,003
				$ 4,377,829

Note 8 - Long-term Debt (Cont.)

The following is a summary of debt service requirements:

Fiscal Year Ended June 30,	Principal	Interest	Total
2019	$ 789,049	$ 195,178	$ 984,227
2020	801,975	159,711	961,686
2021	429,205	125,247	554,452
2022	433,800	107,334	541,134
2023	308,800	90,464	399,264
2024 - 2028	875,000	320,250	1,195,250
2029 - 2033	740,000	86,000	826,000
Total	**$ 4,377,829**	**$ 1,084,184**	**$ 5,462,013**

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

Interest Paid	$ 261,939
Less: Interest accrued in prior year	(12,158)
Add: Interest accrued in current year	14,532
Total expense	**$ 264,313**

Note 9 - Interfund Transactions – Governmental Funds

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

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

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
Fund:				
General Fund	$ 944,736	$ 412,221	$ -	$ 25,000
Special Aid Fund	61,876	215,066	-	-
School Lunch Fund	49,218	120,639	-	-
Capital Projects Fund	63,362	284,045	25,000	-
Debt Service Fund	201,722	228,339	-	-
Total Governmental Funds	**1,320,914**	**1,260,310**	**25,000**	**25,000**
Fiduciary Funds	13,364	73,968	-	-
Total Fiduciary Funds	**13,364**	**73,968**	**-**	**-**
Total Governmental and Fiduciary Funds	**$ 1,334,278**	**$ 1,334,278**	**$ 25,000**	**$ 25,000**

Note 10 - Post-Employment (Health Insurance) Benefits (GASB 75)

General Information about the OPEB Plan

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

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

Total OPEB Liability

The District's total OPEB liability of $751,035 was measured as of July 1, 2017 and was determined by an actuarial valuation as of July 1, 2016.

Actuarial assumptions and other inputs – The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.30%
Salary increases	4.70%
Discount rate	3.56%
Healthcare cost trend rates	8.50% for 2018, decreasing 0.50 percent per year to an ultimate rate of 5.00% for 2025 and later years

The discount rate was selected from a range of indices for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2018.

Note 10 - Post-Employment (Health Insurance) Benefits (GASB 75) (Cont.)

Changes in the Total OPEB Liability

Balance at June 30, 2017	$ 882,271
Changes for the year:	
Service cost	31,687
Interest	24,950
Changes of benefit terms	(41,017)
Differences between expected and actual experience	
Changes in assumptions or other inputs	(27,000)
Benefit payments	(119,856)
Net changes	(131,236)
Balance at June 30, 2018	**$ 751,035**

Changes of assumptions and other inputs reflect a change in the discount rate from 2.92 percent in 2017 to 3.56 percent in 2018.

Sensitivity to the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 793,603	$ 751,035	$ 710,692

Note 10 - Post-Employment (Health Insurance) Benefits (GASB 75) (Cont.)

Sensitivity to the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (7.50 percent) or 1 percentage point higher (9.50 percent) than the current healthcare cost trend rate:

	1% Decrease (7.5% Decreasing to 4.0%)	Healthcare Cost trend rates (8.5% Decreasing to 5.0%)	1% Increase (9.5% Decreasing to 6.0%)
Total OPEB Liability	$ 689,405	$ 751,035	$ 821,934

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

For the year ended June 30, 2018, the District recognized OPEB expense of $48,135. 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
Difference between expected and actual experience	$ -	$ 35,890
Changes of assumptions or other inputs	-	23,625
Contributions subsequent to the measurement period	-	-
	$ -	$ 59,515

Note 10 - Post-Employment (Health Insurance) Benefits (GASB 75) (Cont.)

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

Fiscal Year Ending June 30,	Amount
2019	$ (8,502)
2020	(8,502)
2021	(8,502)
2022	(8,502)
2023	(8,502)
Thereafter	(17,005)
	$ (59,515)

Note 11 – Restatement of Beginning Net Position (GASB 75)

For the year ended June 30, 2018, the District implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Beginning Net Position on the Government Wide Financial Statements is required to be restated when implementing this GASB Statement. The District's Net Position was restated from $5,515,640 to $4,601,696 due to the recognition of a larger liability related to OPEB as well as deferred outflows and deferred inflows.

Note 12 - Commitments and Contingencies

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

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employee; errors and omissions; natural disaster, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

The District participates in a risk sharing pool, Allegany Cattaraugus Workmen's Compensation, to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risk related to Workers' Compensation claims. For the year ended June 30, 2018 the District paid incurred premiums or contribution expenditures totaling $36,568.

For its employee health and accident insurance coverage, injuries to employees, the District is a participant in the Allegany/Cattaraugus Medical Plan, a public entity risk pool operated for the benefit of 21 individual government units located within the Allegany/Cattaraugus area. The District pays an annual premium to the plan for this medical coverage, which totaled $968,831 for the year ended June 30, 2018. The Allegany/Cattaraugus Medical Plan is considered a self-sustaining risk pool that will provide unlimited coverage for its members per insured event. The Allegany/Cattaraugus Medical Plan obtains coverage for insured events in excess of the $250,000 limit and the District has essentially transferred all related risk to the pool.

Note 13 – Subsequent Events

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 5, 2018 (the date the financial statements were available to be issued).

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REQUIRED SUPPLEMENTARY INFORMATION

SCIO CENTRAL SCHOOL DISTRICT

Schedule of Revenues – Budget and Actual – General Fund
For the Year Ended June 30, 2018

Revenues:	Original Budget	Final Budget	Actual	Variance
Local sources:				
Real property taxes	$ 1,539,381	$ 1,539,381	$ 1,562,885	$ 23,504
Non-property tax items	521,000	521,000	499,320	(21,680)
Charges for services	25,500	25,500	19,181	(6,319)
Use of money and property	80,000	80,000	96,322	16,322
Sale of property	900	900	2,570	1,670
Miscellaneous	57,000	57,000	259,268	202,268
State sources:				
Basic formula aid	6,334,126	6,334,126	5,473,305	(860,821)
Lottery aid	-	-	735,288	735,288
BOCES aid	1,015,074	1,015,074	914,864	(100,210)
Tuition and transportation	200,000	200,000	-	(200,000)
Textbook aid	18,000	18,000	17,534	(466)
Computer software	11,999	11,999	11,410	(589)
Library A/V loan program	1,342	1,342	2,093	751
Other state aid	-	-	800	800
Federal sources	27,000	27,000	49,435	22,435
Total revenues	9,831,322	9,831,322	9,644,275	(187,047)
Other sources:				
Operating transfers in	161,750	161,750	-	(161,750)
Total other sources	161,750	161,750	-	(161,750)
Total revenues and other sources	9,993,072	9,993,072	**$ 9,644,275**	**$ (348,797)**
Designated Fund Balance	416,658	416,658		
Appropriated Reserves - Prior Year Encumbrances	18,384	18,384		
Total revenues, Appropriated Reserves and Designated Fund Balance	**$ 10,428,114**	**$ 10,428,114**		

See Independent Auditor's Report.

SCIO CENTRAL SCHOOL DISTRICT

Schedule of Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
For the Year Ended June 30, 2018

Expenditures:	Original Budget	Final Budget	Actual	Encumbrances	Variance
General support:					
Board of education	$ 13,700	$ 15,833	$ 13,541	$ -	$ 2,292
Central administration	202,216	202,196	204,590	-	(2,394)
Finance	208,734	199,375	197,086	-	2,289
Staff	162,506	162,506	157,657	-	4,849
Central services	875,185	871,043	759,679	-	111,364
Special items	128,562	128,053	123,155	-	4,898
Total general support	1,590,903	1,579,006	1,455,708	-	123,298
Instruction:					
Instruction, administration and improvement	276,534	276,534	278,469	-	(1,935)
Teaching - regular school	2,395,935	2,403,690	2,363,366	-	40,324
Programs for children with disabilities	1,470,833	1,485,833	1,029,866	-	455,967
Occupational education	411,940	411,940	396,770	-	15,170
Teaching - special schools	15,530	15,530	20,890	-	(5,360)
Instructional media	352,191	352,191	374,669	-	(22,478)
Pupil services	362,706	363,069	314,916	1,455	46,698
Total instruction	5,285,669	5,308,787	4,778,946	1,455	528,386
Pupil transportation	595,611	599,753	486,313	27,650	85,790
Community service	1,000	1,000	692	-	308
Employee benefits	1,961,586	1,946,223	1,758,179	-	188,044
Debt service:					
Debt service - principal	625,629	625,629	710,629	-	(85,000)
Debt service - interest	342,716	342,716	246,453	-	96,263
Total debt service	968,345	968,345	957,082	-	11,263
Total expenditures	10,403,114	10,403,114	9,436,920	29,105	937,089
Other uses:					
Operating transfers out	25,000	25,000	25,000	-	-
Total expenditures and other uses	**$ 10,428,114**	**$ 10,428,114**	**$ 9,461,920**	**$ 29,105**	**$ 937,089**

See Independent Auditor's Report.

SCIO CENTRAL SCHOOL DISTRICT

Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund For the Year Ended June 30, 2018

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET		
Adopted Budget		$ 10,409,730
Add:		
Budget amendments		-
Prior year's encumbrances		18,834
Final Budget		**$ 10,428,564**
Section 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION		
2018-19 voter approved expenditure budget		
Maximum allowed (4% of 2018-19 budget)		$ 10,460,221
General Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Committed fund balance	-	
Assigned fund balance	445,763	
Unassigned fund balance	614,847	
Total unrestricted fund balance	1,060,610	
Less:		
Appropriated fund balance	416,658	
Insurance recovery reserve	-	
Tax reduction reserve	-	
Encumbrances (included in committed and assigned fund balance)	29,105	
Total adjustments	445,763	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 614,847
Actual Percentage		5.88%

See Independent Auditor's Report.

SCIO CENTRAL SCHOOL DISTRICT

Schedule of Project Expenditures – Capital Projects Fund
For the Year Ended June 30, 2018

			Expenditures				Methods of Financing				Fund
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance 6/30/2018
Project Title:											
Emergency Project	$ 200,000	$ 150,000	$ 140,171	$ -	$ 140,171	$ 9,829	$ -	$ -	$ 150,074	$ 150,074	$ 9,903
Buses	119,477	119,477	-	119,477	119,477	-	94,003	-	47,000	141,003	21,526
Renovation Project	2,715,171	2,715,171	2,815,639	76,217	2,891,856	(176,685)	2,799,063	131,938	101,396	3,032,397	140,541
2019 Capital Project	5,731,700	5,731,700	-	271,326	271,326	5,460,374	-	-	-	-	(271,326)
Contingency	99,100	99,100	64,131	-	64,131	34,969	-	-	-	-	(64,131)
Total	**$ 8,865,448**	**$ 8,815,448**	**$3,019,941**	**$ 467,020**	**$3,486,961**	**$5,328,487**	**$2,893,066**	**$ 131,938**	**$ 298,470**	**$3,323,474**	**$ (163,487)**

SCIO CENTRAL SCHOOL DISTRICT

Net Investment in Capital Assets
For the Year Ended June 30, 2018

Capital Assets, net		$ 7,396,039
Deduct:		
Short-term portion of bonds payable	(789,049)	
Long-term portion of bonds payable	(3,588,780)	
Total deductions		(4,377,829)
Net Investment in Capital Assets		**$ 3,018,210**

See Independent Auditor's Report.

SCIO CENTRAL SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)

NYSLRS Pension Plan
For the Year Ended June 30, 2018

	2018	2017	2016
District's proportion of the net pension liability (asset)	0.023%	0.003%	1.982%
District's proportionate share of the net pension liability (asset)	(28,471)	556,606	(1,474,967)
District's covered-employee payroll	3,890,318	3,723,992	3,831,321
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.73%	14.95%	-38.50%

SCIO CENTRAL SCHOOL DISTRICT

Schedule of the District’s Contributions

NYSLRS Pension Plan
For the Year Ended June 30, 2018

	2018	2017	2016
Contractually required contribution	496,333	543,066	595,945
Contributions in relation to the contractually required contribution	496,333	543,066	595,945
Contribution deficiency (excess)	-	-	-
District's covered-employee payroll	3,890,318	3,723,992	3,832,321
Contributions as a percentage of covered-employee payroll	12.76%	14.58%	15.55%

SCIO CENTRAL SCHOOL DISTRICT

Schedule of Funding Progress of Other Post-Employment Benefits
For the Year Ended June 30, 2018

Measurement date	July 1, 2017
Total OPEB Liability:	
Service cost	$ 31,687
Interest	24,950
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(41,017)
Changes of assumptions or other inputs	(27,000)
Benefit payments	(119,856)
Net change in total OPEB liability	(131,236)
Total OPEB - beginning	882,271
Total OPEB - ending	**$ 751,035**
Covered payroll	$ 3,778,097
Total OPEB liability as a percentage of covered payroll	19.88%

See Independent Auditor's Report.

Amato, Fox & Company, PC

Certified Public Accountants

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

Board of Education
Scio Central School District
Scio, New York

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Scio Central School District, as of and for the year ended June 30, 2018, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 5, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Scio Central School District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scio Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance. This report is an integral part of an audit preformed 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.

Amato, Fox & Company, P.C.

Amato, Fox and Company, PC
Tonawanda, New York
October 5, 2018