PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **BOND ANTICIPATION NOTES**

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

The District will designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$2,000,000

EAST ROCHESTER UNION FREE SCHOOL DISTRICT

MONROE COUNTY, NEW YORK

GENERAL OBLIGATIONS

$2,000,000 Bond Anticipation Notes, 2019

(the "Notes")

Dated: September 5, 2019 **Due: June 26, 2020**

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

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

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon on with the purchaser(s), or about September 5, 2019.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on August 22, 2019 by no later than 11:30 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

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.

EAST ROCHESTER
UNION FREE SCHOOL DISTRICT

SCHOOL DISTRICT OFFICIALS

2019-2020 BOARD OF EDUCATION

JENNIFER MAJEWSKI LESINSKI
President

VINCENT ANTONICELLI
Vice President

TIM HENRY
Member

MATT HOGAN
Member

PATRICK FLANAGAN
Member

SCHOOL DISTRICT ADMINISTRATION

RICHARD STUTZMAN
Interim Superintendent

DAVID GREEN
Assistant Superintendent for Operations

STACI SANSOUCIE
School Business Official

KRISTEN ADLER
School District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

No person has been authorized by East Rochester Union Free 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 East Rochester Union Free School District.

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

EAST ROCHESTER UNION FREE SCHOOL DISTRICT
MONROE COUNTY, NEW YORK

Relating To

$2,000,000 Bond Anticipation Notes, 2019

This Official Statement, which includes the cover page and appendices, has been prepared by the East Rochester Union Free School District, Monroe County, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of $2,000,000 principal amount of Bond Anticipation Notes, 2019 (the "Notes")

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

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

NATURE OF OBLIGATION

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

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

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

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

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

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

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

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

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

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

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

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

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

THE NOTES

Description of the Notes

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

The Notes are dated September 5, 2019 and mature, without option of prior redemption, on June 26, 2020. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in denominations of $5,000 each or multiples thereof, in either (i) registered in the name of the purchaser, in certificated form with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) as registered book-entry-only notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and Statutes of the State of New York, including the Education Law and the Local Finance Law, pursuant to a bond resolution duly adopted by the Board of Education on June 18, 2019, authorizing a capital project for the reconstruction of various District facilities at a maximum cost of $9,600,000, with such cost being funded with $4,250,000 of capital reserves and $5,350,000 serial bonds. The proceeds of the Notes will provide $2,000,000 new monies for the aforementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at 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 encompasses an area of about 3.2 square miles and is located six miles southeast of the City of Rochester. The District includes the entire coterminous Town of East Rochester and portions of the Towns of Pittsford and Perinton.

The District is in close proximity to New York State Route 490. East Rochester is primarily a residential community and many of its residents hold professional and executive positions.

Rochester Gas and Electric Corporation provides electricity and gas. East Rochester maintains its own police department. It is supplemented by the Monroe County Sheriff's Department and New York State Police. A volunteer fire department provides fire protection and ambulance service is provided by a private contract service.

Saint John Fisher College and Nazareth College are located in close proximity to the District and provide extensive undergraduate and graduate degree programs. In addition, Monroe Community College provides cultural and educational benefits for area residents. A number of major universities including the University of Rochester, Rochester Institute of Technology and SUNY College at Geneseo are within an hour's drive of East Rochester.

Source: District officials.

Population

The current estimated population of the District is 9,125. (Source: 2017 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the 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
Towns of:						
Pittsford	$ 42,723	$ 50,484	$ 25,608	$102,215	$114,456	$ 130,753
Perinton	31,948	38,306	42,555	80,606	94,209	99,329
East Rochester	18,875	21,961	25,608	48,553	52,794	59,824
County of:						
Monroe	22,821	26,999	31,291	55,900	65,240	72,653
State of:						
New York	23,389	30,948	31,177	51,961	67,405	70,850

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

Larger Employers

The following employers are within or in close proximity to the District:

Name	Type	Employees
St. John Fisher College	Higher Education	877
Nazareth College	Higher Education	650
Wegmans	Retail Food Service	265
East Rochester UFSD	Public Education	217
Paychex (Despatch Drive)	Payroll Company	100

Source: District officials.

Unemployment Rate Statistics

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

	Annual Average						
	2012	2013	2014	2015	2016	2017	2018
Monroe County	7.9%	7.0%	5.8%	5.1%	4.7%	5.0%	4.3%
New York State	8.5	7.7	6.3	5.3	4.8	4.7	4.1%

	Monthly Figures											
	2018						2019					
	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monroe County	4.3%	4.1%	3.7%	3.6%	3.6%	4.0%	4.4%	4.3%	4.1%	3.6%	3.7%	N/A
New York State	4.2%	4.0%	3.6%	3.6%	3.5%	3.9%	4.6%	4.4%	4.1%	3.8%	3.8%	N/A

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 five members with overlapping three year terms so that as nearly as possible an equal number are 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 elected by the Board members.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the District for the ensuing fiscal year (tentative budget) and distributes that statement not less than fourteen days prior to the date on which the School District's annual meeting is conducted, at which time such tentative budget is voted upon. Notice of the annual meeting is published as required by statute with a first publication not less than forty-five days prior to the day of such meeting. If the qualified voters at the annual meeting approve the tentative budget, the Board of Education, by resolution, adopts it as the budget of the District for the ensuing fiscal year.

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 "Tax Cap") plus exclusions, then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the District to exceed the Tax Cap also must receive at least 60% voter approval.

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

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

Recent Budget Vote Results

The budget for the 2017-1018 fiscal year was approved by the qualified voters on May 16, 2017 by a vote of 335 to 79. The 2017-1018 adopted budget called for a total tax levy increase of 1.48%, which was equal to the District Tax Cap.

The budget for the 2018-1019 fiscal year was approved by the qualified voters on May 15, 2018 by a vote of 365 to 65. The 2018-2019 adopted budget called for a total tax levy increase of 2.14%, which was equal to the District Tax Cap of 2.14%.

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019 by a vote of 297 to 90. The 2019-2020 adopted budget calls for a total tax levy increase of 2.01%, which is equal to the District tax levy limit of 2.01%.

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law. The District does not invest in reverse repurchase obligations or other derivative type investments.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) Savings Accounts; (2) N.O.W. Accounts; (3) Money Market Deposit Accounts; (4) Super N.O.W. Accounts; (5) 7 to 31 – Day Accounts; (6) Certificates of Deposit; and (7) U.S. Treasury Bonds, Bills and Notes.

The Treasurer is authorized to contract for the purchase of investments, including through a written repurchase agreement with a third party custodian, from an authorized trading partner. The District does not invest in reverse repurchase agreement on other derivative type investments.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-2020 fiscal year, approximately 42.32% 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.

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 2017-2018, 2018-2019 and 2019-2020 Budget allowed 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 76.8% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

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

School district fiscal year (2015-2016): The 2015-2016 State budget included a partial reduction in the Gap Elimination Adjustment with $603 million in GEA cuts being restored, and provided an additional $428 million in foundation aid and $268 million in expense base aids which reimbursed school districts for prior year expenses in school construction, transportation, BOCES and special education services.

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also includes a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District received $0 in State aid (in the form of Foundation aid) to be used on community schools activities. The District was not a part of the Community Schools Grant Initiative (CSGI).

<u>Gap Elimination Adjustment (GEA).</u> The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $7,780,306. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

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

School district fiscal year (2018-2019): The State's 2018-2019 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. The State 2018-2019 Enacted Budget continued to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected.

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

State Aid Litigation

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

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

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

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

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

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years, budgeted figures and unaudited figures for the 2018-19 fiscal year, and budgeted figures for the 2019-20 fiscal year comprised of State aid.

Fiscal Year	Total Revenues [1]	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2013-2014	$ 24,684,653	$ 9,579,394	38.81%
2014-2015	25,655,056	9,238,232	36.01
2015-2016	26,071,091	10,076,574	38.65
2016-2017	27,021,951	11,105,073	41.10
2017-2018	27,872,566	11,613,080	41.66
2018-2019 (Unaudited)	28,232,922	11,907,144	42.20
2019-2020 (Budgeted)	28,473,657	11,385,714	40.00

[1] General fund only, does not include inter-fund transfers or reserve funds.

Source: Audited financial statements for the 2013-2014 fiscal year through and including the 2017-2018 fiscal year, and the budget of the District for the 2019-2020 fiscal years. The 2018-2019 unaudited results are estimated and audited results may vary therefrom. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
Campus Facility	K-12	1,800	1957, 1995

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2014-2015	1,034	2019-2020	1,005
2015-2016	1,025	2020-2021	1,008
2016-2017	1,016	2021-2022	999
2017-2018	1,025	2022-2023	980
2018-2019	1,009	2023-2024	980

Source: District officials.

Employees

The District employs a total of approximately 213 full time and part time employees with representation by various unions as follows:

Number of Employees	Union Representation	Contract Expiration Date
11	East Rochester Administrators Association	June 30, 2021
114	East Rochester Teachers Association	June 30, 2020
88	CSEA/AFSCME Local 1000/AFL-CIO Local Unit #828	June 30, 2022

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 proposed budgeted figures for the 2019-2020 fiscal year are as follows:

Fiscal Year	ERS	TRS
2014-2015	$ 288,455	$ 1,342,553
2015-2016	242,975	1,095,941
2016-2017	228,077	980,185
2017-2018	247,662	816,283
2018-2019	236,037	906,796
2019-2020 (Budgeted)	283,000	815,000

Source: District records.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The School District currently has early retirement incentive programs. The District is in its last year of a 3 year retirement incentive constructed by the District

The District offered early retirement incentives as follows:

Fiscal Year	Staff Participants	Replacement Cost	Savings
2016-2017	8	$ 228,728	$ 224,142
2017-2018	6	186,033	10,231
2018-2019	8	97,000	431,954

Source: District officials.

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

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

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

* Estimated. The final rate will be adopted by the New York State Teachers' Retirement System Board at its July 31, 2019 meeting.

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

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

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

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement, the District has not yet determined whether it will establish such a fund.

Other Post Employee Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

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.

GASB 75 and OPEB. In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2017 the District implemented GASB 75. The implementation of this statement requires District's to report Other Post-Employment Benefits (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 other postemployment benefit 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 The Burke Group, an actuarial firm, to calculate its first actuarial valuation under GASB 75 that was completed for the fiscal year ending June 30, 2017. The District's total OPEB liability of $50,590,728 for the fiscal year ending June 30, 2018 was measured as of March 31, 2018, and was determined by an actuarial valuation as of that date

The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

Balance at:	June 30, 2016	June 30, 2017
	$ 42,795,440	$ 48,191,831
Changes for the year:		
Service cost	1,209,948	1,338,500
Interest	1,445,704	1,845,838
Changes in benefit terms	-	(79,187)
Differences between expected and actual experience	7,054,779	(1,206,480)
Changes in assumptions or other inputs	(3,463,987)	1,455,871
Benefit payments	(850,053)	(955,645)
Net Changes	$ 5,396,391	$ 2,398,897

Balance at:	June 30, 2017	June 30, 2018
	$ 48,191,831	**$ 50,590,728**

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

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". 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 projects to end the fiscal year ending June 30, 2019 with a cumulative unappropriated unreserved fund balance of $1,000,000.

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

Projected Revenues:	$ 29,232,922
Projected Expenditures:	28,232,922
Projected Excess (Deficit) Revenues Over Expenditures:	$ 1,000,000
Projected Total Fund Balance:	$ 1,000,000

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

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 July 1, 2016. The purpose of the audit was to review the District's financial management for the period July 1, 2012 through November 24, 2015 and examine the District's calculation of separation payments for the period July 1, 2013 through November 24, 2015.

Key Findings:

- The Board did not adopt budgets based on historical or known trends.
- As of June 30 2015, the District overstated encumbrances by at least $198,771, which understated the amount of available unrestricted fund balance. As a result, unrestricted fund balance was actually 6.3 percent of the 2015-16 budget.
- District officials did not have written policies and procedures governing separation payments and did not maintain adequate supporting documentation for each separation payment.

Key Recommendations:

- Adopt budgets that reflect the District's actual needs and include realistic estimates based on historical trends or other identified analysis.
- Ensure that year-end encumbrances relate to the fiscal year that they are recorded in and avoid recording invalid encumbrances that result in circumventing the fund balance limitation.
- Develop written policies and procedures to govern the separation payments process and ensure that all separation payments have adequate and consistent supporting documentation with evidence of appropriate review.

The District provided a complete response to the State Comptroller's office on June 1, 2016. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

As of the date of this Official Statement, 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	3.3%
2017	No Designation	3.3%
2016	No Designation	6.7%
2015	No Designation	20.0%

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Towns of:					
East Rochester	$ 304,752,377	$ 306,293,496	$ 309,707,898	$ 309,679,641	$ 323,195,439
Pittsford	164,092,869	164,906,617	166,113,049	166,502,761	173,618,460
Perinton	44,648,082	45,008,933	45,115,326	44,460,818	45,226,554
Total Assessed Values	$ 513,493,328	$ 516,209,046	$ 520,936,273	$ 520,643,220	$ 542,040,453
State Equalization Rates					
Towns of:					
East Rochester	100.00%	100.00%	100.00%	100.00%	100.00%
Pittsford	100.00%	100.00%	100.00%	100.00%	100.00%
Perinton	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	$ 513,493,328	$ 516,209,046	$ 520,936,273	$ 520,643,220	$ 542,040,453

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Towns of:					
East Rochester	$ 25.51	$ 26.07	$ 25.93	$ 26.32	$ 25.84
Pittsford	25.51	26.07	25.93	26.32	25.84
Perinton	25.51	26.07	25.93	26.32	25.84

Tax Collection Procedure

Tax payments are due during the month of September without penalty. A 2% penalty is imposed for late payment. On or about November 18th, uncollected taxes are returnable to the County of Monroe for collection. The School District receives this amount of uncollected taxes from said County on or before April 1st, thereby assuring 100% tax collection annually.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Total Tax Levy	$ 13,098,157	$ 13,457,376	$ 13,523,946	$ 13,723,747	$ 14,016,778
Amount Uncollected [(1)]	356,270	400,095	444,261	480,316	361,850
% Uncollected	2.72%	2.97%	3.28%	3.50%	2.58%

(1) District taxes are made whole by the County. See "Tax Collection Procedure" herein.

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Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below fiscal years comprised of real property taxes and tax items:

Fiscal Year	Total Revenues [1]	Total Real Property Tax Levy & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax Levy & Tax Items
2013-2014	$ 24,684,653	$ 13,761,457	55.75%
2014-2015	25,855,056	13,196,148	51.04
2015-2016	26,071,091	13,569,008	52.05
2016-2017	27,021,951	13,627,013	50.43
2017-2018	27,872,566	13,852,283	49.70
2018-2019 (Unaudited)	28,232,922	14,016,778	49.60
2019-2020 (Budgeted)	28,473,657	14,298,719	50.20

[1] General fund only, does not include inter-fund transfers or reserve funds.

Source: Audited financial statements for the 2013-2014 fiscal year through and including the 2017-2018 fiscal year, and the budget of the District for the 2019-2020 fiscal year. The 2018-2019 unaudited results are estimated and audited results may vary therefrom. This table is not audited.

Larger Taxpayers 2018 for the 2018-19 Tax Rolls

Name	Type	Estimated Full Valuation
Pittsford 490 Joint Venture (Linden Oaks)	Professional Building	$ 24,443,000 [1]
Rochester Gas & Electric	Utility	17,377,724
Wegmans Food Markets	Grocery Store – Country Club Plaza	7,900,000
Team Piano LLC (Piano Works Mall)	Commercial	7,668,500
Hoselton Realty Corp	Auto Dealer	6,559,800
Gleason Estates Assoc LP	Real Estate	6,500,000
Rochester General Hospital	Medical	6,059,800
Brush, John D. & Co. Inc.	Manufacturing	5,500,000
Techniplex Associates LP	Commercial	3,851,800
1260 Broadway Albany Corp.	Manufacturing	2,667,400

[1] The District currently has an outstanding tax certiorari that is known or believed to have a material impact on the District. In August 2018, the District received a tax certiorari Notice of Claim from Mark Gianniny & Pittsford 490 Joint Venture who is looking to reduce its full value assessment on two of its properties. This could prove to be substantial, however; the District currently has $1,934,234 in its Reserve for Tax Certiorari which would be enough to cover a judgement against the District.

The ten larger taxpayers listed above have a total full valuation of $88,528,024, which represents 16.33% of the tax base of the District for the 2018-2019 fiscal year.

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 undisclosed retirement annuities ("STAR Adjusted Gross Income") of $86,000 or less for 2018, and $86,300 or less for 2019, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of $500,000 are eligible for a "basic" exemption on their primary residence.

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
East Rochester	$ 68,700	$ 30,000	4/9/2019
Pittsford	68,700	30,000	4/9/2019
Perinton	68,700	30,000	4/9/2019

$2,033,236 of the District's $14,016,778 school tax levy for the 2018-2019 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2019.

Approximately $2,000,000 of the District's $14,298,719 school tax levy for the 2019-2020 fiscal year is expected to be exempted by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January, 2020.

Additional Tax Information

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

Senior Citizens' exemptions are offered to those who qualify.

The total valuation of the District is estimated to be categorized as follows: Residential-78%, and Commercial- 22%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the District in the Town of East Rochester is approximately $3,721 (or $2,945 with the Basic STAR exemption) including County, Town, School District, and Fire District taxes.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of the State of New York 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 now requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments would be 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 could 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 this is an exclusion from the tax levy limitation, which applies to both series of the Notes.

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds.

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

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

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

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

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

Except on rare occasions the District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2015	2016	2017	2018	2019
Bonds	$ 14,085,000	$ 12,295,000	$ 13,540,000	$ 11,500,000	$ 9,360,000
Bond Anticipation Notes	0	3,000,000	0	0	2,000,000
Other Debt [1]	496,625	422,369	344,897	264,073	179,751
Total Debt Outstanding	$ 14,581,625	$ 15,717,369	$ 13,884,897	$ 11,764,073	$ 11,539,751

[1] Represents an Energy Performance Contract ("EPC"). EPCs do not count toward the debt limit. See "Capital Lease" herein.

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	2019-2031		$ 9,360,000
Bond Anticipation Notes	----		0
		Total Indebtedness	$ 9,360,000

Debt Statement Summary

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

Full Valuation of Taxable Real Property			$ 542,040,453
Debt Limit 10% thereof			54,204,045
Inclusions:			
Bonds	$ 9,360,000		
Bond Anticipation Notes	0		
Principal of this Issue	2,000,000		
Total Inclusions		$ 11,360,000	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 11,360,000
Net Debt-Contracting Margin			$ 42,844,045
The percent of debt contracting power exhausted is			20.96%

[1] Based on preliminary 2019-2020 building aid estimates, the District anticipates State Building aid of 76.8% 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 November 15, 2018, the qualified voters of the District voted on a $9.6 million capital improvement project that will utilize $4.25 million from the Capital Reserve Fund. The proceeds of the Notes represent the first borrowing against this authorization and will provide $2,000,000 new monies for the above mentioned purpose.

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

Cash Flow Borrowings

The District has not issued tax and/or revenue anticipation notes in the past five fiscal years, and does not plan on issuing any in the foreseeable future.

Capital Lease

The District is obligated under a capital lease under an Energy Performance Contract currently outstanding. The following is a summary of debt service requirements.

Year	Principal	Interest
2019	$ 84,322	$ 9,912
2020	87,971	6,263
2021	91,780	2,456
TOTAL	$ 264,073	$ 18,631

Source: 2018 Audited Financial Statements attached hereto as "APPENDIX -C" to this Continuing Disclosure Statement.

Estimated Overlapping Indebtedness

In addition to the School District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the School District. The estimated outstanding indebtedness of such political subdivisions is as follows:

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Net Overlapping Indebtedness
County of:						
Monroe	12/31/2017	$ 821,265,419	$ 81,033,972	$ 740,231,447	1.27%	$ 9,400,939
Town of:						
Pittsford	12/31/2017	23,440,892	-	23,440,892	5.43%	1,272,840
Perinton	12/31/2017	17,960,000	17,435,000	525,000	1.14%	5,985
East Rochester	12/31/2017	-	-	-	100.00%	-
Village of:						
East Rochester	5/31/2018	6,065,000	-	6,065,000	100.00%	6,065,000
					Total:	$ 16,744,765

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

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

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]	$ 11,360,000	$ 1,244.93	2.10%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	28,104,765	3,079.97	5.18

(a) The current estimated population of the District is 9,125. (See "THE SCHOOL DISTRICT - Population" herein.)
(b) The District's full value of taxable real estate for the 2019-20 fiscal year is $542,040,453. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) The District's applicable share of Estimated net overlapping indebtedness is estimated to be $16,484,444. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the counties, cities, towns and villages, 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.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, enacted at the 1975 Extraordinary Session of the State legislature, authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

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 crisises 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. See "THE NOTES - Nature of the Obligation" and "State Debt Moratorium Law" herein.

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

MARKET AND RISK FACTORS

The financial and economic condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State and 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 other jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

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

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

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

TAX MATTERS

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

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

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

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

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

LEGAL MATTERS

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

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

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

RATING

The Notes are <u>not</u> rated. Subject to the approval of the District, the purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), 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 undertakings, the description of which is attached hereto as "APPENDIX – C.".

Moody's Investors Service, Inc. ("Moody's") has assigned their underlying rating of "Aa3/No Outlook" to the District's outstanding general obligation serial bonds. A rating reflects only the view of the rating agency assigning such rating 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.

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

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Ms. Staci SanSoucie, School Business Official, 222 Woodbine Avenue, East Rochester, New York 14445, Phone (585) 248-6305, Fax (585) 248-6309, Email: staci.sansoucie@erschools.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 and www.fiscaladvisorsauction.com

EAST ROCHESTER UNION FREE SCHOOL DISTRICT

Dated: August 8, 2019

JENNIFER MAJEWSKI LESINSKI
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Year Ending June 30:	2014	2015	2016	2017	2018
ASSETS					
Unrestricted Cash	$ 16,665,244	$ 15,693,640	$ 16,398,367	$ 17,107,215	$ 18,378,226
Restricted Cash	-	-	-	-	-
Due from Other Funds	1,674,679	1,686,526	1,127,590	1,335,535	1,240,238
State and Federal Aid Receivable	417,557	-	-	-	-
Due from Other Governments	-	-	-	-	-
Other Receivables	819,021	1,189,395	1,066,345	1,330,456	1,473,589
TOTAL ASSETS	$ 19,576,501	$ 18,569,561	$ 18,592,302	$ 19,773,206	$ 21,092,053
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 571,893	$ 387,534	$ 581,528	$ 223,845	$ 491,722
Accrued Liabilities	1,301,212	338,482	325,048	311,143	187,823
Due to Other Governments	-	-	-	-	-
Due to Other Funds	123,832	1,175,100	276,233	324,037	319,473
Due to Teachers' Retirement System	1,230,240	1,451,464	1,196,113	1,075,181	906,796
Due to Employees' Retirement System	85,048	75,951	62,803	53,931	68,598
Compenstated Absences Payable	11,788	202,097	215,768	286,606	276,530
Deferred Revenues	13,305	15,342	10,534	8,440	13,336
TOTAL LIABILITIES	3,337,318	3,645,970	2,668,027	2,283,183	2,264,278
FUND EQUITY					
Reserved	$ 14,036,897	$ 12,662,901	$ 13,898,027	$ 15,429,334	$ 16,431,607
Unreserved:					
Appropriated	1,190,824	1,199,855	928,293	957,808	1,266,851
Unappropriated	1,011,462	1,060,835	1,097,955	1,102,881	1,129,317
TOTAL FUND EQUITY	16,239,183	14,923,591	15,924,275	17,490,023	18,827,775
TOTAL LIABILITIES and FUND EQUITY	$ 19,576,501	$ 18,569,561	$ 18,592,302	$ 19,773,206	$ 21,092,053

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2013	2014	2015	2016	2017
REVENUES					
Real Property Taxes	$ 10,218,945	$ 10,464,428	$ 10,929,063	$ 11,226,607	$ 11,353,154
Other Tax Items	2,509,964	1,029,127	2,267,085	2,342,401	2,273,859
Non-Property Tax Items	977,246	2,267,902	964,633	1,084,587	956,451
Charges for Services	43,469	88,368	75,624	166,874	100,291
Use of Money & Property	731,404	908,888	872,938	867,312	871,662
Sale of Property and Compensation for Loss	28,988	41,357	14,666	12,697	29,232
Miscellaneous	107,166	257,310	1,237,984	246,259	286,502
Revenues from State Sources	9,241,223	9,579,394	9,238,232	10,076,574	11,105,073
Revenues from Federal Sources	-	47,879	54,831	47,780	45,727
Total Revenues	$ 23,858,405	$ 24,684,653	$ 25,655,056	$ 26,071,091	$ 27,021,951
Other Sources:					
Operating Transfers In	496,616	200,000	200,000	200,000	201,058
Transfers from Reserves	200,000	808,942	-	-	-
Total Revenues and Other Sources	24,555,021	25,693,595	25,855,056	26,271,091	27,223,009
EXPENDITURES					
General Support	$ 3,564,582	$ 3,669,181	$ 3,965,958	$ 3,474,166	$ 3,475,090
Instruction	11,124,728	11,016,521	11,585,174	12,765,713	12,756,474
Pupil Transportation	622,797	625,390	678,232	724,589	792,146
Community Services	38,648	39,901	41,628	44,597	47,877
Employee Benefits	4,405,251	5,133,348	5,667,331	5,803,512	5,990,907
Debt Service	2,735,587	3,205,732	2,394,377	2,399,980	2,528,638
Total Expenditures	$ 22,491,593	$ 23,690,073	$ 24,332,700	$ 25,212,557	$ 25,591,132
Other Uses:					
Operating Transfers Out	29,663	150,249	2,837,951	57,850	66,129
Transfers to Reserves	496,616	808,942	-	-	-
Total Expenditures and Other Uses	23,017,872	24,649,264	27,170,651	25,270,407	25,657,261
Excess (Deficit) Revenues Over Expenditures	1,537,149	1,044,331	(1,315,595)	1,000,684	1,565,748
FUND BALANCE					
Fund Balance - Beginning of Year	13,657,703	15,194,852	16,239,186	14,923,591	15,924,275
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 15,194,852	$ 16,239,183	$ 14,923,591	$ 15,924,275	$ 17,490,023

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2018			2019	2020
	Adopted Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	$ 13,723,746	$ 11,639,779	$ 11,639,779	$ 14,016,778	$ 14,298,719
Real Property Taxes Items	92,000	2,175,967	2,212,504	108,000	-
Non-Property Tax Items	850,000	850,000	997,104	850,000	850,000
Charges for Services	5,000	5,000	79,421	5,000	-
Use of Money & Property	166,000	166,000	937,682	102,000	-
Sale of Property and Compensation for Loss	-	-	930	-	-
Miscellaneous	60,000	60,000	290,794	60,000	367,000
Revenues from State Sources	11,597,670	11,597,670	11,613,080	11,952,144	11,385,714
Revenues from Federal Sources	45,000	45,000	101,272	-	-
Total Revenues	$ 26,539,416	$ 26,539,416	$ 27,872,566	$ 27,093,922	$ 26,901,433
Other Sources:					
Operating Transfers In	200,000	200,000	291,737	200,000	-
Appropriated Fund Balance	957,808	957,808	-	400,000	400,000
Transfers from Reserves	452,810	452,810	-	539,000	1,172,224
Total Revenues and Other Sources	28,150,034	28,150,034	28,164,303	28,232,922	28,473,657
EXPENDITURES					
General Support	$ 3,679,490	$ 4,227,027	$ 3,590,163	$ 3,545,764	$ 3,694,648
Instruction	14,139,860	13,690,746	13,258,860	14,112,781	14,808,139
Pupil Transportation	871,615	914,444	867,181	945,567	991,560
Community Services	49,619	48,030	33,446	31,600	41,600
Employee Benefits	6,657,450	6,437,317	6,271,844	6,950,210	6,894,800
Debt Service	2,752,000	2,752,000	2,724,585	2,647,000	2,042,910
Total Expenditures	$ 28,150,034	$ 28,069,564	$ 26,746,079	$ 28,232,922	$ 28,473,657
Other Uses:					
Operating Transfers Out	-	80,470	80,470	-	-
Transfers to Reserves	-	-	-	-	-
Total Expenditures and Other Uses	28,150,034	28,150,034	26,826,549	28,232,922	28,473,657
Excess (Deficit) Revenues Over Expenditures	-	-	1,337,754	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	17,490,023	-	-
Prior Period Adjustments (net)	-	-	(2)	-	-
Fund Balance - End of Year	$ -	$ -	$ 18,827,775	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	$ 1,285,000	$ 415,700.00	$ 1,700,700.00
2021	1,340,000	363,712.50	1,703,712.50
2022	980,000	308,910.00	1,288,910.00
2023	1,025,000	267,470.00	1,292,470.00
2024	1,065,000	225,090.00	1,290,090.00
2025	1,110,000	176,770.00	1,286,770.00
2026	705,000	126,350.00	831,350.00
2027	735,000	91,800.00	826,800.00
2028	260,000	55,750.00	315,750.00
2029	270,000	42,750.00	312,750.00
2030	285,000	29,250.00	314,250.00
2031	300,000	15,000.00	315,000.00
TOTALS	$ 9,360,000	$ 2,118,552.50	$ 11,478,552.50

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2007 Hydrogen Fuel Cell Principal	Interest	Total	2010 Capital Project Principal	Interest	Total
2020	$ 75,000	$ 30,100.00	$ 105,100.00	$ 380,000	$ 87,075.00	$ 467,075.00
2021	80,000	26,875.00	106,875.00	390,000	75,200.00	465,200.00
2022	80,000	23,435.00	103,435.00	400,000	62,525.00	462,525.00
2023	85,000	19,995.00	104,995.00	415,000	49,525.00	464,525.00
2024	90,000	16,340.00	106,340.00	430,000	35,000.00	465,000.00
2025	90,000	12,470.00	102,470.00	445,000	17,800.00	462,800.00
2026	100,000	8,600.00	108,600.00	-	-	-
2027	100,000	4,300.00	104,300.00	-	-	-
TOTALS	$ 700,000	$ 142,115.00	$ 842,115.00	$ 2,460,000	$ 327,125.00	$2,787,125.00

Fiscal Year Ending June 30th	2011 Refunding of 2002 Principal	Interest	Total	2013C DASNY - Capital Project Principal	Interest	Total
2020	$ 375,000	$ 32,725.00	$ 407,725.00	$ 275,000	$ 131,750	$ 406,750
2021	395,000	16,787.50	411,787.50	290,000	118,000	408,000
2022	-	-	-	305,000	103,500	408,500
2023	-	-	-	320,000	88,250	408,250
2024	-	-	-	335,000	72,250	407,250
2025	-	-	-	350,000	55,500	405,500
2026	-	-	-	370,000	38,000	408,000
2027	-	-	-	390,000	19,500	409,500
TOTALS	$ 770,000	$ 49,512.50	$ 819,512.50	$ 2,635,000	$ 626,750.00	$3,261,750.00

Fiscal Year Ending June 30th	2017C DASNY - Capital Project Principal	Interest	Total
2020	$ 180,000	$ 134,050.00	$ 314,050.00
2021	185,000	126,850.00	311,850.00
2022	195,000	119,450.00	314,450.00
2023	205,000	109,700.00	314,700.00
2024	210,000	101,500.00	311,500.00
2025	225,000	91,000.00	316,000.00
2026	235,000	79,750.00	314,750.00
2027	245,000	68,000.00	313,000.00
2028	260,000	55,750.00	315,750.00
2029	270,000	42,750.00	312,750.00
2030	285,000	29,250.00	314,250.00
2031	300,000	15,000.00	315,000.00
TOTALS	$ 2,795,000	$ 973,050.00	$3,768,050.00

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 Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, the School 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 Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the SEC 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 securities, 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 securities, or other material events affecting the tax status of the Notes

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

(h) note calls, if material and tender offers

(i) defeasances

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

(k) rating changes

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

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

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

(o) incurrence of a "financial obligation" (as defined in the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect 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 School District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

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

The School 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 School District determines that any such other event is material with respect to the Notes; but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The School District has agreed to provide, or course to be provided, during the period in which the Notes are outstanding in a timely manner, to EMMA or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of its failure to provide the aforedescribed material event notices, if any, on or before the date specified.

The School District reserves the right to terminate its obligation to provide the aforedescribed notices of material events, as set forth above, if and when the School District no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The School 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 School District's obligations under its material event notices undertaking and any failure by the School 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 School 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 School District; provided that the School District agrees that any such modification will be done in a manner consistent with the Rule.

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

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EAST ROCHESTER UNION FREE SCHOOL DISTRICT

MONROE COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDING

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.

EAST ROCHESTER
UNION FREE SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2018

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

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RAYMOND F. WAGER, CPA, P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
East Rochester Union Free School District, 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 East Rochester Union Free School District, New York, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Rochester Union Free School District, New York, 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, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4–13 and 50–54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Rochester Union Free School District, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is 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 accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is 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 September 26, 2018 on our consideration of the East Rochester Union Free School District, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 East Rochester Union Free School District, New York's internal control over financial reporting and compliance.

Raymond F. Wager, CPA, PC

Rochester, New York
September 26, 2018

WE VALUE YOUR FUTURE

East Rochester Union Free School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2018. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/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

At the close of the fiscal year, the total assets (what the district owns) exceeded its total liabilities (what the district owes) by $333,109 (net position) a decrease of $742,614 from the prior year.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of $20,336,806 an increase of $1,065,229 in comparison with the prior year.

General revenues which include Real Property Taxes, Non Property Taxes, State and Federal Aid, Investment Earnings, Compensation for Loss, and Miscellaneous accounted for $27,881,033 or 94% of all revenues. Program specific revenues in the form of Charges for services and Operating Grants and Contributions accounted for $1,630,722 or 6% of total revenues.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

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

> The *statement of net position* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
>
> The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The School District maintains five individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the special aid fund, which are reported as major funds. Data for the school lunch fund, the debt service fund, and the capital projects fund are aggregated into a single column and reported as a non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

Major Feature of the District-Wide and Fund Financial Statements			
	Government-Wide Statements	**Fund Financial Statements**	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as 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 balance	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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all 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 government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District’s property tax base and the condition of the school buildings and facilities must also be considered to assess the District’s overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District As A Whole

Net Position

The District's combined net position were smaller on June 30, 2018, than they were the year before, decreasing by 69% to $333,109 as shown in table below.

	Governmental Activities		Total
	2018	2017	Variance
ASSETS:			
Current and Other Assets	$ 22,764,554	$ 21,252,520	$ 1,512,034
Capital Assets	35,602,825	37,198,196	(1,595,371)
Total Assets	**$ 58,367,379**	**$ 58,450,716**	**$ (83,337)**
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources	$ 13,157,285	$ 12,730,885	$ 426,400
LIABILITIES:			
Long-Term Debt Obligations	$ 63,642,103	$ 64,635,607	$ (993,504)
Other Liabilities	1,789,949	1,759,251	30,698
Total Liabilities	**$ 65,432,052**	**$ 66,394,858**	**$ (962,806)**
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources	$ 5,759,503	$ 3,711,020	$ 2,048,483
NET POSITION:			
Net Investment in Capital Assets	$ 23,434,914	$ 22,836,729	$ 598,185
Restricted For,			
Reserve for ERS	2,169,953	2,300,441	(130,488)
Reserve for Tax Certiorari	1,934,426	1,931,234	3,192
Capital Reserve	9,957,385	8,732,826	1,224,559
Other Purposes	3,681,474	3,973,966	(292,492)
Unrestricted	(40,845,043)	(38,699,473)	(2,145,570)
Total Net Position	**$ 333,109**	**$ 1,075,723**	**$ (742,614)**

The District's financial position is the product of many factors.

By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

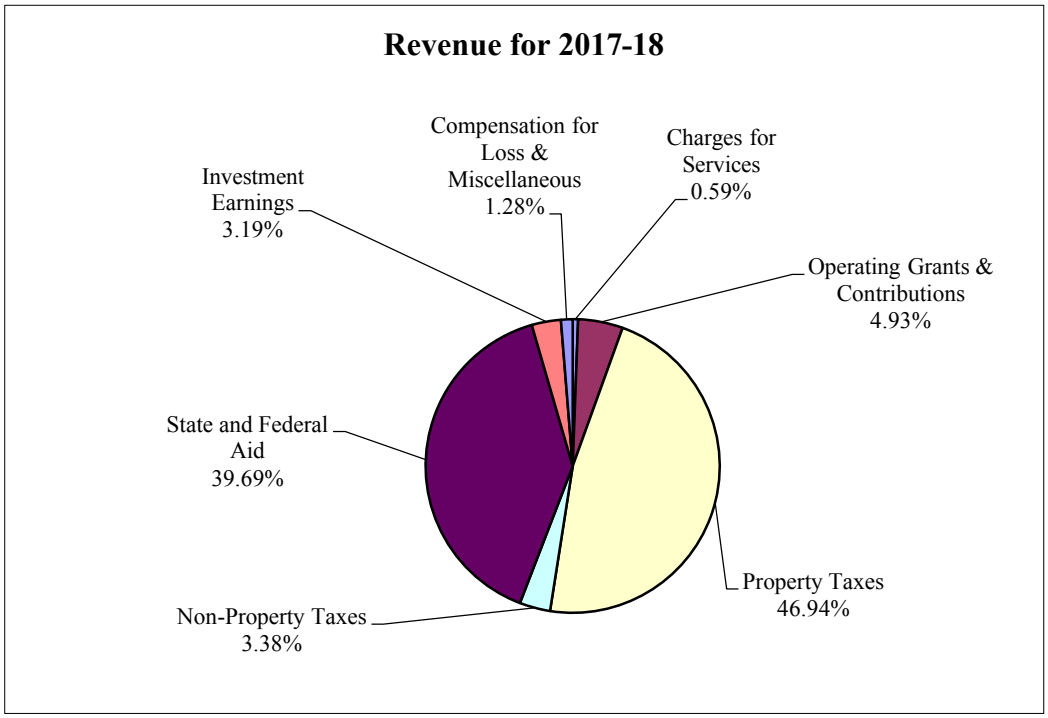
There are five restricted net asset balances, Reserve for ERS, Reserve for Tax Certiorari, Capital Reserve, and Other Purposes. The remaining balance of unrestricted net position is a deficit of $40,845,043.

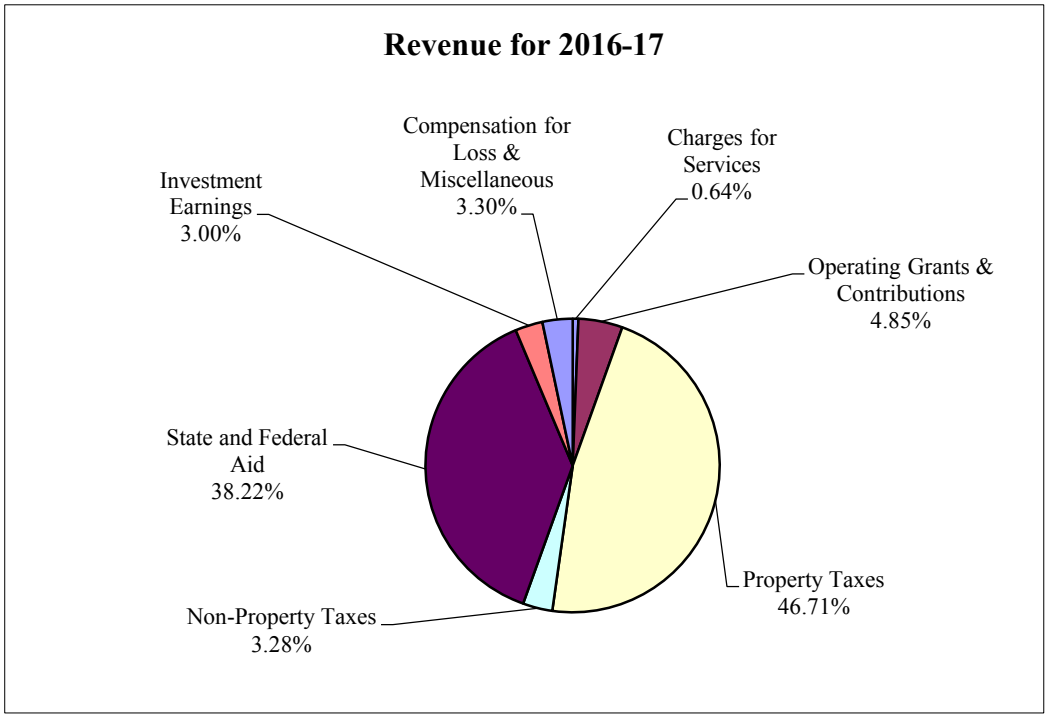
Changes in Net position

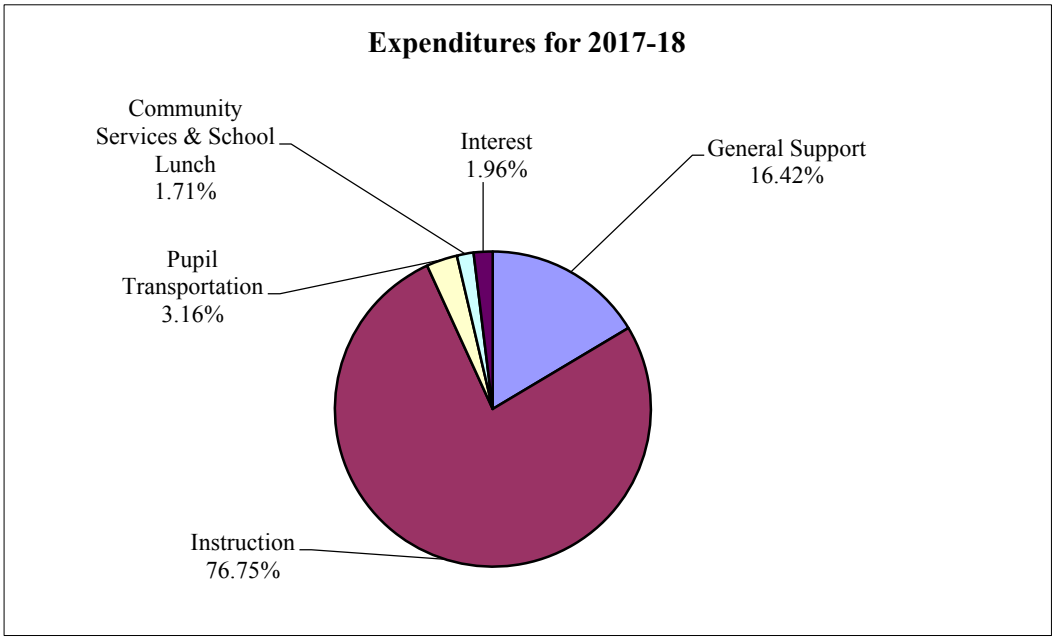
The District's total revenue increased 1% to $29,511,755. State and federal aid 40% and property taxes 47% accounted for most of the District's revenue. The remaining 13% of the revenue comes from operating grants, charges for services, non-property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

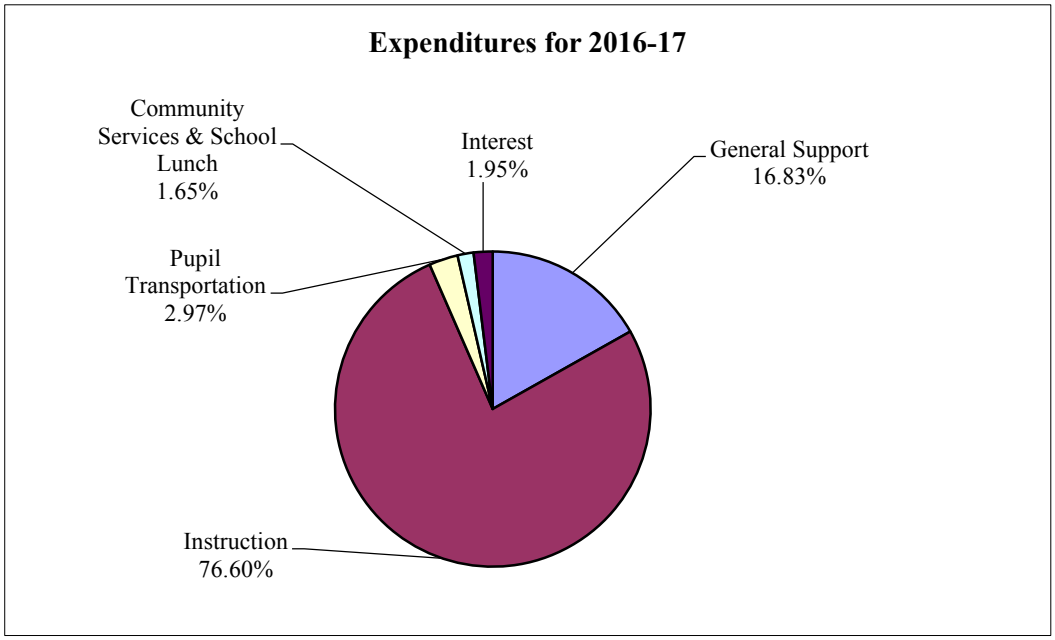
The total cost of all the programs and services increased 5% to $30,254,369. The District's expenses are predominately related to education and caring for the students (Instruction) 77%. General support, which included expenses associated with the operation, maintenance and administration of the District, accounted for 16% of the total costs. See table below:

	Governmental Activities		Total
	2018	2017	Variance
REVENUES:			
Program -			
Charges for Services	$ 174,626	$ 186,350	$ (11,724)
Operating Grants & Contributions	1,456,096	1,414,958	41,138
Total Program	$ 1,630,722	$ 1,601,308	$ 29,414
General -			
Property Taxes	$ 13,852,283	$ 13,627,013	$ 225,270
Non-Property Taxes	997,104	956,451	40,653
State and Federal Aid	11,714,352	11,150,800	563,552
Investment Earnings	940,180	874,443	65,737
Compensation for Loss	930	29,232	(28,302)
Miscellaneous	376,184	935,922	(559,738)
Total General	$ 27,881,033	$ 27,573,861	$ 307,172
TOTAL REVENUES	**$ 29,511,755**	**$ 29,175,169**	**$ 336,586**
EXPENSES:			
General Support	$ 4,966,287	$ 4,845,284	$ 121,003
Instruction	23,220,776	22,048,606	1,172,170
Pupil Transportation	956,838	854,267	102,571
Community Services	61,679	84,006	(22,327)
School Lunch	456,733	390,927	65,806
Interest on Long-Term Debt	592,056	560,824	31,232
TOTAL EXPENSES	**$ 30,254,369**	**$ 28,783,914**	**$ 1,470,455**
NET INCREASE IN NET POSITION	**$ (742,614)**	**$ 391,255**	**$ (1,133,869)**


Revenue for 2017-18
Compensation for Loss & Miscellaneous 1.28%
Charges for Services 0.59%
Investment Earnings 3.19%
Operating Grants & Contributions 4.93%
State and Federal Aid 39.69%
Property Taxes 46.94%
Non-Property Taxes 3.38%


Revenue for 2016-17
Compensation for Loss & Miscellaneous 3.30%
Charges for Services 0.64%
Investment Earnings 3.00%
Operating Grants & Contributions 4.85%
State and Federal Aid 38.22%
Property Taxes 46.71%
Non-Property Taxes 3.28%


Expenditures for 2017-18
Community Services & School Lunch 1.71%
Interest 1.96%
General Support 16.42%
Pupil Transportation 3.16%
Instruction 76.75%


Expenditures for 2016-17
Community Services & School Lunch 1.65%
Interest 1.95%
General Support 16.83%
Pupil Transportation 2.97%
Instruction 76.60%

Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of $20,336,806 which is more than last year's ending fund balance of $19,271,577.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was $18,827,775. Fund balance for the General Fund increased by $1,337,754 compared with the prior year. See table below:

General Fund Balances:	2018	2017	Variance
Restricted	$ 16,431,607	$ 15,429,334	$ 1,002,273
Assigned	1,266,851	957,808	309,043
Unassigned	1,129,317	1,102,879	26,438
Total General Fund Balances	**$ 18,827,775**	**$ 17,490,021**	**$ 1,337,754**

The District appropriated funds from the following reserves for the 2018-19 budget:

Workers' Compensation	$ 100,000
Unemployment	9,000
Capital-Technology	140,000
Capital-Equipment	125,000
Retirement Contribution	165,000
Debt Service	200,000
Total	**$ 739,000**

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was $557,808. This change is attributable to $557,808 of carryover encumbrances from the 2016-17 school year.

The key factors for budget variances in the general fund are listed below along with explanations for each.

Expenditure Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Central Services	$600,399	Pre-referendum architect fees
Teaching-Regular School	($489,661)	Reallocate to handicapped services
Programs for Children with Handicapping Conditions	$489,243	Additional students in the Program
Instructional Media	($369,528)	Reallocation of salary to the 1680 code and reduced computer purchases due to donation
Employee Benefits	($220,133)	Conservative budgeting allowed District to reallocate

Revenue Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Use of Money and Property	$771,682	BOCES accelerated their lease payment and increases to other classroom rental
Miscellaneous	$230,794	BOCES surplus refund higher than anticipated

Capital Asset and Debt Administration

Capital Assets

By the end of the 2017-18 fiscal year, the District had invested $35,602,825 in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	2018	2017
Land	$ 22,239	$ 22,239
Work in Progress	6,397,697	6,397,697
Buildings and Improvements	28,644,754	30,184,034
Machinery and Equipment	538,135	594,226
Total	**$ 35,602,825**	**$ 37,198,196**

Long-Term Debt

At year end, the District had $63,642,103 in general obligation bonds and other long-term debt outstanding as follows:

Type	2018	2017
Serial Bonds	$ 11,500,000	$ 13,540,000
Energy Performance Contracts	264,073	344,895
Net Pension Liability	187,717	1,162,800
Amortized Bond Premium	403,838	476,570
OPEB	50,590,728	48,191,831
Compensated Absences	695,747	761,509
Retirement Incentive	-	158,000
Total Long-Term Obligations	**$ 63,642,103**	**$ 64,635,605**

Factors Bearing on the District's Future

- Declining residential enrollment
- Unfunded mandates
- Increases in health insurance & benefits; specifically, retirement and workers' compensation
- Tax exemptions
- Little available growth in the tax base
- Participation in the Urban-Suburban transfer program

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

East Rochester Union Free School District
222 Woodbine Avenue
East Rochester, New York 14445

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 20,211,191
Accounts receivable	2,117,157
Inventories	21,726
Net pension asset	414,480
Capital Assets:	
Land	22,239
Work in progress	6,397,697
Other capital assets (net of depreciation)	29,182,889
TOTAL ASSETS	**$ 58,367,379**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	**$ 13,157,285**
LIABILITIES	
Accounts payable	$ 548,549
Accrued liabilities	242,283
Unearned revenues	14,528
Due to other governments	4,153
Due to teachers' retirement system	906,796
Due to employees' retirement system	73,640
Long-Term Obligations:	
Due in one year	2,573,584
Due in more than one year	61,068,519
TOTAL LIABILITIES	**$ 65,432,052**
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	**$ 5,759,503**
NET POSITION	
Net investment in capital assets	$ 23,434,914
Restricted For:	
Reserve for employee retirement system	2,169,953
Reserve for tax certiorari	1,934,426
Capital reserves	9,957,385
Other purposes	3,681,474
Unrestricted	(40,845,043)
TOTAL NET POSITION	**$ 333,109**

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Statement of Activities and Changes in Net Position
For Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government -				
General support	$ 4,966,287	$ -	$ -	$ (4,966,287)
Instruction	23,220,776	79,421	1,135,694	(22,005,661)
Pupil transportation	956,838	-	-	(956,838)
Community services	61,679	-	-	(61,679)
School lunch	456,733	95,205	320,402	(41,126)
Interest	592,056	-	-	(592,056)
Total Primary Government	**$ 30,254,369**	**$ 174,626**	**$ 1,456,096**	**$ (28,623,647)**

General Revenues:	
Property taxes	$ 13,852,283
Non property taxes	997,104
State and federal aid	11,714,352
Investment earnings	940,180
Compensation for loss	930
Miscellaneous	376,184
Total General Revenues	**$ 27,881,033**
Changes in Net Position	$ (742,614)
Net Position, Beginning of Year	1,075,723
Net Position, End of Year	**$ 333,109**

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2018

ASSETS	General Fund	Special Aid Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 18,378,226	$ 150,360	$ 1,682,605	$ 20,211,191
Receivables	1,240,238	854,229	22,690	2,117,157
Inventories	-	-	21,726	21,726
Due from other funds	1,473,589	192,338	259,189	1,925,116
TOTAL ASSETS	**$ 21,092,053**	**$ 1,196,927**	**$ 1,986,210**	**$ 24,275,190**
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	$ 491,722	$ 19,021	$ 37,806	$ 548,549
Accrued liabilities	187,823	-	1,249	189,072
Due to other funds	319,473	1,177,906	427,737	1,925,116
Due to other governments	-	-	4,153	4,153
Due to TRS	906,796	-	-	906,796
Due to ERS	68,598	-	5,042	73,640
Compensated absences	276,530	-	-	276,530
Unearned revenue	13,336	-	1,192	14,528
TOTAL LIABILITIES	**$ 2,264,278**	**$ 1,196,927**	**$ 477,179**	**$ 3,938,384**
Fund Balances -				
Nonspendable	$ -	$ -	$ 21,726	$ 21,726
Restricted	16,431,607	-	1,311,631	17,743,238
Assigned	1,266,851	-	175,674	1,442,525
Unassigned	1,129,317	-	-	1,129,317
TOTAL FUND BALANCE	**$ 18,827,775**	**$ -**	**$ 1,509,031**	**$ 20,336,806**
TOTAL LIABILITIES AND FUND BALANCES	**$ 21,092,053**	**$ 1,196,927**	**$ 1,986,210**	

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	35,602,825
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(53,211)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(11,500,000)
OPEB	(50,590,728)
Compensated absences	(419,217)
Unamortized bond premium	(403,838)
Energy performance contracts	(264,073)
Net pension asset	414,480
Deferred outflow - pension	5,995,350
Deferred outflow - OPEB	7,161,935
Net pension liability	(187,717)
Deferred inflow - pension	(1,975,456)
Deferred inflow - OPEB	(3,784,047)
Net Position of Governmental Activities	**$ 333,109**

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For Year Ended June 30, 2018

	General Fund	Special Aid Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes and tax items	$ 13,852,283	$ -	$ -	$ 13,852,283
Non-property taxes	997,104	-	-	997,104
Charges for services	79,421	-	-	79,421
Use of money and property	937,682	-	2,498	940,180
Sale of property and compensation for loss	930	-	-	930
Miscellaneous	290,794	-	12,659	303,453
State sources	11,613,080	371,870	9,442	11,994,392
Federal sources	101,272	763,824	310,960	1,176,056
Sales	-	-	95,205	95,205
TOTAL REVENUES	**$ 27,872,566**	**$ 1,135,694**	**$ 430,764**	**$ 29,439,024**
EXPENDITURES				
General support	$ 3,590,163	$ -	$ -	$ 3,590,163
Instruction	13,258,860	1,091,737	-	14,350,597
Pupil transportation	867,181	52,186	-	919,367
Community services	33,446	-	-	33,446
Employee benefits	6,271,844	72,241	14,972	6,359,057
Debt service - principal	2,120,825	-	-	2,120,825
Debt service - interest	603,760	-	-	603,760
Cost of sales	-	-	205,248	205,248
Other expenses	-	-	191,332	191,332
TOTAL EXPENDITURES	**$ 26,746,079**	**$ 1,216,164**	**$ 411,552**	**$ 28,373,795**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,126,487	$ (80,470)	$ 19,212	$ 1,065,229
OTHER FINANCING SOURCES (USES)				
Transfers - in	$ 291,737	$ 80,470	$ -	$ 372,207
Transfers - out	(80,470)	-	(291,737)	(372,207)
TOTAL OTHER FINANCING SOURCES (USES)	**$ 211,267**	**$ 80,470**	**$ (291,737)**	**$ -**
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	**$ 1,337,754**	**$ -**	**$ (272,525)**	**$ 1,065,229**
FUND BALANCE, BEGINNING OF YEAR	17,490,021	-	1,781,556	19,271,577
FUND BALANCE, END OF YEAR	**$ 18,827,775**	**$ -**	**$ 1,509,031**	**$ 20,336,806**

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities

For Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 1,065,229
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets exceeded depreciation in the current period:		
Additions to Assets, Net	$ 27,694	
Depreciation	(1,623,065)	
		(1,595,371)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:		
Debt Repayments	$ 2,120,825	
Unamortized Bond Premium	72,732	
		2,193,557
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		11,704
The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		(2,500,819)
(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds		
Teachers' Retirement System		(167,252)
Employees' Retirement System		36,653
In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:		
Compensated Absences	$ 55,685	
Retiree Incentives	158,000	
		213,685
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		**$ (742,614)**

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2018

	Private Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	$ 38,358	$ 392,408
Investments	105,331	-
Receivable from general fund	-	131,282
TOTAL ASSETS	**$ 143,689**	**$ 523,690**
LIABILITIES		
Extraclassroom activity balances	$ -	$ 20,859
Other liabilities	-	502,831
TOTAL LIABILITIES	**$ -**	**$ 523,690**
NET POSITION		
Restricted for scholarships	$ 143,689	
TOTAL NET POSITION	**$ 143,689**	

Statement of Changes in Fiduciary Net Position

For Year Ended June 30, 2018

	Private Purpose Trust
ADDITIONS	
Contributions	$ 23,181
Investment earnings	2,108
TOTAL ADDITIONS	**$ 25,289**
DEDUCTIONS	
Other expenses	$ 19,425
TOTAL DEDUCTIONS	**$ 19,425**
CHANGE IN NET POSITION	$ 5,864
NET POSITION, BEGINNING OF YEAR	137,825
NET POSITION, END OF YEAR	**$ 143,689**

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2018

I. Summary of Significant Accounting Policies

The financial statements of the East Rochester Union Free School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The East Rochester Union Free School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of five 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 District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds

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

(I.) (Continued)

B. Joint Venture

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards 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 school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed $4,367,024 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $941,257.

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

C. Basis of Presentation

1. Districtwide 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 revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

(I.) (Continued),

2. Fund Statements

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

The District reports the following governmental funds:

a. Major Governmental Funds

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

Special Aid Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

b. Nonmajor Governmental - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

School Lunch Fund - Used to account for transactions of the District's lunch, breakfast and milk programs.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest o long-term obligations for governmental activities.

Capital Projects Fund - Used to account for the acquisition construction or major repair of capital facilities.

c. Fiduciary - 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 benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

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

(I.) (Continued)

D. Measurement Focus and Basis of Accounting

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

The District-Wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis revenue from property taxes 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 financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measureable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 22, 2017. Taxes are collected during the period September 1, to October 31, 2017.

Uncollected real property taxes are subsequently enforced by the County of Monroe 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.

F. Restricted Resources

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

(I.) (Continued)

G. Interfund Transactions

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

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

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 VI for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H. Estimates

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

I. 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 the date of acquisition.

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

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

Investments are stated at fair value.

(I.) (Continued)

J. Receivables

Receivables are shown net of an allowance for uncollectible accounts, when applicable.

No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Inventory and Prepaid Items

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

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

A non-spendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of $5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

Class	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 50,000	SL	25-50 Years
Machinery and Equipment	$ 5,000	SL	5-20 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

(I.) (Continued)

M. Unearned Revenue

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

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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 (expenses/expenditure) until then. The government has four items that qualify for reporting in this category. First is the deferred charge on refunding 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 refunded or refunding debt. 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 asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. 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 not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect on the net changes of assumptions or other inputs.

O. Vested Employee Benefits

1. Compensated Absences

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

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

Certain 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.

P. Other Benefits

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

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

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Q. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the 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.

(I.) (Continued)

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.

R. Equity Classifications

1. District-Wide Statements

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

a. 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.

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

On the Statement of Net Position the following balances represent the restricted for other purposes:

		Total
Workers' Compensation	$	525,381
Unemployment Costs		1,035,918
Insurance		502,632
Debt		1,311,631
Employee Benefits Accrued Liability		305,912
Total Net Position - Restricted for Other Purposes	**$**	**3,681,474**

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

2. Fund Statements

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

a. Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes $21,726 of inventory in the school lunch fund.

(I.) (Continued)

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

Capital Reserve - According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The Reserve is accounted for in the General Fund under restricted fund balance. Year end balances are as follows:

Name of Reserve	Maximum Funding	Total Funding Provided	Year End Balance
2016 Technology Reserve	$ 2,000,000	$ 1,700,000	$ 1,563,089
2014 Capital Reserve	$ 5,000,000	$ 3,237,561	$ 3,246,003
2012 Equipment Reserve	$ 1,000,000	$ 1,000,000	$ 924,150
2007 Capital Reserve	$ 5,000,000	$ 5,000,000	$ 3,477,045
2006 Equipment Reserve	$ 1,000,000	$ 1,000,000	$ 231,972
2002 Technology Reserve	$ 2,000,000	$ 2,000,000	$ 515,124

Reserve for Debt Service - According to General Municipal Law §6-1, the 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 the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

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

Insurance Reserve - According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriation, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval.

(I.) (Continued)

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used 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.

Tax Certiorari Reserve - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeding 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.

Unemployment Insurance Reserve - According to General Municipal Law §6-m, 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.

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

Restricted fund balances include the following:

General Fund -		
Capital	$	9,957,385
Employee Benefit Accrued Liability		305,912
Insurance		502,632
Retirement Contribution		2,169,953
Tax Certiorari		1,934,426
Unemployment Insurance		1,035,918
Workers' Compensation		525,381
Debt Service Fund -		
Debt Service		1,311,631
Total Restricted Funds	**$**	**17,743,238**

(I.) (Continued)

The District appropriated and/or budgeted funds from the following reserves for the 2018-19 budget:

Workers' Compensation	$	100,000
Unemployment		9,000
Capital-Technology		140,000
Capital-Equipment		125,000
Retirement Contribution		165,000
Total General Fund	**$**	**539,000**
Debt Service Fund	**$**	**200,000**

c. **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 authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2018.

d. **Assigned Fund Balance** – Includes amounts that are constrained by the 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. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

Significant encumbrances for the general fund, management has determined that amounts in excess of $40,000 are considered significant and are summarized below:

- Central Services at $609,522
- Teaching – Regular School at $94,953
- Instructional Media at $73,927

Assigned fund balances include the following:

General Fund-Encumbrances	$	866,851
General Fund-Appropriated for Taxes		400,000
School Lunch Fund-Year End Equity		175,674
Total Assigned Fund Balance	**$**	**1,442,525**

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

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

3. Order of Use of Fund Balance

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

S. New Accounting Standards

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

GASB has issued Statement 85, *Omnibus 2017.*

GASB has issued Statement 86, *Certain Debt Extinguishment Issues*.

T. Future Changes in Accounting Standards

GASB has issued Statement 83, *Certain Asset Retirement Obligations*, which will be effective for reporting periods beginning after June 15, 2018.

GASB has issued Statement 84, *Fiduciary Activities*, which will effective for the periods beginning after December 15, 2018.

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, which will be effective for reporting periods beginning after December 15, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2019

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

II. Stewardship, Compliance and Accountability

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

A. Budgets

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

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. No supplemental appropriations were made during the 17-18 school 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 projects 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.

B. 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.

III. Cash and Cash Equivalents

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.

(III.) (Continued)

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

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution	20,483,711
Total	**$ 20,483,711**

Restricted cash represents cash 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 $17,743,238 within the governmental funds and $38,358 in the fiduciary funds.

IV. Investments

The District has few investments (primarily donated scholarship funds), and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

A. Insured or registered, or investments held by the District or by the District's agent in the District's name, or

B. Uninsured and unregistered, with the investments held by the financial institutes trust department in the District's name, or

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

Investment	Fund	Carrying Amount	Unrealized Investment Gain/(Loss)	Type of Investment	Category
Corporate Stock	Trust and Agency	$ 105,331	$ 2,035	Equities	A

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

V. Receivables

Receivables at June 30, 2018 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			
Description	General Fund	Special Aid Fund	Non-Major Funds	Total
Accounts Receivable	$ 812,782	$ -	$ 4,364	$ 817,146
Due From State and Federal	427,456	854,229	18,326	1,300,011
Total	**$ 1,240,238**	**$ 854,229**	**$ 22,690**	**$ 2,117,157**

District management has deemed the amounts to be fully collectible.

VI. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2018 were as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General Fund	$ 1,473,589	$ 319,473	$ 291,737	$ 80,470
Special Aid Fund	192,338	1,177,906	80,470	-
School Lunch Fund	3,860	96,658	-	91,737
Debt Service Fund	127,890	200,000	-	200,000
Capital Fund	127,439	131,079	-	-
Total government activities	**$ 1,925,116**	**$ 1,925,116**	**$ 372,207**	**$ 372,207**

Interfund receivables and payables between governmental activities 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 not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, and debt service expenditures.

VII. Capital Assets

Capital asset balances and activity were as follows:

Type	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Governmental Activities:				
Capital assets that are not depreciated -				
Land	$ 22,239	$ -	$ -	$ 22,239
Work in progress	6,397,697	-	-	6,397,697
Total Nondepreciable	$ 6,419,936	$ -	$ -	$ 6,419,936
Capital assets that are depreciated -				
Buildings and improvements	$ 57,841,023	$ -	$ -	$ 57,841,023
Machinery and equipment	5,742,287	27,694	-	5,769,981
Total Depreciated Assets	$ 63,583,310	$ 27,694	$ -	$ 63,611,004
Less accumulated depreciation -				
Buildings and improvements	$ 27,656,989	$ 1,539,280	$ -	$ 29,196,269
Machinery and equipment	5,148,061	83,785	-	5,231,846
Total accumulated depreciation	$ 32,805,050	$ 1,623,065	$ -	$ 34,428,115
Total capital assets depreciated, net of accumulated depreciation	$ 30,778,260	$ (1,595,371)	$ -	$ 29,182,889
Total Capital Assets	**$ 37,198,196**	**$ (1,595,371)**	**$ -**	**$ 35,602,825**

Depreciation expense for the period was charged to functions/programs as follows:

Governmental Activities:	
General government support	$ 31,089
Instruction	1,547,872
School lunch	44,104
Total Depreciation Expense	**$ 1,623,065**

VIII. Long-Term Debt Obligations

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

Governmental Activities:	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018	Due Within One Year
Bonds and Notes Payable -					
Serial Bonds	$ 13,540,000	$ -	$ 2,040,000	$ 11,500,000	$ 2,140,000
Energy Performance Contracts	344,895	-	80,822	264,073	84,322
Total Bonds and Notes Payable	$ 13,884,895	$ -	$ 2,120,822	$ 11,764,073	$ 2,224,322
Other Liabilities -					
Net Pension Liability	$ 1,162,800	$ -	$ 975,083	$ 187,717	$ -
Amortized Bond Premium	476,570	-	72,732	403,838	72,732
OPEB	48,191,831	2,398,897		50,590,728	-
Compensated Absences	761,509	-	65,762	695,747	276,530
Retirement Incentives	158,000	-	158,000	-	-
Total Other Liabilities	$ 50,750,710	$ 2,398,897	$ 1,271,577	$ 51,878,030	$ 349,262
Total Long-Term Obligations	**$ 64,635,605**	**$ 2,398,897**	**$ 3,392,399**	**$ 63,642,103**	**$ 2,573,584**

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

Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Interest Rate	Amount Outstanding 6/30/2018
Serial Bonds -				
Construction	2007	2027	4.25-4.3%	$ 770,000
Construction	2012	2019	2%	905,000
Construction	2011	2021	2.50%-4.25%	1,135,000
Construction	2010	2025	2-4%	2,825,000
Construction	2013	2027	2-5%	2,895,000
Reconstruction	2017	2031	3-5%	2,970,000
Total Serial Bonds				**$ 11,500,000**
Energy Performance Contract -				
Energy Performance Contract				**$ 264,073**

(VIII.) (Continued)

The following is a summary of debt service requirements:

	Serial Bonds		Energy Performance Contract	
Year	**Principal**	**Interest**	**Principal**	**Interest**
2019	$ 2,140,000	$ 481,979	$ 84,322	$ 9,912
2020	1,285,000	415,700	87,971	6,263
2021	1,340,000	363,713	91,780	2,456
2022	980,000	308,910	-	-
2023	1,025,000	267,470	-	-
2024-28	3,875,000	675,760	-	-
2029-31	855,000	87,000	-	-
Total	**$ 11,500,000**	**$ 2,600,532**	**$ 264,073**	**$ 18,631**

Interest on long-term debt for June 30, 2018 was composed of:

Interest paid	$ 603,760
Less: interest accrued in the prior year	(64,915)
Plus: interest accrued in the current year	53,211
Total interest expense	**$ 592,056**

IX. Deferred Inflows and Outflows

The following is a summary of the deferred inflows/outflows of resources:

	Deferred Inflows	Deferred Outflows
Pension	$ 1,975,456	$ 5,995,350
OPEB	3,784,047	7,161,935
Total	**$ 5,759,503**	**$ 13,157,285**

X. Pension Plans

A. General Information

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

(X.) (Continued)

B. Provisions and Administration

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

ERS 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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally 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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2018:

Contributions	ERS	TRS
2018	$ 237,881	$ 906,796

(X.) (Continued)

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

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

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Net pension assets/(liability)	$ (187,717)	$ 414,480
District's portion of the Plan's total net pension asset/(liability)	0.0058163%	0.0545300%

For the year ended June 30, 2018, the District recognized pension expenses of $216,542 for ERS and $1,013,316 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 expended and actual experience	$ 66,953	$ 341,015	$ 55,327	$ 161,601
Changes of assumptions	124,472	4,217,410	-	-
Net difference between projected and actual earnings on pension plan investments	272,645	-	538,173	976,219
Changes in proportion and differences between the District's contributions and proportionate share of contributions	7,590	45,629	27,811	216,325
Subtotal	$ 471,660	$ 4,604,054	$ 621,311	$ 1,354,145
District's contributions subsequent to the measurement date	73,640	845,996	-	-
Grand Total	**$ 545,300**	**$ 5,450,050**	**$ 621,311**	**$ 1,354,145**

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:

(X.) (Continued)

Year	ERS	TRS
2018	-	67,181
2019	29,786	1,087,063
2020	23,855	769,748
2021	(138,813)	169,488
2022	(64,479)	767,425
Thereafter	-	389,004
Total	**$ (149,651)**	**$ 3,249,909**

E. Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.00%	7.25%
Salary scale	3.80%	4.01% - 10.91%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.50%	2.50%
COLA's	1.30%	1.50%

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

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

(X.) (Continued)

Long Term Expected Rate of Return		
	ERS	**TRS**
Measurement date	March 31, 2018	June 30, 2017
Asset Type -		
Domestic equity	4.55%	5.90%
International equity	6.35%	7.40%
Private equity	7.50%	0.00%
Real estate	5.55%	4.30%
Absolute return strategies *	3.75%	0.00%
Opportunistic portfolios	5.68%	0.00%
Real assets	5.29%	0.00%
Bonds and mortgages	1.31%	2.80%
Cash	-0.25%	0.00%
Inflation-indexed bonds	1.25%	0.00%
Alternative investments	0.00%	9.00%
Domestic fixed income securities	0.00%	1.60%
Global fixed income securities	0.00%	1.30%
Short-term	0.00%	0.60%

The real rate of return is net of the long-term inflation assumption of 2.5%

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

F. Discount Rate

The discount rate used to calculate the total pension liability was 7% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6% for ERS and 6.25% for TRS) or 1-percentagepoint higher (8% for ERS and 8.25% for TRS) than the current rate :

(X.) (Continued)

ERS	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Employer's proportionate share of the net pension asset (liability)	$ (1,420,321)	$ (187,717)	$ 855,016

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension asset (liability)	$ (7,140,255)	$ 414,480	$ 6,741,194

H. Pension Plan Fiduciary Net Position

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

	(In Thousands)	
	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Employers' total pension liability	$ 183,400,590	$ 114,708,261
Plan net position	180,173,145	115,468,360
Employers' net pension asset/(liability)	$ (3,227,445)	$ 760,099
Ration of plan net position to the employers' total pension asset/(liability)	98.24%	100.66%

I. 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 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to $65,598.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to $906,796.

XI. Postemployment Benefits

A. General Information About the OPEB Plan

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

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

Employees Covered by Benefit Terms – At March 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	163
Active Employees	202
Total	**365**

B. Total OPEB Liability

The District's total OPEB liability of $50,590,728 was measured as of March 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2 percent
Salary Increases	3.31 percent, average, including inflation
Discount Rate	3.61 percent
Healthcare Cost Trend Rates	5.6 percent for 2018, decreasing to an ultimate rate of 3.8 percent for 2050 and later years
Retirees' Share of Benefit-Related Costs	Varies from 25 percent to 75 percent depending on the contract

The discount rate was based on a tax-exempt, high-quality 20-year tax-exempt general obligation municipal bond or index rate.

Mortality rates were based on the 2015 NYSTRS mortality rates.

(XI.) (Continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2017	$ 48,191,831
Changes for the Year -	
Service cost	$ 1,338,500
Interest	1,845,838
Changes of benefit terms	(79,187)
Differences between expected and actual experience	(1,206,480)
Changes in assumptions or other inputs	1,455,871
Benefit payments	(955,645)
Net Changes	$ 2,398,897
Balance at June 30, 2018	**$ 50,590,728**

Changes of benefit terms reflect the following:

- Mortality rate updated to rates based on the 2015 NYSTRS mortality rates.
- Updated retirement rates for teachers to rates based on the 2015 NYSTRS retirement rates.
- Updated healthcare cost trend rates to rates effective July 1, 2016 and June 30, 2017

The Single Discount Rate changed from 3.35% to 3.80% effective July 1, 2017, and 3.61% effective June 30, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.61 percent) or 1-percentage-point higher (4.61 percent) than the current discount rate:

	1% Decrease (2.61%)	Discount Rate (3.61%)	1% Increase (4.61%)
Total OPEB Liability	$ 61,239,780	$ 50,590,728	$ 42,373,333

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.2 percent decreasing to 3.17 percent) or 1-percentage-point higher (7.2 percent decreasing to 5.17 percent) than the current healthcare cost trend rate:

(XI.) (Continued)

	1% Decrease (5.2% Decreasing to 3.17%)	Heathcare Cost Trent Rates (6.2% Decreasing) to 4.17%)	1% Increase (7.2% Decreasing to 5.17%
Total OPEB Liability	$ 39,705,967	$ 50,590,728	$ 65,858,222

D. 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 $3,482,862. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	$ 5,783,647	$ 944,202
Changes of assumptions	1,139,377	2,839,845
Total	**$ 6,923,024**	**$ 3,784,047**

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

Year	
2019	$ 377,711
2020	377,711
20201	377,711
2022	356,022
2023	323,495
Thereafter	1,326,327
Total	**$ 3,138,977**

XII. Risk Management

A. General Information

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

B. Health Plan

The District incurs costs related to the Rochester Area School Health Plan (Plan I and Plan II) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts.

(XII.) (Continued)

1. Plan I

The Plans objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Membership in the Plans may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from the Plans may be effective only once annually on the last day of the Plans year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than thirty days prior to the end of the Plans year. Plan members bear an equal proportionate share of the Plans' assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement the Plans are a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors. This Plan's members include seventeen districts and two BOCES with the District bearing an equal proportionate share of the Plan's assets and claim liabilities.

This Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one fiscal year.

This Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in a exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2018, the District incurred premiums or contribution expenditures totaling $735,207.

This Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended December 31, 2017, revealed that the Plan was fully funded.

2. Plan II

The District incurs costs related to the Rochester Area School Health Plan II sponsored by the Board of Cooperative Educational services, Second Supervisory District of Monroe and Orleans Counties (Monroe 2-Orleans BOCES). The Plan was established as a Municipal Cooperative under the authorization of Article 5-G of the General Municipal Law in 2004. The plan received a Certificate of Authority to operate as a self-funded plan under Article 47 of the New York State Insurance Law, effective January 1, 2018.

Membership in the Plan may be offered to any component school district of the Monroe 1 BOCES and Monroe 2-Orleans BOCES within the geographical boundaries of Monroe County, New York provided that the applicant provides proof of its financial responsibility that is satisfactory to the Board of Directors in its sole discretion, and the applicant is the same type of municipal corporation as the initial Participants. The Plan has full participation from all eligible participants including the two BOCES and seventeen component school districts.

A participant has the right to withdraw from the Plan, but such withdrawal shall be effective only on January 1 of the next Plan Year following the Plan Year in which the Participant provides notice. Any withdrawing Participant shall be responsible for its pro rata share of any Plan Deficit, and shall satisfy any other obligation relating to the Participant's membership in the Plan. The withdrawing Participant shall not be entitled to share in any Plan surplus.

The Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. The annual premium equivalent for each coverage option under the Plan is established and approved by a majority of the entire Board of Directors. Each participant is required to contribute to the Plan an amount equal to the Premium Equivalent applicable to the coverage options, under which the Participants Enrollees are covered. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. Such claims estimates are based on the ultimate cost of claims that have been reported but not settled, and claims that have been incurred but not reported.

The Plan is audited on an annual basis and is available at the Monroe 2-Orleans BOCES administrative offices. The Plan has not been audited as this is the first full year of operation as an Article 47 Health Trust, however, unaudited financial statements indicates the Plan is funded as of June 30, 2018. An annual audit of the December 31, 2018 financial statements will take place in early 2019.

During the year ended June 30, 2018, the District incurred premiums or contribution expenditures totaling $3,534,378.

C. Workers' Compensation

The District incurs costs related to the Rochester Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Director. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

(XII.) (Continued)

Plan membership is currently comprised of two BOCES and seventeen districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid.

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

Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2018, the District incurred premiums or contribution expenditures totaling $107,276.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2017, revealed that the Plan was not fully funded.

C. Dental Coverage

The District self insures for dental coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. The expenditures as claims are presented for payment with a cap of $750 per employee or employee dependent. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

A reconciliation of the claims recorded for 2018 and 2017 is as follows:

	2018	2017
Beginning liabilities	$ 272,080	$ 228,031
Incurred claims	212,276	213,980
Claims payments	(169,572)	(169,931)
Ending liabilities	**$ 314,784**	**$ 272,080**

The following statistical information is presented:

Year	Contribution Revenue	Actual Claim Expense
2018	$ 169,572	$ 212,276
2017	$ 169,931	$ 213,980
2016	$ 164,824	$ 209,717

(XII.) (Continued)

D. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2017-18 fiscal year totaled $13,734. The balance of the fund at June 30, 2018 was $1,035,918 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2018, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XIII. Commitments and Contingencies

A. Litigation

There is no pending litigation as of the audit report date.

B. Grants

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.

XIV. Rental of District Property

The District leases property to various organizations. Total rental income for the 2017-18 fiscal year totaled $851,206 for space at Bird & Morgan rented to Monroe 2 BOCES.

Minimum lease payments to be received for each of the remaining years of leases:

Year Ending June 30,	Amount
2019	$ 796,680

XV. Tax Abatement

The County of Monroe IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the District property tax revenue was reduced $127,272. The District received payment in lieu of tax (PILOT) payment totaling $108,736 to help offset the property tax reduction. The total net tax abated was $18,536.

XVI. Related Parties

The Transportation Director's wife works in the transportation department.

Required Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Schedule of Changes in District's Total OPEB Liability and Related Ratio

(Unaudited)

For Year Ended June 30, 2018

TOTAL OPEB LIABILITY

		2018		2017
Service cost	$	1,338,500	$	1,209,948
Interest		1,845,838		1,445,704
Changes in benefit terms		(79,187)		-
Differences between expected and actual experiences		(1,206,480)		7,054,779
Changes of assumptions or other inputs		1,455,871		(3,463,987)
Benefit payments		(955,645)		(850,053)
Net Change in Total OPEB Liability	**$**	**2,398,897**	**$**	**5,396,391**
Total OPEB Liability - Beginning	**$**	**48,191,831**	**$**	**42,795,440**
Total OPEB Liability - Ending	**$**	**50,590,728**	**$**	**48,191,831**
Covered Employee Payroll	$	11,250,160	$	10,889,711
Total OPEB Liability as a Percentage of Covered Employee Payroll		449.69%		442.54%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Schedule of the District's Proportionate Share of the Net Pension Liability

(Unaudited)

For Year Ended June 30, 2018

NYSERS Pension Plan

	2018	2017	2016	2015
Proportion of the net pension liability (assets)	0.0058%	0.0061%	0.0062%	0.0066%
Proportionate share of the net pension liability (assets)	$ 187,717	$ 571,670	$ 1,002,357	$ 203,186
Covered-employee payroll	$ 1,597,953	$ 1,606,060	$ 1,581,416	$ 1,666,072
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	11.747%	35.595%	63.384%	12.196%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan

	2018	2017	2016	2015
Proportion of the net pension liability (assets)	0.0545%	0.0552%	0.0526%	0.0489%
Proportionate share of the net pension liability (assets)	$ (414,480)	$ 591,130	$ (5,459,911)	$ (5,448,018)
Covered-employee payroll	$ 8,641,154	$ 8,184,199	$ 8,071,989	$ 7,568,698
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-4.797%	7.223%	-67.640%	-71.981%
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementatio until 10 years of historical data is present.

Required Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Schedule of District Contributions

(Unaudited)

For Year Ended June 30, 2018

NYSERS Pension Plan

	2018	2017	2016	2015
Contractually required contributions	$ 237,881	$ 242,092	$ 262,447	$ 304,277
Contributions in relation to the contractually required contribution	(237,881)	(242,092)	(262,447)	(304,277)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,597,953	$ 1,606,060	$ 1,581,416	$ 1,666,072
Contributions as a percentage of covered-employee payroll	14.89%	15.07%	16.60%	18.26%

NYSTRS Pension Plan

	2018	2017	2016	2015
Contractually required contributions	$ 906,796	$ 1,075,181	$ 1,196,113	$ 1,451,464
Contributions in relation to the contractually required contribution	(906,796)	(1,075,181)	(1,196,113)	(1,451,464)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 8,641,154	$ 8,184,199	$ 8,071,989	$ 7,568,698
Contributions as a percentage of covered-employee payroll	10.49%	13.14%	14.82%	19.18%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget (Non-GAAP Basis) and Actual - General Fund

(Unaudited)

For Year Ended June 30, 2018

	Original Budget	Amended Budget	Current Year's Revenues	Over (Under) Revised Budget
REVENUES				
Local Sources -				
Real property taxes	$ 13,723,746	$ 11,639,779	$ 11,639,779	$ -
Real property tax items	92,000	2,175,967	2,212,504	36,537
Non-property taxes	850,000	850,000	997,104	147,104
Charges for services	5,000	5,000	79,421	74,421
Use of money and property	166,000	166,000	937,682	771,682
Sale of property and compensation for loss	-	-	930	930
Miscellaneous	60,000	60,000	290,794	230,794
State Sources -				
Basic formula	10,491,898	10,491,898	9,077,556	(1,414,342)
Lottery aid	-	-	1,491,458	1,491,458
BOCES	1,021,382	1,021,382	941,257	(80,125)
Textbooks	84,390	84,390	59,881	(24,509)
All Other Aid -				
Computer software	-	-	34,278	34,278
Library loan	-	-	6,900	6,900
Other aid	-	-	1,750	1,750
Federal Sources	45,000	45,000	101,272	56,272
TOTAL REVENUES	$ 26,539,416	$ 26,539,416	$ 27,872,566	$ 1,333,150
Other Sources -				
Transfer - in	$ 200,000	$ 200,000	$ 291,737	$ 91,737
TOTAL REVENUES AND OTHER SOURCES	$ 26,739,416	$ 26,739,416	$ 28,164,303	$ 1,424,887
Appropriated reserves	$ 452,810	$ 452,810		
Appropriated fund balance	$ 400,000	$ 400,000		
Prior year encumbrances	$ 557,808	$ 557,808		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	**$ 28,150,034**	**$ 28,150,034**		

(See Independent Auditors' Report)

Required Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget (Non-GAAP Basis) and Actual - General Fund

(Unaudited)

For Year Ended June 30, 2018

	Original Budget	Amended Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
EXPENDITURES					
General Support -					
Board of education	$ 76,129	$ 56,671	$ 50,474	$ 170	$ 6,027
Central administration	215,400	233,991	230,928	260	2,803
Finance	797,860	892,867	892,607	-	260
Staff	201,200	83,432	78,471	-	4,961
Central services	1,970,901	2,571,300	1,953,018	609,522	8,760
Special items	418,000	388,766	384,665	-	4,101
Instructional -					
Instruction, administration and improvement	771,734	784,493	753,847	7,861	22,785
Teaching - regular school	5,816,983	5,327,322	5,146,694	94,953	85,675
Programs for children with handicapping conditions	4,532,225	5,021,468	4,998,932	2,729	19,807
Occupational education	736,313	647,901	609,039	34,966	3,896
Teaching - special schools	91,079	66,610	65,772	-	838
Instructional media	995,948	626,420	521,775	73,927	30,718
Pupil services	1,195,576	1,216,532	1,162,801	24,265	29,466
Pupil Transportation	871,615	914,444	867,181	12,758	34,505
Community Services	49,619	48,030	33,446	5,440	9,144
Employee Benefits	6,657,450	6,437,317	6,271,844	-	165,473
Debt service - principal	2,191,000	2,121,000	2,120,825	-	175
Debt service - interest	561,000	631,000	603,760	-	27,240
TOTAL EXPENDITURES	$ 28,150,034	$ 28,069,564	$ 26,746,079	$ 866,851	$ 456,634
Other Uses -					
Transfers - out	$ -	$ 80,470	$ 80,470	$ -	$ -
TOTAL EXPENDITURES AND OTHER USES	$ 28,150,034	$ 28,150,034	$ 26,826,549	$ 866,851	$ 456,634
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	**$ -**	**$ -**	**$ 1,337,754**		
FUND BALANCE, BEGINNING OF YEAR	17,490,021	17,490,021	17,490,021		
FUND BALANCE, END OF YEAR	**$ 17,490,021**	**$ 17,490,021**	**$ 18,827,775**		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

(See Independent Auditors' Report)

Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Schedule of Change From Adopted Budget To Final Budget And The Real Property Tax Limit

For Year Ended June 30, 2018

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget		$ 27,592,226
Prior year's encumbrances		557,808
FINAL BUDGET		**$ 28,150,034**

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2018-19 voter approved expenditure budget		$ 28,232,922
Unrestricted fund balance:		
Assigned fund balance	$ 1,266,851	
Unassigned fund balance	1,129,317	
Total Unrestricted fund balance	$ 2,396,168	
Less adjustments:		
Appropriated fund balance	$ 400,000	
Encumbrances included in assigned fund balance	866,851	
Total adjustments	$ 1,266,851	
General fund fund balance subject to Section 1318 of Real Property Tax Law		1,129,317
ACTUAL PERCENTAGE		**4.00%**

Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Combined Balance Sheet - Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Fund School Lunch Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 295,224	$ 1,383,741	$ 3,640	$ 1,682,605
Receivables	22,690	-	-	22,690
Inventories	21,726	-	-	21,726
Due from other funds	3,860	127,890	127,439	259,189
TOTAL ASSETS	**$ 343,500**	**$ 1,511,631**	**$ 131,079**	**$ 1,986,210**
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	$ 37,806	$ -	$ -	$ 37,806
Accrued liabilities	1,249	-	-	1,249
Due to other funds	96,658	200,000	131,079	427,737
Due to other governments	4,153	-	-	4,153
Due to ERS	5,042	-	-	5,042
Unearned revenue	1,192	-	-	1,192
TOTAL LIABILITIES	**$ 146,100**	**$ 200,000**	**$ 131,079**	**$ 477,179**
Fund Balances -				
Nonspendable	$ 21,726	$ -	$ -	$ 21,726
Restricted	-	1,311,631	-	1,311,631
Assigned	175,674	-	-	175,674
TOTAL FUND BALANCE	**$ 197,400**	**$ 1,311,631**	**$ -**	**$ 1,509,031**
TOTAL LIABILITIES AND FUND BALANCES	**$ 343,500**	**$ 1,511,631**	**$ 131,079**	**$ 1,986,210**

(See Independent Auditors' Report)

Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Combined Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For Year Ended June 30, 2018

	Special Revenue Fund			
	School Lunch Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Use of money and property	$ -	$ 2,498	$ -	$ 2,498
Miscellaneous	12,659	-	-	12,659
State sources	9,442	-	-	9,442
Federal sources	310,960	-	-	310,960
Sales	95,205	-	-	95,205
TOTAL REVENUES	**$ 428,266**	**$ 2,498**	**$ -**	**$ 430,764**
EXPENDITURES				
Employee benefits	$ 14,972	$ -	$ -	$ 14,972
Cost of sales	205,248	-	-	205,248
Other expenses	191,332	-	-	191,332
TOTAL EXPENDITURES	**$ 411,552**	**$ -**	**$ -**	**$ 411,552**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 16,714	$ 2,498	$ -	$ 19,212
OTHER FINANCING SOURCES (USES)				
Transfers - out	$ (91,737)	$ (200,000)	$ -	$ (291,737)
TOTAL OTHER FINANCING SOURCES (USES)	**$ (91,737)**	**$ (200,000)**	**$ -**	**$ (291,737)**
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	**$ (75,023)**	**$ (197,502)**	**$ -**	**$ (272,525)**
FUND BALANCE, BEGINNING OF YEAR	272,423	1,509,133	-	1,781,556
FUND BALANCE, END OF YEAR	**$ 197,400**	**$ 1,311,631**	**$ -**	**$ 1,509,031**

(See Independent Auditors' Report)

Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
For Year Ended June 30, 2018

Capital assets, net		$ 35,602,825
Deduct:		
Short-term portion of bonds payable	$ 2,140,000	
Long-term portion of bonds payable	9,360,000	
Short-term portion of energy performance contracts	84,322	
Long-term portion of energy performance contracts	179,751	
Other short or long-term debt related to capital assets	403,838	
		12,167,911
Net Investment in Capital Assets		**$ 23,434,914**

Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Year Ended June 30, 2018

Grantor / Pass - Through Agency Federal Award Cluster / Program	CFDA Number	Grantor Number	Pass-Through Agency Number	Total Expenditures
U.S. Department of Education:				
Indirect Programs:				
Passed Through NYS Education Department -				
Special Education Cluster IDEA -				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-17-0367	$ 9,489
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-18-0367	276,171
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-17-0367	1,477
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-18-0367	16,299
Total Special Education Cluster IDEA				$ 303,436
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0014-18-1380	55,489
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-17-1380	15,003
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-17-1380	735
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-18-1380	389,162
Total U.S. Department of Education				**$ 763,825**
U.S. Department of Agriculture:				
Indirect Programs:				
Passed Through NYS Education Department -				
Child Nutrition Cluster -				
National School Lunch Program	10.555	N/A	005546	$ 208,708
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	005546	27,605
National Summer Food Service program	10.559	N/A	005546	16,231
National School Breakfast Program	10.553	N/A	005546	58,416
Total Child Nutrition Cluster				$ 310,960
Total U.S. Department of Agriculture				**$ 310,960**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 1,074,785**

(See Independent Auditors' Report)

RAYMOND F. WAGER, CPA, P.C.
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*

Independent Auditors' Report

To the Board of Education
East Rochester Union Free School District, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Rochester Union Free School District, New York, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the East Rochester Union Free School District, New York's basic financial statements, and have issued our report thereon dated September 26, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Raymond F. Wager, CPA, PC

Rochester, New York
September 26, 2018

WE VALUE YOUR FUTURE

FORM OF BOND COUNSEL'S OPINION

September 5, 2019

East Rochester Union Free School District,
County of Monroe,
State of New York

Re: East Rochester Union Free School District, Monroe County, New York
$2,000,000 Bond Anticipation Notes, 2019

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of $2,000,000 Bond Anticipation Notes, 2019 (the "Obligation"), of the East Rochester Union Free School District, Monroe County, New York (the "Obligor"), dated September 5, 2019, numbered 1, of the denomination of $2,000,000, bearing interest at the rate of ___% per annum, payable at maturity, and maturing on June 26, 2020.

We have examined:

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

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

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

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

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

In our opinion:

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

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

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

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP