PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the alternative minimum tax imposed by the Code on individuals. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein for a discussion of certain Federal taxes applicable to corporate owners of the Notes.

The District will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$5,866,787

LIVERPOOL CENTRAL SCHOOL DISTRICT

ONONDAGA COUNTY, NEW YORK

GENERAL OBLIGATIONS

$3,866,787 Bond Anticipation Notes, 2019 Series A

(referred to herein as the "Series A Notes")

Dated: September 26, 2019 **Due: September 25, 2020**

&

$2,000,000 Bond Anticipation Notes, 2019 Series B (Renewals)

(referred to herein as the "Series B Notes")

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

(collectively referred to herein as the "Notes")

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

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued as registered notes or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of $5,000 or multiples thereof, except for one necessary odd denomination which is or includes $6,787 with respect to the Series A Notes, as may be determined by such successful bidder(s).

Alternatively, if the Notes are issued as registered notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes purchased if the purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes $6,787 with respect to the Series A Notes, 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 not of DTC or the District, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to 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 Beneficial Owners will be the responsibility of Direct and Indirect Participants. 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 Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, 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 26, 2019.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on September 17, 2019 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

September 9, 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 ENUMERATED EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – MATERIAL EVENT NOTICES" HEREIN.

LIVERPOOL CENTRAL SCHOOL DISTRICT
ONONDAGA COUNTY, NEW YORK

DISTRICT OFFICIALS

2019-2020 BOARD OF EDUCATION

CRAIG DAILEY
President

STACY O'NEILL BALDUF
Vice President

NICHOLAS BLANEY
TIM FAY
JOSEPH MORAWSKI
RICHARD PENTO
KATHERINE ROBERTS
JAMES ROOT
KEVIN VAN NESS

* * * * * * * *

DR. MARK F. POTTER
Superintendent of Schools

DANIEL G. HENNER
Deputy Superintendent

MATTHEW M. ENIGK
Director for School Business Administration

CAROL-ANNE M. MATHEWS
School District Treasurer

SUZANNE L. GILTZ
School District Clerk

FISCAL ADVISORS & MARKETING, INC.
School District Municipal Advisors

BOND SCHOENECK & KING
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF

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

OFFICIAL STATEMENT

of the

LIVERPOOL CENTRAL SCHOOL DISTRICT
ONONDAGA COUNTY, NEW YORK

Relating To

$3,866,787 Bond Anticipation Notes, 2019 Series A
&
$2,000,000 Bond Anticipation Notes, 2019 Series B (Renewals)

This Official Statement, which includes the cover page and appendices, has been prepared by the Liverpool Central School District, Onondaga County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $3,866,787 principal amount of Bond Anticipation Notes, 2019 Series A (the "Series A Notes") and $2,000,000 principal amount of Bond Anticipation Notes, 2019 Series B (Renewals) (the "Series B Notes") (collectively referred to herein as 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. See "TAX LEVY LIMITATION LAW" herein.

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

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

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

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean. . . So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. . . While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

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

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

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

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

THE NOTES

Description of the Notes

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

The Series A Notes are dated September 26, 2019 and mature, without option of prior redemption, on September 25, 2020. The Series B Notes are dated September 26, 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 either as (i) registered in the name of the purchaser(s), in denominations of $5,000 each or multiples thereof except for one necessary odd denomination which is or includes $6,787 with respect to the Series A Notes, with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) registered 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 Series A Notes are issued pursuant to the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law and pursuant to various bond resolutions adopted by the Board of Education authorizing the purchase of buses. The proceeds of the Series A Notes, along with $1,225,848 available funds of the District, will partially redeem and renew a $3,719,848 portion of the $5,719,848 bond anticipation notes maturing September 27, 2019 and provide $1,372,787 new money for the purchase of buses.

The Series B Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution of the School District adopted on January 8, 2018 for a Phase 4 project in the amount of $10,351,840 which includes reconstruction, renovation, and improvements to nine buildings. The voters authorized the use of $2,000,000 from the capital reserve and issuance of bonds in the amount of $8,351,840. The Series B Notes will renew a $2,000,000 portion of the $5,719,848 bond anticipation notes maturing September 27, 2019 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, except for one necessary odd denomination which is or includes $6,787 with respect to the Series A Notes. 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 Liverpool Central School District, Onondaga County, New York (the “School District” or “District”, “County”, and “State”, respectively), encompassing approximately 50 square miles, is located in Central New York State within the Towns of Salina and Clay and includes the Village of Liverpool, which is situated within the Town of Salina. Major highways serving the District include The New York State Thruway, State Routes #690 and #481. Interstate Route #81 which runs north and south from Tennessee to Canada is located approximately four miles east of the District. Rail passenger service to and from the District is provided by Amtrak while The Central New York Regional Transportation Authority (CENTRO) provides bus service. Major air passenger and freight service are available at Syracuse Hancock International Airport, which is located approximately five miles from the District.

The District is primarily residential and commercial in nature. The Syracuse-Woodard Industrial Park Complex is located in the District and contains over thirty corporate facilities, including medium to heavy industries, and warehousing and wholesaling operations. This industrial park, consisting of fourteen hundred acres of land, was fully planned with utilities including water, sewer, drainage, railroad and the expressway-highway system, which were all constructed before substantial occupancy. In addition to these firms, many of the District residents are employed in the various industries, service companies or commercial establishments that constitute the diverse economic base of the Syracuse metropolitan area.

The North Medical Center was established in the District in 1991. It provides medical services through 45 physicians’ offices including emergency care. The facilities have a market value of approximately $30 million and employ 450 persons.

O’Brien & Gere relocated its manufacturing business to a 120,000-square-foot building in the Town of Clay from the Town of Manlius in 2012. The company produces industrial furnaces and other heat treating systems used in industries like aerospace, defense, automotive, energy, and health care. The new facility is said to provide more flexibility than the Fayetteville location and allows the manufacturing unit to handle expected growth. O’Brien & Gere spent about $3 million upgrading the space. The Liverpool site has 90 employees. O’Brien & Gere has another 320 workers at its headquarters in downtown Syracuse and 900 employees at 30 offices nationwide.

Syracuse Orthopedic Specialists (“SOS”) recently built a new 40,800 square foot facility on Oswego Road in the Town of Clay on a previously vacant six-acre piece of land. SOS relocated a previous office to the new facility which now houses orthopedic offices and SOS Orthopedic & Sports Therapy offices. SOS has more than 25 physicians, and employs about 600 additional staff and has several locations in the greater Syracuse area.

There has been significant new commercial construction in the District in the last several years including the construction of a WalMart, Barnes and Noble Bookstore, Home Depot, Lowes, Raymour & Flanigan Furniture Inc., a Target Store, and a PetSmart. Restaurants including Chili’s Bar & Grill, Pizzeria Uno Chicago Bar and Grill, Outback Steakhouse, Smokey Bones Barbeque and Grill, Panera Bread, Longhorn Steakhouse and Red Lobster have operated in the Route 31 corridor for a number of years. A new four building development project is being built on Rt. 31 in the Town of Clay. The building includes Texas Roadhouse, a drive thru Starbucks, medical offices, a retail store and possibly another restaurant. The Brooklyn Pickle at the old Hafner’s Red Barn site opened in July 2019 in the town of Clay.

On the property next to the Brooklyn Pickle an Anytime Fitness center opened recently. The Great Outdoors RV Superstore has plans to open a location in the former Toys “R” Us building near the Great Northern Mall in the Town of Clay. The Great Outdoors RV Superstore, which has operated in Central New York for 25 years, sells, rents, and services RVs, along with selling RV parts and accessories. In July 2016, Davidson Ford opened a 42,000 square foot automotive dealership, the largest store in the Davidson Automotive Group family on Route 31 in Clay, which is in close proximity to the District. In early 2018 Ashley Homestore opened a new store within District boundaries on Oswego Road in the Town of Clay.

HomeGoods, a discount home furnishings store which started in 1992, has opened a location in the 30,000 square-foot building at 3967 Route 31, near the Great Northern Mall where Best Buy closed 6 months prior.

Blink Fitness opened its first Upstate NY gym 11/14/2019 next to Wegmans Food Markets on 4979 W. Taft Road Clay in the old Chase-Pitkin store. The gym is 20,000-square feet and features 92 pieces of cardio equipment and 60 pieces of strength equipment, including 16 weight benches.

Police protection is afforded residents by Village, County and State agencies. Fire protection is provided by various volunteer groups. Gas and electricity are furnished by National Grid (formerly Niagara Mohawk Power Corporation). Sewer treatment is provided by the County of Onondaga. Water is supplied by the Town of Clay and by the Onondaga County Water Authority.

Source: District Officials.

Population

The current estimated population of the District is 50,766. (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 Counties 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:						
Clay	$ 22,011	$ 28,637	$ 33,102	$ 57,493	$ 74,777	$ 80,589
Salina	21,839	25,864	30,097	49,394	57,883	64,114
County of:						
Onondaga	21,336	27,037	31,436	51,876	65,929	74,968
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

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

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

Banking Facilities

Commercial banks operating branch offices located within the metropolitan area of the School District include:

Bank of America, N.A.
JPMorgan Chase Bank, N.A
KeyBank, N.A.
M&T Bank
Citizens Bank
Solvay Bank
Seneca Savings Bank

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Major Employers

Listed below are the major industrial and service-related employers in the County and the number of employees:

Rank	Name	Employees
1.	Upstate University Health	9,000-9,500
2.	St. Joseph's Hospital Health Center	4,500-5,000
3.	Walmart	4,000-4,500
4.	Syracuse University	4,000-4,500
5.	Lockheed Martin	4,000-4,500
6.	Price Chopper Markets	3,500-4,000
7.	Crouse Health Center	3,000-3,500
8.	Welch Allyn	2,500-3,000
9.	National Grid	2,000-2,500
10.	Tops Friendly Markets	2,000-2,500
11.	Spectrum (formerly Time Warner)	1,500-2,000
12.	Wegmans Food Markets	1,000-1,500
13.	Loretto Health Group	1,000-1,500
14.	Byrne Dairy, Inc.	1,000-1,500
15.	Excellus BlueCross BlueShield	1,000-1,500
16.	Verizon Communications	1,000-1,500
17.	Carrier Corp.	1,000-1,500
18.	Eaton Corp.	1,000-1,500
19.	Syracuse Research Company	500-1,000
20.	AXA Equitable Life Insurance	500-1,000
21.	L.J. Stickley	500-1,000

Source: Center State CEO Community Guide (2018) and Syracuse, New York Fact Sheet.

Unemployment Rate Statistics

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

Annual Average

	2012	2013	2014	2015	2016	2017	2018
Onondaga County	7.9%	6.8%	5.6%	4.9%	4.5%	4.7%	4.0%
New York State	8.5%	7.7%	6.3%	5.3%	4.8%	4.7%	4.1%

2019 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Onondaga County	4.2%	4.1%	4.0%	3.4%	3.4%	3.4%	%	N/A	N/A
New York State	4.6%	4.4%	4.1%	3.6%	3.8%	3.8%	4.2%	N/A	N/A

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

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

Form of School Government

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

The administrative officers of the School District implement the policies of the Board of Education and supervise the operation of the school system.

Budgetary Procedures

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

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

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

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

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

Recent Budget Vote Results

The budget for the 2017-2018 fiscal year was approved by the qualified voters on May 16, 2017 by a vote of 1,020 to 331. The District's adopted budget for 2017-2018 fiscal year remained within the School District Tax Cap imposed by the Tax Cap Law.

The budget for the 2018-2019 fiscal year was approved by the qualified voters on May 15, 2018 by a vote of 984 to 282. The District's adopted budget for 2018-2019 fiscal year remained within the School District Tax Cap imposed by the Tax Cap Law.

The budget for the 2019-2020 fiscal year was approved by the qualified voters on May 21, 2019 by a vote of 996 to 309. The District's adopted budget for 2019-2020 fiscal year remains within the School District Tax Cap imposed by the Tax Cap Law.

Investment Policy

Pursuant to the statutes of the State of New York, the School 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 School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) savings accounts, now accounts or money market accounts of designated banks, (2) certificates of deposit issued by a bank or trust company located and authorized to do business in New York State, (3) demand deposit accounts in a bank or trust company authorized to do business in New York State, (4) obligations of New York State, (5) obligations of the United States Government (U.S. Treasury Bills and Notes) and (6) repurchase agreements involving the purchase and sale of direct obligations of the United States.

State Aid

The District receives financial assistance from the State. In its voter approved budget for the 2019-2020 fiscal year, approximately 41.93% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

Potential reductions in Federal aid received by the State.

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

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

The State's Enacted 2017-2018, 2018-2019 and 2019-2020 Budgets 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 83.9% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

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

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $49,959,546. 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 (2015-2016): The 2015-2016 State budget included a partial reduction in the Gap Elimination Adjustment with $603 million in GEA cuts being restored, and provided an additional $428 million in foundation aid and $268 million in expense base aids which reimbursed school districts for prior year expenses in school construction, transportation, BOCES and special education services.

School district fiscal year (2016-2017): The 2016-2017 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the GEA. 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.

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

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 and budgeted new figures comprised of State aid.

Fiscal Year	Total State Aid	Total Revenues [1]	Percentage of Total Revenues Consisting of State Aid
2013-2014	$ 50,361,163	$ 130,760,050	38.51%
2014-2015	52,215,378	135,262,846	38.60
2015-2016	57,453,460	146,547,377	39.20
2016-2017	60,934,942	146,654,725	41.55
2017-2018	62,756,092	149,870,369	41.87
2018-2019 (Budgeted)	64,360,506	152,223,204	42.28
2018-2019 (Unaudited Actual)	64,315,951	154,017,019	41.76
2019-2020 (Budgeted)	65,079,038	155,198,761	41.93

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

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

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions/Renovations
Chestnut Hill Elementary	K-6	620	1956, ‘78 (A/R), ‘95 (T), ’14 (R), ’19 (R)
Donlin Drive Elementary	K-6	665	1971, ‘95 (R), ‘95 (T), ’05 (R)
Elmcrest Elementary	K-6	640	1963, ‘89 (A/R), ‘95 (T), ’14 (R)
Liverpool Elementary	K-6	475	1952, ‘75 (R), ‘80 (R), ‘95 (R), ‘95 (T), ’10 (R)
Long Branch Elementary	K-6	665	1971, ‘95 (R), ‘95 (T), ’05 (R)
Morgan Road Elementary	K-6	665	1969, ‘91 (A/R), ‘95 (T), ’12 (R), ’14 (R), ’18 (R)
Nate Perry Elementary	K-6	620	1957, ‘80 (A/R), ‘95 (T), ’06 (R)
Soule Road Elementary	K-6	665	1969, ‘92 (R), ‘‘95 (R), ‘95 (T), ’04 (R), ’14 (R)
Wetzel Road Elementary [(1)]	K-6	615	1962, ‘83 (R), ‘86 (R), ‘93 (R), ‘95 (T), ’09 (R)
Willowfield Elementary	K-6	700	1989, ‘95 (T), ’12 (R), ’14 (R)
Chestnut Hill Middle School	7-8	684	1956, ‘77 (A/R), ‘81 (R), ‘95 (R), ‘95 (T), ’14 (R), ’18 (R)
Liverpool Middle	7-8	654	1952, ‘61 (A), ‘76 (R), ‘95 (R), ‘95 (T), ’10 (R)
Soule Road Middle	7-8	846	1969, ‘92 (R), ‘95 (R), ‘95 (T), ’03 (R), ’14 (R)
Grade 9 Annex	9	780	1969, ‘91 (R), ‘97-98 (R), ‘97-98 (T), ’14 (R)
Liverpool High School	10-12	3,066	1966, ‘69 (A), ‘80 (A/R), ‘83 (R), ‘98-00 (R/T), ’10 (R), ’14 (R), ‘16(R), ’18 (R)

A - Addition
R - Renovation
T - Technology Renovation

(1) Building has been closed, but is temporarily opened to house students from Liverpool High School during renovations.

Source: District officials and Final Cost Reports.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2015-2016	7,192	2020-2021	6,875
2016-2017	7,169	2021-2022	6,821
2017-2018	7,082	2022-2023	6,788
2018-2019	6,937	2023-2024	6,743
2019-2020	6,914	2024-2025	6,743

Source: District officials.

Employees

The School District employs approximately 832 full-time and 415 part-time employees. The following table sets forth a breakdown of employee representation by collective bargaining agreement and the dates of expiration of the various collective bargaining agreements:

Employees Represented	Union Representation	Expiration Date
1,007	United Liverpool Faculty Association	June 30, 2021
194	Service Employees' International Union	June 30, 2019 [(1)]
32	Liverpool Administrators' Association	June 30, 2023
17	Liverpool Association of Middle Managers	June 30, 2020
43	Liverpool Cafeteria Employees	June 30, 2020

(1) Currently under negotiations.

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

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

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

Fiscal Year	ERS	TRS
2014-2015	$ 2,531,397	$ 8,834,768
2015-2016	2,379,764	6,900,491
2016-2017	1,831,234	6,226,472
2017-2018	2,385,950	5,428,411
2018-2019	2,237,011	5,943,554
2019-2020 (Budgeted)	2,577,189	5,275,020

Source: District records.

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

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

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

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

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. On June 3, 2019 the District established a Retirement Contribution Reserve Sub-Fund. The District expects to fund the reserve with $250,000 upon final review of audited 2018-2019 results.

Other Post Employee Benefits

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

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

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

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

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

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

Balance at June 30, 2017:	$ 473,730,966
Changes for the year:	
Service cost	15,519,549
Interest	17,197,235
Differences between expected and actual experience	(4,660,703)
Changes of benefit terms	0
Changes in assumptions	0
Benefit payments	(12,364,159)
Net Changes	15,691,922
Balance at June 30, 2018:	$ 489,422,888

Source: 2018 Audited financial statement of the District. The above tables are not audited. For additional information see "APPENDIX – D" attached hereto.

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

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

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

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

Annual OPEB Cost and Net OPEB Obligation:	**2016**	**2017**
Annual required contribution (ARC)	$ 36,874,455	$ 39,618,207
Interest on net OPEB obligation	5,859,243	6,803,185
Adjustment to ARC	(8,471,016)	(9,835,723)
Annual OPEB cost (expense)	34,262,682	36,585,669
Contributions made	(10,664,132)	(11,627,292)
Increase in net OPEB obligation	23,598,550	24,958,377
Net OPEB obligation - beginning of year	146,481,089	170,079,639
Net OPEB obligation - end of year	$ 170,079,639	195,038,016
Percentage of annual OPEB cost contributed	31.12%	31.78%
Funding Status:		
Actuarial Accrued Liability (AAL)	$ 429,726,544	$ 430,562,059
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 429,726,544	$ 430,562,059
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 36,585,669	31.8%	$ 195,038,016
2016	34,262,682	31.1%	170,079,639
2015	33,055,542	30.0%	146,481,089

Source: 2016 and 2017 Audited financial statements of the District. The above tables are not audited.

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

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

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

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

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

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

Other Information

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

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2018 and is attached hereto as "APPENDIX – D". The audit report covering the period ending June 30, 2019 is unavailable as of the date of this Official Statement. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

Unaudited Results for Fiscal Year Ending June 30, 2019

The District expects to end the fiscal year ending June 30, 2019 with an unappropriated unreserved fund balance of $6,418,527. Summary unaudited information for the General Fund for the period ending June 30, 2019 is as follows:

Revenues:	$154,435,161
Expenditures:	151,203,879
Excess (Deficit) Revenues Over Expenditures:	$ 3,231,282
Total Fund Balance:	$ 27,557,093

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

Source: District officials.

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on March 20, 2015. The purpose of the audit was to review the District's employee compensation and benefits transactions through the use of computer-assisted auditing techniques for the period July 1, 2012 through May 21, 2014.

Key Findings:

- The compensation and benefits provided to employees matched Board-approved contracts and CBA stipulations.

Key Recommendations:

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

The District provided a complete response to the State Comptroller's office on March 3, 2015. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the past three fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2018	No Designation	0.0%
2017	No Designation	6.7%
2016	No Designation	13.3%

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

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

TAX INFORMATION

Taxable Assessed Valuations

Years Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Clay	$ 79,253,407	$ 79,694,606	$ 79,788,132	$ 80,330,778	$ 80,682,333
Salina	1,140,250,156	1,137,867,242	1,150,920,043	1,163,160,003	1,203,857,138
Totals	$ 1,219,503,563	$ 1,217,561,848	$ 1,230,708,175	$ 1,243,490,781	$ 1,284,539,471
New York State Equalization Rates					
Towns of:					
Clay	4.31%	4.27%	4.29%	4.21%	4.00%
Salina	100.00%	100.00%	100.00%	100.00%	100.00%
Total Full Valuation	$ 2,980,070,282	$ 3,005,181,306	$ 3,011,568,991	$ 3,071,980,581	$ 3,221,680,463

Tax Rates Per $1,000 (Assessed)

Years Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Clay	$ 618.04	$ 630.35	$ 641.38	$ 653.94	$ 681.84
Salina	26.62	26.90	27.50	27.52	27.24

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged from October 1st to October 31st. On or about November 1st, uncollected taxes are returned to the County for collection. The School District receives this amount from the County prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by said County.

Tax Levy and Tax Collection Record

Years Ending June 30:	2016	2017	2018	2019	2020
Tax Levy	$ 79,339,783	$ 80,847,241	$ 82,829,680	$ 84,542,375	$ 87,840,462
Uncollected [1]	2,907,918	2,913,048	3,820,742	4,410,295	N/A
% Uncollected	3.67%	3.60%	4.61%	5.22%	N/A

[1] School District taxes are made whole by the County. See "Tax Collection Procedure" hereunder.

Real Property Tax Revenues

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

Fiscal Year	Total Real Property Taxes	Total Revenues [1]	Total Revenues Consisting of Property Taxes
2013-2014	$ 63,593,695	$ 130,760,050	48.63%
2014-2015	65,219,524	135,262,846	48.22
2015-2016	66,330,858	146,547,377	45.26
2016-2017	68,097,257	146,654,725	46.43
2017-2018	70,434,915	149,870,369	47.00
2018-2019 (Budgeted)	72,487,114	152,223,204	47.62
2018-2019 (Unaudited Actual)	72,492,851	154,017,019	47.07
2019-2020 (Budgeted)	76,458,915	155,198,761	49.27

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

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

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Ten Largest Taxpayers – 2019 Assessment Roll for 2019-20 Tax Roll

Name	Type	Taxable Full Valuation
National Grid (Town of Clay)	Utility	$ 64,129,400
Wegmans	Supermarket	36,518,700
R&F Clay	Large Retail	32,700,000
Great Northern Holdings (1)	Shopping Mall	23,155,000
North Med (2)	Medical Center	18,079,700
Morgan Rivers Pointe	Senior Living	17,929,600
Morgan Woodlands Acres	Town Homes	17,522,500
National Grid (Town of Salina)	Utility	17,376,794
Norstar	Apartments	15,510,000
Madison Village (ARCMLO)	Housing Park	15,319,500
	Total	$ 258,241,194

(1) On February 25, 2019 the Board of Education authorized the attorney to settle the tax proceeding by reducing the property's assessment value to $22,000,000 in 2019-2020, $20,000,000 in 2020-2021, and $15,000,000 in 2021-2022.

(2) Combined taxable status.

The District experiences the impact of tax certiorari filings on a regular basis for which the District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings are within acceptable norms and are not anticipated or believed to have a material impact on the District's finances. Historically, the average settlement has been 30% of the maximum impact. The District maintains a Tax Certiorari reserve that has a balance of approximately $1.4 million as of 6/30/2019.

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 $86,300 or less, 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**
Clay	$ 2,890	$ 1,260	4/9/2019
Salina	68,700	30,000	4/9/2019

$12,055,261 of the District's $84,542,375 school tax levy for 2018-19 was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January, 2019.

Approximately $11,381,547 of the District's $87,840,462 school tax levy for the 2019-20 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State in January, 2020.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the School District is estimated to be categorized as follows: 62% residential, 30% commercial, and 8% industrial.

The estimated total annual property tax bill of a $100,000 market value residential property located in the School District is approximately $3,500 including State, County, Town, School District and Fire District taxes.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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 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 which generally extends the provisions of the program 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 School 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 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 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. No down payment is required in connection with the issuance of District obligations.

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 assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such ratio 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.

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. However, see "TAX LEVY LIMITATION LAW" herein.

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30th:	2015	2016	2017	2018	2019
Bonds	$ 52,715,000	$ 56,750,000	$ 49,600,000	$ 74,730,000	$ 66,980,000
Energy Performance Contracts	0	0	0	0	0
Bond Anticipation Notes	42,005,194	18,420,150	42,664,050	23,665,000	42,169,848
Revenue Anticipation Notes	6,500,000	5,000,000	0	0	0
Total Debt Outstanding	$101,220,194	$ 80,170,150	$ 92,264,050	$ 98,395,000	$ 109,149,848

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of September 9, 2019.

Type of Indebtedness	Maturity	Amount
Bonds	2019-2034	$ 66,980,000
Bond Anticipation Notes		
Purchase of Buses & Capital Project	September 27, 2019	5,719,848 [1]
Capital Project	June 26, 2020	36,450,000
	Total Indebtedness	$109,149,848

[1] To be partially redeemed and renewed with proceeds of the Notes and $1,225,848 available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 9, 2019:

Full Valuation of Taxable Real Property			$ 3,221,680,463
Debt Limit 10% thereof			322,168,046
Inclusions:			
Bonds	$ 66,980,000		
Bond Anticipation Notes	37,675,848		
Principal of this Issue	5,866,787		
Total Inclusions		$110,522,635	
Exclusions:			
State Building Aid [(1)]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 110,522,635
Net Debt-Contracting Margin			$ 211,645,411
The percent of debt contracting power exhausted is			34.31%

(1) Based on preliminary 2019-2020 building aid estimates, the District anticipates State Building aid of 83.9% 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 March 10, 2016, the voters approved a capital project for $39,481,107, authorizing the appropriation of $2,650,278 from a capital reserve fund and the issuance of up to $36,830,829 bonds to pay the costs of reconstruction, renovation and improvements to District buildings and facilities. The District issued $20,000,000 bond anticipation notes on June 28, 2018 as the first borrowing for this project. The District issued $31,450,000 bond anticipation notes on June 27, 2019 along with $550,000 available funds of the District to partially redeem and renew the $20,000,000 bond anticipation notes that matured June 28, 2019 and provide $12,000,000 new money for the aforementioned purpose. Future borrowings will be dependent on construction cash flow needs.

On December 14, 2017 the District voters approved a Phase 4 project in the amount of $10,351,840 which includes reconstruction, renovation, and improvements to District buildings. The voters authorized the use of $2,000,000 from a capital reserve fund and issuance of bonds in the amount of up to $8,351,840. The District issued $2,000,000 bond anticipation notes on September 27, 2018 as the first borrowing for this project. The District issued $5,000,000 bond anticipation notes on June 27, 2019 as new money for the aforementioned purpose. The Series B Notes are being issued to renew a $2,000,000 portion of the $5,719,848 bond anticipation notes maturing September 27, 2019 for the aforementioned purpose. Future borrowings will be dependent on construction cash flow needs.

On May 15, 2018 the District voters approved a $2,000,000 project for security improvements throughout District buildings. Future borrowings will be dependent on State Education Department approval and construction cash flow needs.

On December 11, 2018 the District voters approved capital project costs for an additional $5.8 million, authorizing $950,000 from a capital reserve fund and the issuance of up to $4,850,000 bonds to pay costs for increased costs of the March 10, 2016 referendum. The proposition approved at the December 11, 2018 special meeting referred to an incorrect capital reserve fund. As a result, the December 11, 2018 approval was determined to be null and void. On May 21, 2019, the voters approved an updated and revised proposition for the additional $5.8 million with the appropriate capital reserve fund listed.

On May 21, 2019, the voters approved a $180,000 project for a fuel dispensing system at the Transportation Center. Future borrowings will be dependent on State Education Department approval and construction cash flow needs.

The District annually authorizes bus purchases at the time of the budget vote. The District voters approved a proposition in the amount of $1,372,787 for the purchase of buses on May 21, 2019. A $3,866,787 portion of the Notes are being issued along with $1,225,848 available funds of the District to partially redeem and renew the $3,719,848 portion of the $5,719,848 bond anticipation notes maturing September 27, 2019 and provide $1,372,787 new money for the purchase of buses.

The District is reviewing its facilities for additional work to be undertaken. A timeline or amount has not been determined as of this Official Statement.

Cash Flow Borrowings

The School District has generally found it necessary to borrow from time to time in anticipation of real property taxes and State aid revenue payments. The timing of such borrowings are necessitated by the schedule of real property tax payments and State aid payments. The history of such note borrowings since the 2010-11 fiscal year is as follows:

Fiscal Year	Type	Amount	Issue Date	Rate %	Due Date
2010-2011	RAN	$ 9,000,000	7/9/10	1.02	7/6/11
2011-2012	RAN	9,000,000	7/6/11	0.79	7/6/12
2012-2013	RAN	9,000,000	7/6/12	1.25	7/5/13
2013-2014	RAN	7,500,000	7/8/13	0.50	7/8/14
2014-2015	RAN	6,500,000	7/8/14	1.00	7/8/15
2015-2016	RAN	5,000,000	7/7/15	1.50	7/7/16

The District does not plan to issue revenue anticipation notes in the foreseeable future.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness (1)	Exclusions (2)	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Onondaga	12/31/2017	$ 646,680,892	$ 311,134,687	$ 335,546,205	11.54%	$ 38,722,032
Town of:						
Clay	12/31/2017	3,760,000	771,400	2,988,600	53.34%	1,594,119
Salina	12/31/2017	18,136,744	-	18,136,744	68.53%	12,429,111
Village of:						
Liverpool	5/31/2018	2,147,601	1,677,601	470,000	100.00%	470,000
					Total:	$ 53,215,262

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

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

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

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of September 9, 2019:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$110,522,635	$ 2,177.10	3.43%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	163,737,897	3,225.35	5.08

(a) The current estimated population of the District is 50,766. (See "THE SCHOOL DISTRICT – Population" herein.)
(b) The District's full value of taxable real estate for the 2019-2020 fiscal year is $3,221,680,463. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $53,215,262. (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

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.

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 shall not exceed nine per centum per annum. 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 or interest on the Notes.

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.

The Federal Bankruptcy Code allows public bodies 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 to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While these provisions do not apply to Districts, there can be no assurance that they will not be made so applicable in the future.

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 such obligations.

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

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."

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

MARKET AND RISK FACTORS

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State 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 another jurisdiction in the country 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").

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. These requirements include provisions which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Notes and other amounts and require that certain earnings be rebated to the federal government. The District will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Notes to become includable in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

The District has not designated the Notes as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Notes. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Notes is includable in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Notes.

Prospective purchasers should consult their tax advisors with respect to the calculations of the foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

The opinion of Bond Counsel described herein with respect to the Federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable Federal income tax treatment of the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

In addition, in the opinion of Bond Counsel, under existing laws, 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.

LEGAL MATTERS

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

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

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

CUSIP IDENTIFICATION NUMBERS

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

RATING

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

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

Moody's Investors Service ("Moody's") has assigned its underlying rating of "Aa3" to the District's outstanding bonds. The rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's, 99 Church Street - 9th Floor, New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

MISCELLANEOUS

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

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

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

Bond, Schoeneck & King, PLLC, Syracuse, 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: Mr. Daniel G. Henner, Deputy Superintendent, District Offices, 195 Blackberry Road, Liverpool, New York 13090 telephone (315) 622-7148, fax (315) 622-7982, email dhenner@liverpool.k12.ny.us.

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

LIVERPOOL CENTRAL SCHOOL DISTRICT

Dated: September 9, 2019

CRAIG DAILY
PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
ASSETS					
Cash - Unrestricted	$ 24,571,106	$ 21,988,595	$ 20,179,676	$ 13,552,528	$ 15,029,827
Cash - Restricted	11,379,468	13,092,997	14,463,615	16,774,084	14,256,648
Due from Other Funds	931,550	860,277	1,069,670	2,006,477	1,035,603
Due from Other Governments	1,718,797	2,368,135	2,046,754	2,091,771	2,005,742
State and Federal Aid Receivable	1,759,421	2,106,287	1,958,509	2,052,764	2,262,816
Other Receivables	186,788	85,850	81,543	82,551	159,052
Prepaid Expenditures & Inventories	11,463	7,249	21,695	586,989	574,898
TOTAL ASSETS	$ 40,558,593	$ 40,509,390	$ 39,821,462	$ 37,147,164	$ 35,324,586
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 1,209,678	$ 391,137	$ 204,003	$ 326,770	$ 1,434,604
Accrued Liabilities	1,508,633	4,307,071	3,030,541	2,928,031	3,165,988
Due to Other Funds	129	-	-	94	4,940
Due to Other Governments	-	-	-	40,306	5,484
Notes Payable	7,500,000	6,500,000	5,000,000	-	-
Due to Teachers' Retirement System	8,794,892	9,627,329	7,695,658	6,558,168	5,706,025
Due to Employees' Retirement System	707,892	621,072	761,736	552,590	554,611
Overpayments & Collections in Advance	-	-	-	-	127,123
TOTAL LIABILITIES	19,721,224	21,446,609	16,691,938	10,405,959	10,998,775
FUND EQUITY					
Nonspedable	$ 11,463	$ 7,249	$ 21,695	$ 586,989	$ 574,898
Restricted	10,578,927	11,832,489	13,152,969	16,146,778	14,206,744
Assigned	4,712,576	1,514,601	3,995,829	3,871,867	3,242,322
Unassigned	5,534,403	5,708,442	5,959,031	6,135,571	6,301,847
TOTAL FUND EQUITY	20,837,369	19,062,781	23,129,524	26,741,205	24,325,811
TOTAL LIABILITIES and FUND EQUITY	$ 40,558,593	$ 40,509,390	$ 39,821,462	$ 37,147,164	$ 35,324,586

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:	2014	2015	2016	2017	2018
REVENUES					
Real Property Taxes	$ 63,593,695	$ 65,219,524	$ 66,330,858	$ 68,097,257	$ 70,434,915
Real Property Tax Items	14,079,982	14,202,878	14,487,722	14,139,994	13,911,540
Nonproperty Tax Items	490,296	501,928	376,188	237,248	242,336
Charges for Services	346,186	248,023	179,202	101,976	117,228
Use of Money & Property	195,458	184,723	164,940	166,486	195,069
Sale of Property and Compensation for Loss	154,062	241,147	137,844	249,561	133,621
Miscellaneous	821,327	1,898,041	6,740,801	1,393,707	782,774
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	50,361,163	52,215,378	57,453,460	60,934,942	62,756,092
Revenues from Federal Sources	717,881	551,204	676,362	1,333,554	1,296,794
Total Revenues	$ 130,760,050	$ 135,262,846	$ 146,547,377	$ 146,654,725	$ 149,870,369
Other Sources:					
Interfund Transfers	393,960	128,496	95,924	391,421	389,745
Total Revenues and Other Sources	131,154,010	135,391,342	146,643,301	147,046,146	150,260,114
EXPENDITURES					
General Support	$ 12,521,450	$ 12,583,262	$ 12,803,276	$ 12,837,443	$ 12,736,136
Instruction	64,185,246	65,706,377	68,546,798	70,938,308	73,844,922
Pupil Transportation	5,708,211	5,532,720	6,069,993	5,962,944	6,389,711
Employee Benefits	36,652,082	42,739,978	40,937,393	40,667,771	43,896,397
Debt Service	10,345,467	10,209,098	10,914,735	12,777,176	13,139,912
Total Expenditures	$ 129,412,456	$ 136,771,435	$ 139,272,195	$ 143,183,642	$ 150,007,078
Other Uses:					
Interfund Transfers	1,467,872	394,495	3,304,363	250,823	2,668,430
Total Expenditures and Other Uses	130,880,328	137,165,930	142,576,558	143,434,465	152,675,508
Excess (Deficit) Revenues Over Expenditures	273,682	(1,774,588)	4,066,743	3,611,681	(2,415,394)
FUND BALANCE					
Fund Balance - Beginning of Year	20,563,687	20,837,369	19,062,781	23,129,524	26,741,205
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 20,837,369	$ 19,062,781	$ 23,129,524	$ 26,741,205	$ 24,325,811

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 Adopted Budget	2018 Modified Budget	2018 Actual	2019 Adopted Budget	2020 Adopted Budget
REVENUES					
Real Property Taxes	$ 82,829,680	$ 70,481,176	$ 70,434,915	$ 72,487,114	$ 87,840,462
Real Property Tax Items	1,556,031	13,904,535	13,911,540	13,684,891	427,181
Nonproperty Tax Items	213,613	213,613	242,336	213,613	250,000
Charges for Services	148,030	148,030	117,228	148,030	148,030
Use of Money & Property	152,500	152,500	195,069	172,500	247,500
Sale of Property and Compensation for Loss	46,550	46,550	133,621	46,550	46,550
Miscellaneous	310,000	314,655	782,774	810,000	860,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	62,600,555	62,650,668	62,756,092	64,360,506	65,079,038
Revenues from Federal Sources	800,000	800,000	1,296,794	300,000	300,000
Total Revenues	$ 148,656,959	$ 148,711,727	$ 149,870,369	$ 152,223,204	$ 155,198,761
Other Sources:					
Interfund Transfers	380,817	380,817	389,745	2,322,980	1,743,424
Total Revenues and Other Sources	149,037,776	149,092,544	150,260,114	154,546,184	156,942,185
EXPENDITURES					
General Support	$ 14,673,979	$ 14,099,540	$ 12,736,136	$ 14,535,664	$ 14,905,012
Instruction	73,773,939	74,867,400	73,844,922	73,482,762	75,688,530
Pupil Transportation	6,658,219	6,683,669	6,389,711	6,740,083	6,706,046
Employee Benefits	44,838,315	44,804,307	43,896,397	48,739,847	48,864,330
Debt Service	13,156,311	13,139,914	13,139,912	13,659,328	13,910,772
Total Expenditures	$ 153,100,763	$ 153,594,830	$ 150,007,078	$ 157,157,684	$ 160,074,690
Other Uses:					
Interfund Transfers	288,500	2,689,797	2,668,430	388,500	388,500
Total Expenditures and Other Uses	153,389,263	156,284,627	152,675,508	157,546,184	160,463,190
Excess (Deficit) Revenues Over Expenditures	(4,351,487)	(7,192,083)	(2,415,394)	(3,000,000)	(3,521,005)
FUND BALANCE					
Fund Balance - Beginning of Year	4,351,487	7,192,083	26,741,205	3,000,000	3,521,005
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 24,325,811	$ -	$ -

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	$ 6,760,000	$ 2,949,081.26	$ 9,709,081.26
2021	7,035,000	2,675,081.26	9,710,081.26
2022	6,055,000	2,389,331.26	8,444,331.26
2023	5,900,000	2,149,581.26	8,049,581.26
2024	6,130,000	1,907,481.26	8,037,481.26
2025	6,210,000	1,655,281.26	7,865,281.26
2026	5,360,000	1,397,181.26	6,757,181.26
2027	3,955,000	1,160,981.26	5,115,981.26
2028	4,150,000	963,231.26	5,113,231.26
2029	4,010,000	755,731.26	4,765,731.26
2030	3,915,000	555,231.26	4,470,231.26
2031	3,135,000	359,481.26	3,494,481.26
2032	1,880,000	202,731.26	2,082,731.26
2033	1,530,000	108,731.26	1,638,731.26
2034	955,000	32,231.26	987,231.26
TOTALS	$ 66,980,000	$19,261,368.90	$86,241,368.90

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2013 Capital Project Principal	2013 Capital Project Interest	2013 Capital Project Total	2014 Refunding of the 2007 Bonds Principal	2014 Refunding of the 2007 Bonds Interest	2014 Refunding of the 2007 Bonds Total
2020	$ 2,450,000	$ 513,450.00	$ 2,963,450.00	$ 1,500,000	$ 130,400.00	$ 1,630,400.00
2021	2,515,000	439,950.00	2,954,950.00	1,570,000	70,400.00	1,640,400.00
2022	2,580,000	364,500.00	2,944,500.00	380,000	7,600.00	387,600.00
2023	2,645,000	287,100.00	2,932,100.00	-	-	-
2024	2,715,000	207,750.00	2,922,750.00	-	-	-
2025	2,620,000	126,300.00	2,746,300.00	-	-	-
2026	1,590,000	47,700.00	1,637,700.00	-	-	-
TOTALS	$ 17,115,000	$ 1,986,750.00	$ 19,101,750.00	$ 3,450,000	$ 208,400.00	$ 3,658,400.00

Fiscal Year Ending June 30th	2016 DASNY Bonds Principal	2016 DASNY Bonds Interest	2016 DASNY Bonds Total	2018 DASNY Bonds Principal	2018 DASNY Bonds Interest	2018 DASNY Bonds Total
2020	$ 1,130,000	$ 765,500.00	$ 1,895,500.00	$ 1,680,000	$ 1,539,731.26	$ 3,219,731.26
2021	1,190,000	709,000.00	1,899,000.00	1,760,000	1,455,731.26	3,215,731.26
2022	1,245,000	649,500.00	1,894,500.00	1,850,000	1,367,731.26	3,217,731.26
2023	1,310,000	587,250.00	1,897,250.00	1,945,000	1,275,231.26	3,220,231.26
2024	1,375,000	521,750.00	1,896,750.00	2,040,000	1,177,981.26	3,217,981.26
2025	1,445,000	453,000.00	1,898,000.00	2,145,000	1,075,981.26	3,220,981.26
2026	1,515,000	380,750.00	1,895,750.00	2,255,000	968,731.26	3,223,731.26
2027	1,590,000	305,000.00	1,895,000.00	2,365,000	855,981.26	3,220,981.26
2028	1,670,000	225,500.00	1,895,500.00	2,480,000	737,731.26	3,217,731.26
2029	1,405,000	142,000.00	1,547,000.00	2,605,000	613,731.26	3,218,731.26
2030	1,175,000	71,750.00	1,246,750.00	2,740,000	483,481.26	3,223,481.26
2031	260,000	13,000.00	273,000.00	2,875,000	346,481.26	3,221,481.26
2032	-	-	-	1,880,000	202,731.26	2,082,731.26
2033	-	-	-	1,530,000	108,731.26	1,638,731.26
2034	-	-	-	955,000	32,231.26	987,231.26
TOTALS	$ 15,310,000	$ 4,824,000.00	$ 20,134,000.00	$ 31,105,000	$ 12,242,218.90	$ 43,347,218.90

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

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

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

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

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

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

(h) note calls, if material and tender offers

(i) defeasances

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

(k) rating changes

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

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

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

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

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

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

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

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

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

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

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

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

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

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LIVERPOOL CENTRAL SCHOOL DISTRICT
ONONDAGA COUNTY, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2018

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

LIVERPOOL CENTRAL SCHOOL DISTRICT

Financial Statements as of
June 30, 2018
Together with
Independent Auditor's Report,
Reports Required by the Uniform Guidance
and *Government Auditing Standards*

Bonadio & Co., LLP
Certified Public Accountants

LIVERPOOL CENTRAL SCHOOL DISTRICT, NEW YORK

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JUNE 30, 2018

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 17, 2018

The Board of Education and Superintendent of
Liverpool Central School District:

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 Liverpool Central School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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(Continued)

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 aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle
As described in Notes 1 and 12 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial reporting for Postemployment benefits other than Pensions – an amendment of GASB 45*. As a result, a net adjustment was made to decrease net position at July 1, 2017 by $278,692,950. Our opinions are not modified with respect to this matter.

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 Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund; Schedule of Changes in Total OPEB Liability and Related Ratios; Schedule of Proportionate Share of Net Pension Liability (Asset) and the Schedule of Contributions - Pension Plans 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matters (Continued)

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Change in Fund Balances; the Schedule of Change from Original Budget to Revised Budget and the Real Property Tax Limit - General Fund; Schedule of Project Expenditures - Capital Projects Fund; and the Schedule of Net Investment in Capital Assets are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Change in Fund Balances and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Change in Fund Balances and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Change from Original Budget to Revised Budget and the Real Property Tax Limit - General Fund; Schedule of Project Expenditures - Capital Projects Fund; and the Schedule of Net investment in Capital Assets have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

LIVERPOOL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

FOR THE YEAR ENDED JUNE 30, 2018

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

FINANCIAL HIGHLIGHTS

- The School District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Standards set by the Governmental Accounting Standards Board (GASB). The School District's OPEB liability at June 30, 2017 (as restated) totaled $473,730,966. The changes during the fiscal year included service cost of $15,519,549, interest cost of $17,197,235, differences between expected and actual experience of $(4,660,703) and benefit payments of $(12,364,159). The accumulated OPEB liabilities at June 30, 2018 totaled $489,422,888.

- The Statement of Net Position reflects a total net position (deficit) of $(355,072,225) at June 30, 2018. This compares to the originally stated prior year net position (deficit) of $(61,161,541). After implementation of GASB 75 related to Other Postemployment Benefit (OPEB), net position as of July 1, 2017 was restated to $(339,854,491).

- The Statement of Activities shows the School District's expenses exceeding its revenues by $15,217,734. This compares to expenses exceeding revenue by $15,094,204 at June 30, 2017.

- The School District continues to take measures to contain the growth of General Fund operating expenditures. The General Fund budgeted expenditures, including carry-over encumbrances, were underspent by $3,317,452 during the current year. Revenues in the General Fund were greater than estimated by $1,168,225 during the year ended June 30, 2018.

- Depreciable capital asset additions during 2018 amounted to $20,229,840 of which $1,939,399 related to prior year construction in progress transferred to depreciable assets and $15,959,568 related to construction in progress expenditures during the current year.

- Principal payments of $6,980,000 were made during 2018 reducing serial bonds and additional serial bonds of 32,110,000 were issued, increasing serial bonds from $49,600,000 at June 30, 2017 to $74,730,000 at June 30, 2018. Short term debt related to bond anticipation notes had a net decrease from the prior year of $18,999,050. This was the result of the BAN being redeemed for the full amount and only $23,665,000 BANS being issued.

- Restricted and assigned fund balance in the General Fund, (including reserves and designations), was $17,493,439, an decrease of $3,102,606 from prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements (including footnotes) and supplementary information, both required and not required. The basic financial statements include two kinds of statements that are presented using different methods of accounting.

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

- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds with all other Non-Major Funds listed in total in one column.

District-wide Financial Statements

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide financial statements report the School District's net position and how they have changed. Net Position - the difference between the School District's assets and deferred outflows of resources and the School District's liabilities and deferred inflows of resources - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Governmental Fund Financial Statements

- The Governmental Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The fund financial statements are reported on the modified accrual basis. The School District has two kinds of funds:

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Financial Analysis of the District's Funds
Our analysis below focuses on the net position (*Figure 1*) and changes in net position *(Figure 2)* of the School District's Governmental Activities.

Figure 1
Condensed Statement of Net Position

	6/30/2018	6/30/2017 Restated	Difference $	Difference %
Current assets	$ 64,853,835	$ 61,573,562	3,280,273	5.33%
Non-current assets - capital assets	169,445,480	156,665,019	12,780,461	8.16%
Non-current assets - pension asset	2,679,781	-	2,679,781	100.00%
Total Assets	**236,979,096**	**218,238,581**	18,740,515	8.59%
Deferred Outflows of Resources	**41,323,336**	**40,523,076**	800,260	8.16%
Current Liabilities	37,744,716	56,218,532	-18,473,816	-33.86%
Long-term Liabilities	577,656,940	540,081,158	37,575,782	6.96%
Total Liabilities	**615,401,656**	**596,299,690**	19,101,966	3.20%
Deferred Inflows of Resources	**17,973,001**	**2,316,458**	15,656,543	675.88%
Net Position	**$(355,072,225)**	**$(339,854,491)**	(15,217,734)	-4.48%

Total assets were up approximately $19,000,000 when compared to the prior year. Much of this variance was attributed to a change in cash due to timing of when cash receipts were collected and when cash was paid out to various vendors. In addition, the net pension obligations for TRS yielded a proportionate share asset at June 30, 2018 when compared to a liability in the prior year.

Total liabilities were up approximately $20,000,000 when compared to the prior year. The large variance is attributed to the increase in OPEB obligations as previously described.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Financial Analysis of the District's Funds (Continued)

Our analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

Condensed Statement of Activities

	6/30/2018	6/30/2017 restated	Difference $	Difference %
Program Revenues:				
Charges for Services	797,818	816,704	(18,886)	-2%
Operating Grants & Contributions	6,710,156	5,906,497	803,659	14%
Capital Grants	1,593,228	2,514,828	(921,600)	-37%
Total Program Revenues	9,101,202	9,238,029	136,827	2%
General Revenues:				
Real property taxes	70,434,915	68,097,257	2,337,658	3%
Other tax items	13,911,540	14,139,994	(228,454)	-2%
Nonproperty taxes	242,336	237,248	5,088	2%
Use of money and property	229,009	179,090	49,919	28%
Sale of property and compensation for loss	133,416	244,806	(111,390)	-46%
Miscellaneous	782,774	1,393,707	(610,933)	-44%
State sources	62,780,664	60,766,834	2,013,830	3%
Federal sources	686,175	779,382	(93,207)	-12%
Medicaid reimbursement	610,619	554,172	56,447	10%
Total General Revenues	149,811,448	146,392,490	3,418,958	2%
Expenses by Function:				
General Support	22,673,084	16,416,524	6,256,560	38%
Instruction	136,190,120	76,867,023	59,323,097	77%
Pupil Transportation	12,329,290	7,059,302	5,269,988	75%
Community Service	109,642	114,599	(4,957)	-4%
Interest	1,879,896	1,969,937	(90,041)	-5%
Employee Benefits	-	346,029,751* *	(346,029,751)	-100%
School Lunch Program	948,352	960,537	(12,185)	-1%
Total Expenses by Function	174,130,384	449,417,673	(275,287,289)	-61%
Change in Net Position	(15,217,734)	(293,787,154)*		

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

*The significant change (reduction) in net position is the result of adopting GASB 75 in which was retroactively applied to beginning net position of July 1, 2017.

** As of June 30, 2017 employee benefits were presented on one line, while in 2018 they are allocated across functions.

Financial Analysis of the District's Funds (Continued)

The District's General revenues remained relatively consistent compared to the prior year with only a 2-3% increase.

General Fund

The District's General Fund fund balance at June 30, 2018 is $24,325,811 a decrease of $2,415,394 compared to the prior year. This decrease in fund balance is down compared to the prior year net increase of $3,611,681. One factor is the increase in Instruction expenditures in 2018 compared to 2017 with an increase of approximately $3,000,000. In addition, the increase in Employee Benefits expenditure in 2018 compared to 2017 with an increase of approximately $3,000,000.

General Fund Budgetary Highlights

Figure 3

Revenues – Budget to Actual

	Original Budget	Final Budget	Actual	Final Budget Variance with Budgetary Actual
Local Sources:				
Real property taxes	$ 82,829,680	$ 70,481,176	$ 70,434,915	$ (46,261)
Other tax items	1,556,031	13,904,535	13,911,540	7,005
Nonproperty taxes	213,613	213,613	242,336	28,723
Total Other Local Sources	657,080	661,080	1,228,692	567,612
	85,256,404	85,260,404	85,817,483	557,079
State sources	62,600,555	62,650,668	62,756,092	105,424
Medicaid reimbursement	500,000	500,000	610,619	110,619
Federal sources	300,000	300,000	686,175	386,175
Total revenue	148,656,959	148,711,072	149,870,369	1,159,297
Other Sources - Transfers from other funds	380,817	380,817	389,745	8,928
Total revenues and other sources	$149,037,776	$149,091,889	$150,260,114	$1,168,225

The District had favorable actual revenues in excess of budgeted revenues by nearly $1.2m. The most significant variance was the increase in Actual Federal sources of $386,175 compared to budgeted Federal sources of $300,000 as well as other local sources which were in excess of budget by approximately $550k.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Financial Analysis of the District's Funds (Continued)

General Fund Budgetary Highlights (Continued)

Figure 4

Expenditures – Budget to Actual

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
EXPENDITURES					
Total General Support	$14,673,979	$14,099,540	$12,736,136	$ 154,565	$ 1,169,466
Total Instruction	73,773,939	74,867,400	73,844,922	84,067	938,411
Pupil transportation	6,658,219	6,683,669	6,389,711	8,661	285,297
Employee benefits	44,838,315	44,804,307	43,896,397	31	907,879
Debt service - principal	10,019,050	10,079,050	10,779,050	-	(700,000)
Debt service - interest	3,137,261	3,077,261	2,360,862	-	716,399
Total	64,652,845	64,644,287	63,426,020	8,692	1,209,575
Total expenditures	153,100,763	153,611,227	150,007,078	286,697	3,317,452
Other Uses - Transfers to Other Funds	288,500	2,673,400	2,668,430	-	4,970
Total expenditures and other uses	153,389,263	156,284,627	152,675,508	286,697	3,322,422
NET CHANGE IN FUND BALANCES	$(4,351,487)	$(7,192,768)	(2,415,394)	$ (286,697)	$ 4,490,647
FUND BALANCE - beginning of year			26,741,205		
FUND BALANCE - end of year			$24,325,811		

The District had favorable budget expenditures variances with actual expenditures being approximately $3,300,000 less than the modified budget amounts. Both Employee benefits and total Instruction were each under budget by nearly $900,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets
At June 30, 2018, the School District had invested in a broad range of capital assets. The net value of capital assets of $169,445,480 represents a net increase (including additions, disposals, and accumulated depreciation) of $12,780,461 over last year.

Figure 5

	Beginning of Year	Increases	Decreases	End of Year	Net Change
Land	$ 3,293,962	$ -	$ -	$ 3,293,962	$ -
Construction in Progress	23,330,251	15,959,568	(1,939,399)	37,350,420	14,020,169
Depreciable Assets	223,470,313	4,270,272	(722,195)	227,018,390	3,548,077
Total Capital Assets	250,094,526	20,229,840	(2,661,594)	267,662,772	17,568,246
Accumulated Deprecation	(93,429,507)	(5,509,775)	721,990	(98,217,292)	(4,787,785)
Net Capital Assets	$156,665,019	$14,720,065	$ (1,939,604)	$169,445,480	$ 12,780,461

Upon completion of current construction projects, the remaining balance in construction in progress will be reclassified to the appropriate categories (buildings, improvements, etc.), at which time these assets will begin to be depreciated. Additional major capital projects are planned for the near future in accordance with the School District's Long Range Capital Plan.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt Administration

Short-term debt, considered a liability of Governmental Activities, decreased by 45% in the fiscal year ending June 30, 2018 when compared to the prior year. Details are described below in *Figure 6*.

Figure 6

	Beginning of Year	Issued	Redeemed	End of Year	$ Change
BANS	$ 42,664,050	$ 23,665,000	$ (42,664,050)	$ 23,665,000	$(18,999,050)
Premiums	442,122	288,061	(442,122)	288,061	
	$ 43,106,172	$ 23,953,061	$(43,106,172)	$ 23,953,061	

	Beginning of Year	Issued	Redeemed	End of Year	$ Change
Serial Bonds	$ 49,600,000	$ 32,110,000	$ (6,980,000)	$ 74,730,000	$25,130,000
Premiums	4,522,566	4,180,000	(843,369)	7,859,197	
	$ 54,122,566	36,290,000	(7,823,369)	82,589,197	

During the current year the District issued BANs in excess of $20,000,000 associated with significant pending capital projects and redeemed the balance of prior year's BANS at the beginning of the current year. The District issued Serial Bonds in excess of $30,000,000 of long-term debt and principal paid during the year amounted to $6,980,000.

On May 23, 2013, Moody's Investors Service affirmed an "Aa3" rating to Liverpool Central School District. The "Aa3" rating incorporates the balanced financial operations marked by satisfactory reserve levels, the stable suburban tax base, and the affordable debt burden, which is expected to remain manageable. Our rating with Standard & Poor's at this time is "AA-".

Other obligations of the School District include accrued vacation pay, sick leave and other postemployment benefits for retired employees. More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The contract for United Liverpool Faculty Association (ULFA), the District's largest group of represented employees, was settled for a three-year term; July 1, 2018 through June 30, 2021. The Liverpool Administrators Association (LAA) four-year contract runs from July 1, 2015 through June 30, 2019. Service Employees International Local 200 United (SEIU) contract runs from July 1, 2017 through June 30, 2019. The Liverpool Association of Middle Managers (LAMM) contract runs from July 1, 2017 through June 30, 2020.

- Contractual obligations of the School District relating to employment contracts and employee benefits represent approximately 78% of the annual budget.

- Annual health insurance contribution rate increases and actual retirement contribution rates were as follows:

Fiscal Year	**Health Insurance Contribution Rate Increases**	**Teachers' Retirement System Contribution Rates**	**Employees' Retirement System Contribution Rates**
2017-2018	10.00%	9.80%	15.30%
2016-2017	8.00%	11.72%	15.50%
2015-2016	8.00%	13.26%	18.20%
2014-2015	5.00%	17.53%	20.10%
2013-2014	3.00%	16.25%	20.90%

- For the fifth consecutive year, the Liverpool Central School District has been assigned a "No Designation" rating regarding fiscal stress in a report issued by the Office of the State Comptroller (January 2018). This rating confirms the continued fiscal health of the District as of June 30, 2017. The District's fiscal scores were 15% in 2012-2013, 8.3% in 2013-2014, 13.3% in 2014-2015, 13.3% in 2015-2016 and 6.7% in 2016-2017. Scores range from 0% to 100% with -0- being the best possible score.

- On March 10, 2016, the voters approved a $39.5 million District-wide Phase 3 long-range facilities capital improvement project. This project includes substantial renovations to Liverpool High School, site work at the Transportation Center and a roof replacement at Wetzel Road Elementary. The voters authorized the use of $2,650,278 from the 2009 Capital Reserve. As of June 2018, the Wetzel Road Elementary roof project is nearing completion. The two pieces of the Transportation Center project have been completed and the work at the Liverpool High School pool is also complete.

- On December 14, 2017, the District voters approved the Phase 4 project in the amount of $10,351,840 which includes replacement of roofs and boiler work. The voters authorized the use of $2,000,000 from the Capital Reserve and issuance of bonds in the amount of $8,351,840.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE (Continued)

- The District continues to prioritize the importance of providing funding for the Capital Reserve. In May 2016, the voters approved the establishment of the 2016 Capital Reserve. On June 23, 2016, the Board of Education approved the deposit of any excess funds into this new reserve. On June 18, 2018, the Board of Education approved the deposit of excess funds into the 2016 Capital Reserve Fund. The deposit totaled $660,645 including interest of $6,038. Excess funds deposited thus far amount to $4,827,787.

- In 2012, the District was notified by the New York State Education Department that it was facing a state aid reduction to recoup overpayments of building aid received in prior years. We were successful in obtaining special legislation that postponed the state aid take-back until the 2015-2016 year. This take-back in aid of approximately $6.6 million is payable over a five-year period. The annual payment amount of $1,324,852 for Building Aid take-back (year 4 of 5) has been factored into the building aid revenue line again for the 2018-2019 school year. The shortage is being offset by a Liability Reserve established on March 23, 2015 by the Board of Education

- The Tax Certiorari Reserve continues to be closely monitored and utilized accordingly. This reserve is currently underfunded by approximately $1.428 million.

- The State Education Department recently approved the District's 2018-2021 Instructional Technology Plan. The plan was developed from the strong stance, that technology can significantly enhance the teaching and learning environment. This plan includes a Chromebook and iPad 1:1 initiative district wide.

- The Smart Schools Bond Act of 2014 (SSBA) was approved by New York State voters in 2014 and subsequently authorized issuance of $2 billion in bonds to improve educational technology and infrastructure statewide. Liverpool's allocation is approximately $5.3 million. The District submitted an improvement plan in July 2015 consisting of three phases. Phase one and two are complete and total approximately $3.8 million. Phase 3 for high tech security has been submitted and is waiting SSBA approval. This plan includes replacement of outdated systems and totals approximately $1.4 million.

- The School District's Audit Committee met five times during 2017-2018 and continues to serve as a valuable resource to the Administration and the Board of Education. We appreciate their important role.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Liverpool Central School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Assistant Superintendent for Administrative Services, Liverpool Central School District, at 195 Blackberry Road, Liverpool, New York 13090.

LIVERPOOL CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS:	
Cash - Unrestricted	$ 20,629,123
Cash - Restricted	38,060,604
Due from other governments	2,378,754
State and federal aid receivable	2,959,928
Other receivables	160,264
Inventories	90,264
Prepaid expenses	574,898
Total current assets	64,853,835
NON CURRENT ASSETS:	
Net pension asset - TRS	2,679,781
Capital assets, net	169,445,480
Total non current assets	172,125,261
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred amount on refundings	226,000
Deferred outflows of resources - pensions ERS	5,841,464
Deferred outflows of resources - pensions TRS	35,255,872
Total deferred outflows of resources	41,323,336
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
CURRENT LIABILITIES:	
Accounts payable	2,430,443
Accrued liabilities	3,197,182
Retainage payable	1,300,093
Due to other governments	5,527
Bond interest payable	398,365
Bond Anticipation Notes payable	23,953,061
Overpayments and collections in advance	177,029
Due to teachers' retirement system	5,706,025
Due to employees' retirement system	576,991
Total current liabilities	37,744,716
LONG-TERM LIABILITIES:	
Due and payable within one year:	
Bonds payable, current	8,506,286
Due and payable in more than one year:	
Bonds payable, net of current portion	74,082,911
Net pension liability - ERS	1,781,470
Other postemployment benefits	489,422,888
Compensated absences payable	3,863,385
Total long-term liabilities	577,656,940
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows of resources - pensions ERS	5,715,631
Deferred inflows of resources - pensions TRS	7,596,667
Deferred inflows of resources - OPEB related	4,660,703
Total deferred inflows of resources	17,973,001
NET POSITION	
Net investment in capital assets	62,903,222
Restricted	38,017,688
Unrestricted	(455,993,135)
TOTAL NET POSITION	$ (355,072,225)

The accompanying notes are an integral part of these statements.

LIVERPOOL CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants	Program Revenue: Capital Grants	Net (Expense) Revenue and Change in Net Position
FUNCTIONS/PROGRAMS:					
General support	$ 22,673,084	$ 117,228	$ -	$ 1,593,228	$ (20,962,628)
Instruction	136,190,120	-	4,712,094	-	(131,478,026)
Pupil transportation	12,329,290	-	108,360	-	(12,220,930)
Community services	109,642	-	-	-	(109,642)
Interest	1,879,896	-	-	-	(1,879,896)
School lunch program	948,352	680,590	1,889,702	-	1,621,940
TOTAL FUNCTIONS AND PROGRAMS	$ 174,130,384	$ 797,818	$ 6,710,156	$ 1,593,228	(165,029,182)
GENERAL REVENUE:					
Real property taxes					70,434,915
Other tax items					13,911,540
Nonproperty taxes					242,336
Use of money and property					229,009
Sale of property and compensation for loss					133,416
Miscellaneous					782,774
State sources					62,780,664
Federal sources					622,959
Medicaid reimbursement					673,835
TOTAL GENERAL REVENUE					149,811,448
CHANGE IN NET POSITION					(15,217,734)
NET POSITION - beginning of year, previously stated					(61,161,541)
PRIOR PERIOD ADJUSTMENT (Note 1)					(278,692,950)
TOTAL NET POSITION - beginning of year, as restated					(339,854,491)
CHANGE IN NET POSITION					(15,217,734)
TOTAL NET POSITION - end of year					$ (355,072,225)

The accompanying notes are an integral part of these statements.

LIVERPOOL CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:				
Cash - unrestricted	$ 15,029,827	$ 4,675,069	$ 924,227	$ 20,629,123
Cash - restricted	14,256,648	20,904,386	2,899,570	38,060,604
Due from other funds	1,035,603	-	44,788	1,080,391
Due from other governments	2,005,742	-	373,012	2,378,754
State and federal aid receivable	2,262,816	15,783	681,329	2,959,928
Other receivables	159,052	100	1,112	160,264
Inventories	-	-	90,264	90,264
Prepaid expenditures	574,898	-	-	574,898
TOTAL ASSETS	$ 35,324,586	$ 25,595,338	$ 5,014,302	$ 65,934,226
LIABILITIES:				
Accounts payable	$ 1,434,604	$ 899,164	$ 96,675	$ 2,430,443
Accrued liabilities	3,165,988	-	31,194	3,197,182
Due to other funds	4,940	295,429	780,022	1,080,391
Due to other governments	5,484	-	43	5,527
Bond Anticipation Notes payable	-	23,665,000	-	23,665,000
Due to teachers' retirement system	5,706,025	-	-	5,706,025
Due to employees' retirement system	554,611	-	22,380	576,991
Overpayments and collections in advance	127,123	-	49,906	177,029
TOTAL LIABILITIES	10,998,775	24,859,593	980,220	36,838,588
FUND BALANCE:				
Nonspendable	574,898	-	90,264	665,162
Restricted:				
Workers' compensation	571,368	-	-	571,368
Unemployment insurance	50,102	-	-	50,102
Tax certiorari	1,418,144	-	-	1,418,144
Employee benefit accrued liability	2,671,253	-	-	2,671,253
Capital	2,835,551	-	-	2,835,551
Liability	3,218,040	-	-	3,218,040
Retirement contribution	3,442,286	-	-	3,442,286
Capital projects	-	20,904,386	-	20,904,386
Debt service	-	-	2,906,558	2,906,558
Total restricted fund balance	14,206,744	20,904,386	2,906,558	38,017,688
Assigned:				
Other	-	-	1,037,260	1,037,260
Encumbered for:				
General support	148,531	-	-	148,531
Instruction	85,129	-	-	85,129
Pupil transportation	8,662	-	-	8,662
Employee benefits	-	-	-	-
Appropriated for subsequent years expenditures	3,000,000	-	-	3,000,000
Total assigned fund balance	3,242,322	-	1,037,260	4,279,582
Unassigned	6,301,847	(20,168,641)	-	(13,866,794)
TOTAL FUND BALANCE	24,325,811	735,745	4,034,082	29,095,638
TOTAL LIABILITIES AND FUND BALANCE	$ 35,324,586	$ 25,595,338	$ 5,014,302	$ 65,934,226

The accompanying notes are an integral part of these statements.

LIVERPOOL CENTRAL SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET AND STATEMENT OF NET POSITION
JUNE 30, 2018

Amounts reported for governmental activities in the Statement of Net Position are different from amounts reported in the Balance Sheet because:

Total Governmental Funds - Fund Balance per the Balance Sheet		$ 29,095,638
The TRS net pension asset is long-term in nature and, therefore, not reported in the funds.		2,679,781
The cost of investment in capital assets and the depreciation expense associated with the investment in capital assets are reported as expenditures in the year they are incurred in the Balance Sheet. However, the Statement of Net Position includes those costs among the assets of the District, and their original costs are depreciated annually over the life of the asset.		
Original cost of capital assets	267,662,772	
Accumulated depreciation	(98,217,292)	
Net cost of capital assets		169,445,480
Deferred outflows of resources not reported in the governmental funds Balance Sheet but included in the Statement of Net Position are as follows:		
Deferred amounts on debt refundings	226,000	
Pensions - ERS	5,841,464	
Pensions - TRS	35,255,872	
Total deferred outflows of resources		41,323,336
Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the governmental fund Balance Sheet. Long-term liabilities recorded in the Statement of Position are as follows:		
Retainage payable	(1,300,093)	
Bond interest payable	(398,365)	
Bond anticipation notes payable - premium	(288,061)	
Bonds payable	(82,589,197)	
Net pension liability - ERS	(1,781,470)	
Other postemployment benefits liability	(489,422,888)	
Compensated absences	(3,863,385)	
		(579,643,459)
Deferred inflows of resources not reported in the governmental funds Balance Sheet but recorded in the Statement of Net Position are as follows:		
Pensions - ERS	(5,715,631)	
Pensions - TRS	(7,596,667)	
Other postemployment benefits	(4,660,703)	
Total deferred outflows of resources		(17,973,001)
Net position per the Statement of Net Position		$ (355,072,225)

The accompanying notes are an integral part of these statements.

LIVERPOOL CENTRAL SCHOOL DISTRICT

STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUE:				
Real property taxes	$ 70,434,915	$ -	$ -	$ 70,434,915
Other tax items	13,911,540	-	-	13,911,540
Nonproperty taxes	242,336	-	-	242,336
Charges for services	117,228	-	-	117,228
Sales	-	-	680,590	680,590
Use of money and property	195,069	-	33,940	229,009
Sale of property and compensation for loss	133,621	-	-	133,621
Miscellaneous	782,774	-	316,022	1,098,796
State sources	62,756,092	1,277,206	782,639	64,815,937
Medicaid reimbursement	673,835	-	-	673,835
Federal sources	622,959	-	5,952,089	6,575,048
Total revenue	149,870,369	1,277,206	7,765,280	158,912,855
EXPENDITURES:				
General support	12,736,136	-	-	12,736,136
Instruction	73,844,922	1,367,215	5,317,598	80,529,735
Pupil transportation	6,389,711	-	187,114	6,576,825
Community services	-	-	109,642	109,642
Employee benefits	43,896,397	-	999,233	44,895,630
Cost of sales	-	-	948,352	948,352
Other expenditures	-	-	33,825	33,825
Capital outlay	-	17,563,954	-	17,563,954
Debt service - principal	10,779,050	-	-	10,779,050
Debt service - interest	2,360,862	-	442,123	2,802,985
Total expenditures	150,007,078	18,931,169	8,037,887	176,976,134
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(136,709)	(17,653,963)	(272,607)	(18,063,279)
OTHER SOURCES AND (USES):				
Proceeds of obligations	-	32,110,000	-	32,110,000
BANs redeemed from appropriations	-	3,799,050	-	3,799,050
Premium on obligations	-	-	4,468,061	4,468,061
Operating transfers in	389,745	6,544,719	314,446	7,248,910
Operating transfers out	(2,668,430)	(10,736)	(4,569,744)	(7,248,910)
Total other sources (uses)	(2,278,685)	42,443,033	212,763	40,377,111
CHANGE IN FUND BALANCE	(2,415,394)	24,789,070	(59,844)	22,313,832
FUND BALANCE - beginning of year	26,741,205	(24,053,325)	4,093,926	6,781,806
FUND BALANCE - end of year	$ 24,325,811	$ 735,745	$ 4,034,082	$ 29,095,638

The accompanying notes are an integral part of these statements.

LIVERPOOL CENTRAL SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities in the Statement of Net Activities are different from amounts reported in the Statement of Revenue, Expenditures, and Change In Fund Balances because:

Net changes in fund balance - total governmental funds	$ 22,313,832
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	
Capital asset additions	18,290,441
Loss on disposition of capital assets	(205)
Net depreciation expense	(5,509,775)
ERS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.	
Net pension liability/asset	2,754,902
Deferred outflows of resources	2,361,913
Deferred inflows of resources	(4,915,810)
TRS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.	
Net pension liability/asset	6,469,481
Deferred outflows of resources	(1,412,078)
Deferred inflows of resources	(6,080,030)
Other postemployment benefits (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.	
Other postemployment benefits liability	(15,691,922)
Deferred inflows of resources	(4,660,703)
Issuance of long-term debt and related premiums are recognized as proceeds in the governmental funds, but recorded as a liability in the statement of net position.	(36,290,000)
Repayments of long-term serial bonds are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	6,980,000
Amortization of premium on serial bonds not reported in the funds.	843,369
Deferred outflow of resources related to defeased debt not reported in the funds.	(149,575)
Increase in accrued interest not previously reported in the funds.	(212,827)
The net decrease in premiums on bond anticipation notes not previously reported in the funds.	154,061
The net increase in long-term retainage expenses and accrued liabilities not reported in the funds.	(500,977)
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds include the following:	
Compensated absences	38,169
Change in net position - governmental activities	$ (15,217,734)

The accompanying notes are an integral part of these statements.

LIVERPOOL CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2018

		Agency Fund
ASSETS:		
Cash & cash equivalents - restricted	$	860,684
Accounts receivable		33,758
Total assets	$	894,442
LIABILITIES:		
Extraclassroom activity funds	$	176,208
Other liabilities		718,234
Total liabilities	$	894,442

The accompanying notes are an integral part of these statements.

1. NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

Liverpool Central School District (the District) provides education for pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

Certain significant accounting principles and policies utilized by the District are described below:

Reporting Entity
The Liverpool Central School District is governed by the Laws of New York State. The School District is an independent entity governed by an elected Board of Education (BOE). The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. The BOE has authority to make decisions, power to appoint management and accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by the GASB and consists of the primary government, and when applicable, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financials statements present the activities of the District including the Extraclassroom Activity Funds (the ECA Funds).

The ECA Funds are independent of the District with respect to financial transactions and the designation of student management, however, the Board of Education exercises general oversight of these funds. The District accounts for the ECA Funds in the Agency Fund. Separate audited financial statements (cash basis) of the ECA Funds can be found at the District's business office.

Joint Venture
The School District is one of 23 component school districts in Onondaga-Cortland-Madison Board of Cooperative Education Services (BOCES). 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.

1. NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Venture (Continued)

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.

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

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

Basis of Presentation

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

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

Fund Financial Statements

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

1. NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)
Fund Financial Statements (Continued)

The District reports the following major governmental funds:

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

- *Capital Projects Fund* - This fund accounts for the financial resources used for the renovation of the District's educational complex and the purchase of District transportation equipment.

The District reports the following nonmajor governmental funds:

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

- *School Lunch Fund* - This fund accounts for the financial transactions in connection with the District's food service program.

- *Miscellaneous Special Revenue Fund* - This fund accounts for proceeds from various funding sources, which may be restricted by a donor or designated by the District for specific purposes.

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

The District reports the following fiduciary fund:

- Agency Fund - 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.

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

1. NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, other postemployment benefits and long-term pension obligation, 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.

Cash and Cash Equivalents

The District's cash and cash equivalents consists 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 School 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.

Restricted Cash and Cash Equivalents

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Other Receivables

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

Property Taxes

Real property taxes are levied annually by the board of education no later than September 1, and become a lien on August 23. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the Onondaga County. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District. This year, amounts were received on April 3.

1. NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due From Other Governments
Due from other governments recorded as an asset at June 30, 2018, relates to receivables due from BOCES and other school districts. Management does not believe an allowance for doubtful accounts is necessary.

State and Federal Aid Receivable
State and federal aid receivable recorded as an asset at June 30, 2018 relates to receivables due from New York State and/or the federal government. Management does not believe an allowance for doubtful accounts is necessary.

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

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.

Eliminations have been made in the government-wide financial statements for all significant interfund receivables and payables, and transfers between the funds, with the exception of those due to/from between the governmental funds and fiduciary funds.

Inventory and Prepaid Items
Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventory 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 governmental fund financial statements. These items are reported as assets on the Statement of Net Position 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 portion of fund balance equal to inventories and prepaid amounts is reported as nonspendable as these assets are not in spendable form in the current period.

Capital Assets
Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair value at the time received.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

1. NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 50,000	SL	50 years
Improvements	$ 25,000	SL	7-20 years
Furniture and equipment	$ 5,000	SL	5-20 years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position sometimes reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category:

- Deferred charges resulting from bond refunding. A deferred charge on a refunding results from the difference in the carrying value of the refunding debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amortization is expensed against interest expense in future periods.

- Deferred charges resulting from pension contributions made subsequent to the measurement date of the plan or differences between expected and actual experience and/or earnings on pension plan investments. The amortization is expensed against pension expense in future periods.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category:

- Deferred resources resulting from changes of assumptions or differences between expected and actual experience and/or earnings on pension plan investments. The deferred inflow is amortized against pension expense in future periods.

- Deferred resources resulting from changes of assumptions or differences between expected and actual experience and/or earnings on investments related to the other postemployment benefits plan. The deferred inflow is amortized against other postemployment benefits expense in future periods.

Vested Employee Benefits - Compensated Absences

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

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

District employees are granted vacation time 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.

1. NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vested Employee Benefits - Compensated Absences (Continued)

Consistent with GASB Standards, the 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 Governmental Fund financial 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.

Other Postemployment Benefits

In addition to providing the pension benefits described, the District provides postemployment health insurance coverage and survivor benefits to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the District and its employee groups. Substantially, all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance. At the fund level the District recognizes the cost of providing health care insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the general fund in the year paid. The financial disclosures relating to the District's other postemployment benefits are reflected in Note 9.

Encumbrances

Encumbrance accounting is used for budgetary 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.

All encumbrances are classified as either restricted or assigned fund balance.

Unearned Revenue

Unearned revenue is reported when potential revenue does meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

1. **NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position/ Fund Balance Classifications

Government-Wide Statements

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

Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

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

Unrestricted Net Position - reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund Financial Statements

In the governmental fund financial statements there are five classifications of fund balance:

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 prepaid expenditures and inventories in the General Fund and School Lunch Fund.

1. **NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position/ Fund Balance Classifications (Continued)

Restricted Fund Balance - 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. The District has available the following restricted fund balances.

<u>Workers' Compensation</u>
Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administrating this program. The reserve is established without voter approval and funded by budgetary appropriation. This reserve is accounted for in the General Fund.

<u>Unemployment Insurance</u>
Unemployment insurance reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

<u>Tax Certiorari</u>
Tax certiorari reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount 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 proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General Fund under restricted fund balance.

<u>Employee Benefit Accrued Liability</u>
Employee benefit accrued liability reserve (GML §6-p) is used to reserve funds 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. This reserve is accounted for in the General Fund.

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

1. NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/ Fund Balance Classifications (Continued)
Restricted fund balance (Continued)

Liability
Liability reserve (Education Law §1709(8-c)) is used to reserve funds for the payment of potential property loss and liability claims. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Retirement Contribution
Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the General Fund under restricted fund balance.

Capital Projects
The Capital Projects Fund reports restricted fund balance for unspent debt proceeds restricted for use in capital projects.

Debt Service
Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed be formal action of the 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.

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 are classified as assigned. Encumbrances reported in the general fund amounted to $286,697. In addition, all positive fund balance related to funds other than the General Fund, that are not otherwise classified as nonspendable or restricted are classified as assigned fund balance.

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 District. Unassigned fund balance will also include any negative fund balance of all funds other than General Fund.

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

Order of Fund Balance Spending Policy
By resolution, the Board of Education is authorized to assign fund balance. Assignments of fund balance cannot cause a negative unassigned fund balance. The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

1. NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle
The District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to certain postemployment benefits. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accordingly, Other Postemployment Benefits Payable increased $278,692,950, reflected in balances as of July 1, 2017. Beginning Net Position was decreased from $(61,161,541) to $(339,854,491) and Other Postemployment Benefits Payable was increased from $195,038,016 to $473,730,966 on the Statement of Net Position.

2. 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, authorizing the District to invest in the following:

- Certificates of deposit issued by a bank or trust company authorized to do business in New York State
- Time deposit accounts in a bank or trust company authorized to do business in New York State
- Obligations of New York State
- Obligations of the United States Government

As of June 30, 2018, the District's aggregate bank balances were insured and collateralized as follows:

Description	Bank Balance	Carrying Amount
Primary government	$ 59,266,235	$ 58,689,727
Fiduciary funds	1,320,643	860,684
Cash and cash equivalents	$ 60,586,878	$ 59,550,411
Category 1:		
Covered by FDIC insurance	1,250,000	
Category 2:		
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	59,336,878	
	$ 60,586,878	

3. PARTICIPATION IN BOCES

During the year, the District was billed $10,122,749 for BOCES administrative and program costs.

The School District's share of BOCES aid amounted to $4,067,628.

Financial statements for the Onondaga-Cortland-Madison BOCES are available from the BOCES administrative office at 110 Elwood Davis Road, Liverpool, New York 13088.

4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable:				
Land	$ 3,293,962	$ -	$ -	$ 3,293,962
Construction in progress	23,330,251	15,959,568	(1,939,399)	37,350,420
Subtotal	26,624,213	15,959,568	(1,939,399)	40,644,382
Depreciable:				
Buildings	196,840,465	1,533,461	-	198,373,926
Improvements	9,618,822	34,200	-	9,653,022
Vehicles and equipment	17,011,026	2,702,611	(722,195)	18,991,442
Subtotal	223,470,313	4,270,272	(722,195)	227,018,390
Total capital assets	250,094,526	20,229,840	(2,661,594)	267,662,772
Accumulated depreciation:				
Buildings	76,745,687	3,850,709	-	80,596,396
Improvements	5,762,858	302,091	-	6,064,949
Vehicles and equipment	10,920,962	1,356,975	(721,990)	11,555,947
Total	93,429,507	5,509,775	(721,990)	98,217,292
Net capital assets	$156,665,019	$ 14,720,065	$ (1,939,604)	$169,445,480

Depreciation was charged to governmental activities as follows:

General government support	$ 3,855,621
Instruction	655,972
Pupil transportation	998,182
Total depreciation expense	$ 5,509,775

5. SHORT-TERM DEBT

The District may issue Revenue Anticipation Notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. RANs represent a liability that will be extinguished by the use of expendable, available resources of the General Fund. The District did not issue any RANs during the year ending June 30, 2018 and does not have any RANs outstanding at June 30, 2018.

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

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

Outstanding balances of short-term debt were comprised of the following at June 30, 2018:

Description	Issue Date	Maturity Date	Interest Rate	Balance Due
BAN - Buses	9/28/2017	9/28/2018	2.25%	$ 3,665,000
BAN - Construction	6/28/2018	6/28/2019	3.00%	20,000,000
Add: premium on BANs				288,061
Total				$ 23,953,061

Interest on short-term debt for the year ending June 30, 2018 was composed of:

Interest paid	$ 916,860
Less interest accrued in the prior year	(31,461)
Less premiums received in the prior year	(442,122)
Plus interest accrued in the current year	61,847
Total	$ 505,124

Transactions in short-term debt for the year ending June 30, 2018 are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance
BANs	$ 42,664,050	$ 23,665,000	$ (42,664,050)	$ 23,665,000
Add premiums	442,122	288,061	(442,122)	288,061
Total	$ 43,106,172	$ 23,953,061	$ (43,106,172)	$ 23,953,061

6. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2018 are as follows:

	Beginning Balance (restated)	Additions	Reductions	Ending Balance	Amount Due Within One Year
Serial bonds	$ 49,600,000	$32,110,000	$ (6,980,000)	$ 74,730,000	$ 7,750,000
Unamortized premiums on serial bonds	4,522,566	4,180,000	(843,369)	7,859,197	756,286
Compensated absences	3,901,554	-	(38,169)	3,863,385	-
Other postemployment benefits	473,730,966	32,716,784	(17,024,862)	489,422,888	-
Net pension obligation - TRS	3,789,700	-	(3,789,700)	-	-
Net pension obligation - ERS	4,536,372	-	(2,754,902)	1,781,470	-
Governmental activities long-term liabilities	$540,081,158	$69,006,784	$(31,431,002)	$577,656,940	$ 8,506,286

Summary of Debt Service on Serial Bonds to Maturity

As of June 30, 2018, amounts due to service general obligation serial bonds payable principal and interest in future years for governmental activities are as follows:

	Principal	Interest	Total
2019	$ 7,750,000	$ 3,732,676	$ 11,482,676
2020	6,760,000	2,949,082	9,709,082
2021	7,035,000	2,675,082	9,710,082
2022	6,055,000	2,389,332	8,444,332
2023	5,900,000	2,149,582	8,049,582
2024-2028	25,805,000	7,084,160	32,889,160
2029-2033	14,470,000	1,981,910	16,451,910
2034	955,000	32,232	987,232
Total	$ 74,730,000	$ 22,994,056	$ 97,724,056

Serial Bonds

Existing serial bond obligations at June 30, 2018 were as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance Due
Serial Bonds:				
Refunding Bonds 2012A	5/3/2012	7/15/2018	2.00-4.00%	$ 1,335,000
Refunding Bonds 2012B	12/20/2012	4/1/2019	2.00-4.00%	485,000
Refunding Bonds 2014	12/18/2014	6/15/2022	2.00-4.00%	4,890,000
Serial Bonds 2013	6/1/2013	6/1/2026	2.00-3.00%	19,520,000
Serial Bonds 2018	6/7/2018	6/15/2034	3.375-5.00%	32,110,000
Serial Bonds 2016	6/15/2016	6/15/2031	2.00-5.00%	16,390,000
				74,730,000
Add: unamortized premiums				7,859,197
Total bonds payable				$ 82,589,197

6. LONG-TERM DEBT (Continued)

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

Interest paid	$ 1,886,125
Less interest accrued in the prior year	(154,077)
Plus interest accrued in the current year	336,518
Less amortization of premiums	(843,369)
Plus amortization of deferred charges on defeased debt	149,575
Total	$ 1,374,772

Interest paid varies from year to year, in accordance with the interest rates specified in the bond agreements.

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. Deferred charges on defeased debt are summarized as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Refunding Bonds 2012A	$ 55,620	$ -	$ (40,186)	$ 15,434
Refunding Bonds 2012B	19,219	-	(14,312)	4,907
Refunding Bonds 2014	300,736	-	(95,077)	205,659
Total	$ 375,575	$ -	$ (149,575)	$ 226,000

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and Payables

To improve cash management, instances occur where the District may have receivables and payables between the different funds. This cash management practice, as well as normal delays in processing interfund transfers and reimbursement, is the main reason why interfund receivables and payables exist. These receivables and payables are short term in nature and are typically repaid in less than one year. The following schedule summarizes individual fund interfund receivables and payables at June 30, 2018:

	Due To					
Due From	General Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Special Revenue Fund	Debt Service Fund
General Fund	$ -	$ (747,138)	$ 4,940	$ (288,441)	$ (24)	$ -
Special Aid Fund	747,138	-	-	-	-	-
School Lunch Fund	(4,940)	(32,860)	-	-	-	-
Capital Projects Fund	288,441	-	-	-	-	6,988
Special Revenue Fund	24	-	32,860	-	-	-
Debt Service Fund	-	-	-	(6,988)	-	-
Total	$ 1,030,663	$ (779,998)	$ 37,800	$ (295,429)	$ (24)	$ 6,988

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Transfers

Transfers among funds are provided for as part of the annual budget process. Interfund transfers for the year ended June 30, 2018, which were routine in nature, were as follows:

	Transfers In				
Transfers Out	General Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Debt Service Fund
General Fund	$ -	$ 234,073	$ 4,313	$ 2,364,719	$ (324,420)
Special Aid Fund	(234,073)	-	-	-	-
School Lunch Fund	(4,313)	-	-	-	-
Capital Projects Fund	(2,364,719)	-	-	-	(4,169,264)
Debt Service Fund	324,420	-	-	4,169,264	-
Total	$ (2,278,685)	$ 234,073	$ 4,313	$ 6,533,983	$ (4,493,684)

8. PENSION PLANS

New York State Employee Retirement System (NYSERS)

The District participates in the New York State and Local Employees' Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing 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), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27th, 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 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2018	$ 2,480,583
2017	2,168,210
2016	2,458,032

8. PENSION PLANS (Continued)

New York State Employee Retirement System (NYSERS) (Continued)

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

At June 30, 2018, the District reported a liability of $1,781,470 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2018, the District's proportion was 0.0551975%, an increase from its proportion measured June 30, 2017 of 0.0482786%.

For the year ended June 30, 2018, the District recognized pension expense of $2,424,437. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 635,393	$ 525,065
Changes in assumptions	1,181,262	-
Net difference between projected and actual earnings on pension plan investments	2,587,444	5,107,356
Changes in proportion and differences between the District's contributions and proportionate share of contributions	860,374	83,210
Contributions subsequent to the measurement date	576,991	-
	$ 5,841,464	$ 5,715,631

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:	
2019	$ 652,090
2020	495,091
2021	(1,135,100)
2022	(463,239)
	$ (451,158)

The District reported $576,991 in contributions subsequent to the measurement that would be recognized as a reduction in the net pension liability in the year ended June 30, 2019.

8. PENSION PLANS (Continued)

New York State Employee Retirement System (NYSERS) (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.8% indexed by service
Projected COLAs	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36.0	4.55
International Equity	14.0	6.35
Private Equity	10.0	7.50
Real Estate	10.0	5.55
Absolute Return Strategies	2.0	3.75
Opportunistic Portfolio	3.0	5.68
Real Asset	3.0	5.29
Bonds and Mortgages	17.0	1.31
Cash	1.0	(0.25)
Inflation Indexed Bonds	4.0	1.25
	100.0	

8. PENSION PLANS (Continued)

New York State Employee Retirement System (NYSERS) (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7%. 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Proportionate Share of Net Pension liability (asset)	$ 13,479,083	$ 1,781,470	$ (8,114,243)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (in 000's) of the employers as of March 31, 2018, were as follows:

Total pension liability	$ 183,400,560
Plan net position	(180,173,145)
Net pension liability (asset)	$ 3,227,415
ERS net position as a percentage of total pension liability	98.24%

8. PENSION PLANS (Continued)

New York State Teachers' Retirement System (NYSTRS)

The District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. NYSTRS offers 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.

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

	TRS
2018	$ 6,547,803
2017	7,239,961
2016	9,202,708

8. PENSION PLANS (Continued)

New York State Teachers' Retirement System (NYSTRS) (Continued)

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

At June 30, 2018, the District reported an asset of $2,679,781 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2018, the District's proportion was 0.352557% percent, which was a decrease from its proportion measured June 30, 2016 of 0. 353833%.

For the year ended June 30, 2018, the District recognized pension expense of $6,718,726. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,204,801	$ 1,044,816
Changes in assumptions	27,267,295	-
Net difference between projected and actual earnings on pension plan investments	-	6,311,660
Changes in proportion and differences between the District's contributions and proportionate share of contributions	77,751	240,191
Contributions subsequent to the measurement date	5,706,025	-
Total	$ 35,255,872	$ 7,596,667

The District made contributions subsequent to the measurement date in the amount of $5,706,025 that will be recognized as a reduction in the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Plan's Year Ended June 30:	
2018	$ 601,569
2019	7,195,528
2020	5,143,955
2021	1,263,030
2022	5,128,936
Thereafter	2,620,162
	$ 21,953,180

8. PENSION PLANS (Continued)

New York State Teachers' Retirement System (NYSTRS) (Continued)

Actuarial Assumptions

The total pension liability at the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, with update procedures used to roll forward the total pension liability to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.50% compounded annually
Investment Rate of Return	7.25% compounded annually, net of pension plan investment expense including inflation

Annuitant morality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. Active member mortality rates are based on plan member experience.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations.* ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

8. PENSION PLANS (Continued)

New York State Teachers' Retirement System (NYSTRS) (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized below:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	35.0	5.9
International Equity	18.0	7.4
Real Estate	11.0	4.3
Private Equities	8.0	9.0
Domestic Fixed Income Securities	16.0	1.6
Global Fixed Income Securities	2.0	1.3
High-yield fixed income securities	1.0	3.9
Mortgages	8.0	2.8
Short-term	1.0	0.6
	100.0	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability (asset) of the school districts calculated using the discount rate of 7.25%, as well as what the school districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Proportionate Share of Net Position liability (asset)	$ 46,164,692	$ (2,679,781)	$ (43,584,603)

8. PENSION PLANS (Continued)

New York State Teachers' Retirement System (NYSTRS) (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset) (in 000's) of the employers as June 30, 2017, were as follows:

Total pension liability	$ 114,708,261
Plan net position	115,468,360
Net pension liability (asset)	$ (760,099)
NYSTRS net position as a percentage of total pension liability	100.66%

9. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION

Plan Description

The District provides certain other postemployment benefits (predominately health insurance and life insurance) for retired employees of the District in accordance with the provisions of various employment contracts. The District administers the Other Postemployment Benefits Plan (OPEB Plan) as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB).

Funding Policy

As of the date of these financial statements, New York State did not yet have legislation that would enable government entities to establish a qualifying trust for the purpose of funding Other Postemployment Benefits. As such there are no assets accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4, to fund this obligation and benefits are paid on a pay as you go basis.

Employees Covered by Benefit Terms

At July 1, 2016, the following employees were covered by the benefit terms:

Actives	1,139
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees or beneficiaries currently receiving benefits	1,600
Total participants	2,739

Total OPEB Liability

The District's total OPEB liability of $489,422,888 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2016.

9. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2017, as restated	$ 473,730,966
Changes for the Year-	
Service cost	15,519,549
Interest	17,197,235
Changes of benefit terms	-
Changes in assumptions	-
Differences between expected and actual experience	(4,660,703)
Benefit payments	(12,364,159)
Net changes	15,691,922
Balance at June 30, 2018	$ 489,422,888

Changes of assumptions and other inputs reflect a change in the discount rate from 3.56% in 2017 to 3.62% in 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 - June 30, 2018 measurement period was determined using the following actuarial assumptions:

Discount Rate	3.56% as of July 1, 2017; 3.62% as of June 30, 2018. The discount rate is based on a review of the Fidelity General Obligation 20-Year AA Municipal Bond Index as of July 1, 2017 and June 30, 2018, respectively.
Rate of Compensation Increase	Salaries are assumed to increase at 2.75% per year. The salary scale was based on the District's review of historical experience as well as future expectations.
Mortality	The sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2017 mortality improvement scale on a fully generational basis. This assumption was based on a review of published mortality tables and the demographics and industry of the Plan.
Disability	Rates of decrement due to disability are assumed to be 0%
Turnover	Rates of turnover are based on the experience under the NYSERS and NYSTRS. The ERS rates are based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement Systems Actuary and published in their August 2015 report. The TRS rates are based on the July 1, 2009 to June 30, 2014 experience study released by the Office of the Actuary and published in their October 19, 2015 report.

9. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Retirement Incidence	Rates of retirement are based on the experience under the NYSERS and NYSTRS. The ERS rates are based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement Systems Actuary and published in their August 2015 report. The TRS rates are based on the July 1, 2009 to June 30, 2014 experience study released by the Office of the Actuary and published in their October 19, 2015 report.
Election Percentage	It was assumed that 100% of future retirees eligible for coverage will elect retiree group health benefits in the medical, prescription drug, and dental plans. 100% of retirees are assumed to elect coverage in the co-pay prescription drug plan available to their union. This assumption was determined based on valuation data from July 1, 2008 through July 1, 2016.
Spousal Coverage	70% of future retirees are assumed to elect spousal coverage upon retirement, with male spouses assumed to be three years older and female spouses assumed to be three years younger than the retiree. This assumption was determined based on valuation data from July 1, 2008 through July 1, 2016.
Annual Rate Increase in Healthcare Costs:	The annual rate of increase in healthcare costs developed based on a review of published National trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Getzen model.
Pre-65 Medical	8.500% for 2018, with an ultimate rate of 3.886% in 2075.
Post-65 Medical	5.000% for 2018, with an ultimate rate of 3.886% in 2075.
Prescription Drug	10.500% for 2018, with an ultimate rate of 3.886% in 2075.
Administrative Fees	Assumed to increase at 3.25% per year.
Dental Costs	Assumed to increase at 4% per year.
Annual Rate of Increase in the Consumer Price Index	CPI of 2.25% was assumed for the purposes of developing the rate of increase in healthcare costs. C-CPI of 2.00% was assumed for purposes of determining future increases in limits corresponding to the excise tax of the Affordable Care Act on high cost employer-sponsored health plans.

9. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (Continued)

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 (2.56%) or 1 percentage point higher (4.56%) than the current discount rate:

	Discount Rate		
	1% Decrease (2.56%)	Current Discount (3.56%)	1% Increase (4.56%)
Total OPEB Liability	$577,694,842	$489,422,888	$418,959,997

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 or 1 percentage point higher than the current healthcare cost trend rates as defined in the Actuarial Assumptions and Other Inputs section of this footnote:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Cost Trend	1% Increase
Total OPEB Liability	$412,438,686	$489,422,888	$589,071,853

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 $32,716,784. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Changes of assumptions	$ (4,660,703)
Total	$ (4,660,703)

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

Fiscal Year Ending June	Amount
2019	$ (638,667)
2020	(636,118)
2021	(636,118)
2022	(631,241)
2023	(602,713)
Thereafter	(1,515,846)
	$ (4,660,703)

10. COMMITMENTS AND CONTINGENCIES

Risk Financing and Related Insurance

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

Health Insurance
As of September 1, 2014, the District is self-insured for employee medical, dental and prescription drug insurance coverage. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. The District has also purchased stop-loss insurance for any major medical claims which exceed $250,000.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-out and other economic social factors. These liabilities are reported in accrued liabilities in the General Fund.

A reconciliation of the claims recorded for the year ended June 30 is as follows:

	2018	2017
Beginning liabilities	$ 1,177,427	$ 1,462,421
Incurred claims	29,703,264	27,269,999
Claims payments	(29,571,387)	(27,554,993)
Ending liabilities	$ 1,309,304	$ 1,177,427

Workers' Compensation
The District incurs costs related to workers' compensation claims as a member of the OCM BOCES Workers' Compensation Consortium (the Consortium). The Consortium's 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. School districts joining the Consortium must remain members for a minimum of two years; a member may withdraw from the Consortium after that time.

Consortium members include 31 school districts, with the District bearing a share of the Plan's assets and claims liabilities. Consortium members are subject to a supplemental assessment in the event of deficiencies. If the Consortium's assets were to be exhausted, members would be responsible for the Consortium's liabilities.

The Consortium uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Consortium as direct insurer of the risks reinsured.

10. COMMITMENTS AND CONTINGENCIES (Continued)

Risk Financing and Related Insurance (Continued)

Workers' Compensation (Continued)

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 expense in the periods in which they are made.

During the year ended June 30, 2018, the District incurred premiums or contribution expenditures totaling $1,136,581.

The Consortium financial statements may be obtained from the Onondaga-Cortland-Madison BOCES administration office at 110 Elwood Davis Road, Liverpool, New York 13088.

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.

11. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

Appropriations are adopted at the program line item level.

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

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

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

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the governmental funds balance sheet.

12. NEW AND UPCOMING PRONOUNCEMENTS

Implemented in the Current Year
The GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* establishes new accounting and financial reporting requirements for OPEB plans. The District adopted the provisions of these Statements for the current year ended June 30, 2018. See note 1 for the effect of implementation.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District adopted the provisions of this Statement for the current year ended June 30, 2018.

In March 2016, the GASB issued Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The District adopted the provisions of this Statement for the current year ended June 30, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during the implementation and application of certain GASB Statements. The Statement addresses a variety of topics including issued related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District adopted the provisions of this Statement for the current year ended June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt- are placed in an irrevocable trust for the sole purpose of extinguishing debt. The District adopted the provisions of this Statement for the current year ended June 30, 2018.

Not Yet Implemented
In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for asset retirement obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

12. NEW AND UPCOMING PRONOUNCEMENTS (Continued)

Not Yet Implemented (Continued)

In June 2017, GASB issued Statement No. 87, *Leases*. The Statement requires recognition of certain lease assets and liabilities for leases previously classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* This Statement requires that additional essential information related to debt be disclosed in notes to the financial statements, including unused lines of credit, assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In June 2018, the GASB issued Statement No. 89 *Accounting for Interest Costs Incurred before the End of a Construction Period.* This Statement establishes accounting requirements for interest incurred before the end of construction period. The Statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest costs incurred before the end of a construction period will not be included in the cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

The District is in the process of assessing the impact of these statements on its future financial statements.

13. SUBSEQUENT EVENT

Tax certiorari proceedings have been submitted for the Great Northern Mall Holding, which is one of the top ten largest taxpayers. The proposal is requesting the assessed value of $34,484,561 be reduced to $7,500,000 with a potential impact of $776,089. Historically the average settlement for the Liverpool Central School District is 30% of the total impact. Liverpool Central School District maintains a Tax Certiorari reserve and as of June 30, 2018 the balance was $1.4 million.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

LIVERPOOL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Final Budget Variance with Budgetary Actual
REVENUE				
LOCAL SOURCES:				
Real property taxes	$ 82,829,680	$ 70,481,176	$ 70,434,915	$ (46,261)
Other tax items	1,556,031	13,904,535	13,911,540	7,005
Nonproperty taxes	213,613	213,613	242,336	28,723
Charges for services	148,030	148,030	117,228	(30,802)
Use of money and property	152,500	152,500	195,069	42,569
Sale of property and compensation for loss	46,550	46,550	133,621	87,071
Miscellaneous	310,000	314,655	782,774	468,119
Total local sources	85,256,404	85,261,059	85,817,483	556,424
State sources	62,600,555	62,650,668	62,756,092	105,424
Medicaid reimbursement	300,000	300,000	673,835	373,835
Federal sources	500,000	500,000	622,959	122,959
Total revenue	148,656,959	148,711,727	149,870,369	1,158,642
OTHER FINANCING SOURCES				
Transfers from other funds	380,817	380,817	389,745	8,928
Total revenues and other sources	$ 149,037,776	$ 149,092,544	$ 150,260,114	$ 1,167,570

(Continued)

LIVERPOOL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	$ 54,317	$ 90,218	$ 60,647	$ 22,457	$ 7,114
Central administration	340,872	339,963	326,903	1,756	11,304
Finance	929,443	950,323	847,063	45,542	57,718
Staff	1,181,366	1,135,307	911,711	-	223,596
Central services	11,067,400	10,240,679	9,284,832	78,776	877,071
Special items	1,100,581	1,343,050	1,304,980	-	38,070
Total general support	14,673,979	14,099,540	12,736,136	148,531	1,214,873
INSTRUCTION:					
Instruction, administration, and improvement	4,874,971	4,938,706	4,688,049	747	249,910
Teaching - Regular school	39,643,900	39,936,279	39,543,089	38,546	354,644
Programs for children with handicapping conditions	16,959,905	17,510,323	17,333,161	42,726	134,436
Occupational education	752,046	752,046	752,046	-	-
Teaching - Special school	103,261	116,423	111,958	-	4,465
Instructional media	5,036,365	5,214,278	5,135,801	3,110	75,367
Pupil services	6,403,491	6,399,345	6,280,818	-	118,527
Total instruction	73,773,939	74,867,400	73,844,922	85,129	937,349
Pupil transportation	6,658,219	6,683,669	6,389,711	8,662	285,296
Employee benefits	44,838,315	44,804,307	43,896,397	-	907,910
Debt service - principal	10,019,050	10,779,050	10,779,050	-	-
Debt service - interest	3,137,261	2,360,864	2,360,862	-	2
Total expenditures	153,100,763	153,594,830	150,007,078	242,322	3,345,430
OTHER FINANCING USES					
Transfers to other funds	288,500	2,689,797	2,668,430	-	21,367
Total expenditures and other uses	153,389,263	156,284,627	152,675,508	242,322	3,366,797
NET CHANGE IN FUND BALANCES	$ (4,351,487)	$ (7,192,083)	(2,415,394)	$ (242,322)	$ 4,534,367
FUND BALANCE - beginning of year			26,741,205		
FUND BALANCE - end of year			$ 24,325,811		

LIVERPOOL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB Liability										
Service cost	$ 15,519,549	Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.								
Interest	17,197,235									
Changes of benefit terms	-									
Differences between expected and actual experience	-									
Changes in assumptions	(4,660,703)									
Benefit payments	(12,364,159)									
Total change in total OPEB liability	15,691,922									
Total OPEB liability - beginning	473,730,966									
Total OPEB liability - ending	$ 489,422,888									
Covered-employee payroll	77,948,849									
Total OPEB liability as a percentage of covered-employee payroll	627.9%									

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period.
The following reflects the discount rate used each period:

Discount rate	3.62%	3.56%	Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

LIVERPOOL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2018

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.0551975%	0.0482786%	0.0518572%	0.0503018%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.					
Proportionate share of the net pension liability (asset)	$1,781	$4,536	$8,323	$1,700						
Covered-employee payroll	$16,317	$15,781	$14,346	$14,655						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.91%	26.10%	58.02%	11.60%						
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%						

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.3538330%	0.3538330%	0.3494820%	0%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.					
Proportionate share of the net pension liability (asset)	(2,680)	3,789	(36,300)	(38,826)						
Covered-employee payroll	$58,075	$55,867	$52,497	$51,486						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4.61%	6.78%	-69.15%	-75.41%						
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.50%	111.50%						

LIVERPOOL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2018

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 2,481	$ 2,168	$ 2,458	$ 2,768	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.					
Contributions in relation to the contractually required contribution	2,481	2,168	2,458	2,768						
Contribution deficiency (excess)	$ -	$ -	$ -	$ -						
Covered-employee payroll	$ 16,317	$ 15,781	$ 14,346	$ 14,655						
Contributions as a percentage of covered-employee payroll	15.21%	13.74%	17.13%	18.88%						

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 5,691	$ 6,548	$ 7,240	$ 9,203	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.					
Contributions in relation to the contractually required contribution	5,691	6,548	7,240	9,203						
Contribution deficiency (excess)	$ -	$ -	$ -	$ -						
Covered-employee payroll	$ 58,075	$ 55,867	$ 54,583	$ 52,497						
Contributions as a percentage of covered-employee payroll	9.80%	11.72%	13.26%	17.53%						

SUPPLEMENTARY INFORMATION

LIVERPOOL CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Total Nonmajor Governmental Funds
ASSETS:					
Cash - unrestricted	$ -	$ 783,701	$ 140,526	$ -	$ 924,227
Cash - restricted	-	-	-	2,899,570	2,899,570
Due from other funds	-	37,800	-	6,988	44,788
Due from other governments	362,779	10,233	-	-	373,012
State and federal aid receivable	553,785	127,544	-	-	681,329
Other receivables	-	1,112	-	-	1,112
Inventories	-	90,264	-	-	90,264
TOTAL ASSETS	$ 916,564	$ 1,050,654	$ 140,526	$ 2,906,558	$ 5,014,302
LIABILITIES:					
Accounts payable	$ 69,426	$ 20,235	$ 7,014	$ -	$ 96,675
Accrued liabilities	17,234	13,960	-	-	31,194
Due to other funds	779,998	-	24	-	780,022
Due to other governments	-	43	-	-	43
Due to employees' retirement system	-	22,380	-	-	22,380
Overpayments and collections in advance	49,906	-	-	-	49,906
TOTAL LIABILITIES	916,564	56,618	7,038	-	980,220
FUND BALANCE:					
Nonspendable	-	90,264	-	-	90,264
Restricted	-	-	-	2,906,558	2,906,558
Assigned - other	-	903,772	133,488	-	1,037,260
TOTAL FUND BALANCE	-	994,036	133,488	2,906,558	4,034,082
TOTAL LIABILITIES AND FUND BALANCE	$ 916,564	$ 1,050,654	$ 140,526	$ 2,906,558	$ 5,014,302

LIVERPOOL CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Total Nonmajor Governmental Funds
REVENUE:					
Sales	$ -	$ 680,590	$ -	$ -	$ 680,590
Use of money and property	-	1,018	-	32,922	33,940
Miscellaneous	185,574	3,600	126,848	-	316,022
State sources	727,749	54,890	-	-	782,639
Federal sources	4,117,277	1,834,812	-	-	5,952,089
Total revenue	5,030,600	2,574,910	126,848	32,922	7,765,280
EXPENDITURES:					
Instruction	4,405,894	911,704	-	-	5,317,598
Pupil transportation	187,114	-	-	-	187,114
Community services	-	-	109,642	-	109,642
Employee benefits	671,665	324,977	2,591	-	999,233
Cost of sales	-	948,352	-	-	948,352
Other expenditures	-	33,825	-	-	33,825
Debt service - interest	-	-	-	442,123	442,123
Total expenditures	5,264,673	2,218,858	112,233	442,123	8,037,887
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(234,073)	356,052	14,615	(409,201)	(272,607)
OTHER SOURCES AND (USES):					
Premium on obligations	-	-	-	4,468,061	4,468,061
Operating transfers in	283,001	4,313	-	27,132	314,446
Operating transfers out	(48,928)	-	-	(4,520,816)	(4,569,744)
Total other sources (uses)	234,073	4,313	-	(25,623)	212,763
CHANGE IN FUND BALANCES	-	360,365	14,615	(434,824)	(59,844)
FUND BALANCE - beginning of year	-	633,671	118,873	3,341,382	4,093,926
FUND BALANCE - end of year	$ -	$ 994,036	$ 133,488	$ 2,906,558	$ 4,034,082

OTHER INFORMATION

LIVERPOOL CENTRAL SCHOOL DISTRICT

OTHER INFORMATION (UNAUDITED)
SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	$ 153,389,263
Add: Prior year's encumbrances	436,280
Original budget	153,825,543
Budget revision	2,459,084
Final budget	$ 156,284,627

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-19 voter-approved expenditure budget	$ 157,546,184	
Maximum allowed (4% of 2017-18 budget)		$ 6,301,847
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law *:		
Total fund balance:	$ 24,325,811	
Less:		
Nonspendable fund balance	574,898	
Restricted fund balance	14,206,744	
Assigned fund balance:		
Appropriated fund balance	3,000,000	
Encumbrances included in committed and assigned fund balance	242,322	
Total adjustments	$ 18,023,964	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 6,301,847
Actual percentage		4.00%

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

LIVERPOOL CENTRAL SCHOOL DISTRICT

OTHER INFORMATION (UNAUDITED)
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Revised Budget	Expenditures Prior Years	Expenditures Current Year	Total
PROJECT TITLE / SED PROJECT NUMBER					
Buses 2017-18	$ 1,090,000	$ 1,090,000	$ -	$ 1,079,264	$ 1,079,264
Buses 2016-17	1,369,050	1,369,050	1,243,747	125,303	1,369,050
Buses 2015-16	1,305,150	1,305,150	1,305,150	-	1,305,150
Buses 2014-15	1,075,194	1,075,194	1,075,194	-	1,075,194
Buses 2013-14	1,201,245	1,201,145	1,201,145	-	1,201,145
Chestnut Hill Elementary School (Phase 2)					
0001-008	12,109,500	15,659,776	2,931,965	8,208,590	11,140,555
Chestnut Hill Middle School (Phase 2)					
0003-009	16,594,500	17,800,000	13,638,619	3,010,924	16,649,543
District Wide Security					
7999-003	2,560,935	2,500,000	1,209,576	990,123	2,199,699
Liverpool High School Renovations (Ph-2)					
0016-022	6,654,765	6,017,766	6,017,766	-	6,017,766
Morgan Road Complex (Phase IE)					
0018-014	-	1,625,739	1,260,649	365,090	1,625,739
Liverpool High School Room 500					
0016-023	500,000	484,661	483,396	1,265	484,661
Liverpool High School Renovations (Phase 3)					
0016-024	35,850,414	35,471,414	2,271,408	818,049	3,089,457
Transportation Center Renovations (Phase 3)					
5008-005	2,026,989	2,026,989	280,880	1,008,384	1,289,264
Wetzel Road Renovations (Phase 3)					
0014-009	1,603,704	1,603,704	93,486	290,564	384,050
Liverpool High School Renovations (Phase 3)					
0016-025	-	114,500	11,893	80,042	91,935
Transportation Center Renovations (Phase 3)					
5008-006	-	264,500	24,516	186,371	210,887
District-Wide Smart Schools Bond Act					
7999-SB1	5,345,676	5,416,915	2,289,408	1,346,103	3,635,511
DASNY Sign Project					
SAM #8669	125,000	125,000	43,576	73,305	116,881
Trans. Center Soil Remediation - Emergency					
5008-007	325,000	308,819	-	308,819	308,819
Administration Building (Phase 4)					
0012-006	723,300	723,300	-	2,650	2,650
Donlin Drive Elementary (Phase 4)					
0009-011	1,917,500	1,917,500	-	390,234	390,234
Long Branch Elementary (Phase 4)					
0010-0010	1,917,500	1,917,500	-	390,142	390,142
Liverpool Elementary (Phase 4)					
0004-007	1,460,940	1,460,940	-	63,294	63,294
Liverpool Middle School (Phase 4)					
0005-0011	1,665,950	1,665,950	-	53,437	53,437
Liverpool Public Library (Phase 4)					
6013-008	50,000	50,000	-	-	-
Nate Perry Elementary (Phase 4)					
0007-009	1,247,900	1,247,900	-	67,673	67,673
Soule Road Complex (Phase 4)					
0019-013	594,750	594,750	-	43,843	43,843
Wetzel Road Elementary (Phase 4)					
0014-0010	774,000	774,000		27,700	27,700
Bond Anticipation Notes Payable					
Buses	-	-	-	-	-
Bond Anticipation Notes Payable					
Construction - Phase 3	-	-	-	-	-
	$ 100,088,962	$ 105,812,162	$ 35,382,374	$ 18,931,169	$ 54,313,543

(Continued)

LIVERPOOL CENTRAL SCHOOL DISTRICT

OTHER INFORMATION (UNAUDITED)
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Methods of Financing					
Available Balance	Proceeds of Obligations	State Aid	Local Sources	Transfers	Total	Fund Balance June 30, 2018
$ 10,736	$ 1,090,000			$ (10,736)	$ 1,079,264	$ -
-	1,100,000	-	269,050	-	1,369,050	-
-	790,000	-	515,150		1,305,150	-
-	435,000	-	640,194		1,075,194	-
-	250,000	-	951,145		1,201,145	-
4,519,221	15,659,776	-	-	-	15,659,776	4,519,221
1,150,457	17,800,000	-	-	-	17,800,000	1,150,457
300,301	2,500,000	-	-	-	2,500,000	300,301
-	3,893,172		2,124,594		6,017,766	-
-	1,625,739	-	-	-	1,625,739	-
-	-	484,661	-	-	484,661	-
32,381,957	15,990,307	-	2,650,278	-	18,640,585	15,551,128
737,725	2,026,989	-	-	-	2,026,989	737,725
1,219,654	1,603,704	-	-	-	1,603,704	1,219,654
22,565	114,500	-	-	-	114,500	22,565
53,613	264,500	-	-	-	264,500	53,613
1,781,404	-	3,386,716	194,831	55,900	3,637,447	1,936
8,119	-	-	-	-	-	(116,881)
-			308,819		308,819	-
720,650					-	(2,650)
1,527,266			1,000,000		1,000,000	609,766
1,527,358			1,000,000		1,000,000	609,858
1,397,646					-	(63,294)
-						
1,612,513					-	(53,437)
50,000					-	-
1,180,227					-	(67,673)
550,907					-	(43,843)
-					-	(27,700)
						-
-	(3,665,000)	-	-	-	(3,665,000)	(3,665,000)
-	(20,000,000)	-	-	-	(20,000,000)	(20,000,000)
$ 50,752,319	$ 41,478,687	$ 3,871,377	$ 9,654,061	$ 45,164	$ 55,049,289	$ 735,746

LIVERPOOL CENTRAL SCHOOL DISTRICT

OTHER INFORMATION (UNAUDITED)
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2018

Capital assets, net		$ 169,445,480
Deduct:		
Bond anticipation notes	23,953,061	
Premium on bonds payable	7,859,197	31,812,258
Short-term portion of bonds payable	7,750,000	
Long-term portion of bonds payable	66,980,000	
Less: Unspent bond proceeds		74,730,000
Net investment in capital assets		$ 62,903,222

REQUIRED REPORTS UNDER OMB UNIFORM GUIDANCE

Bonadio & Co., LLP
Certified Public Accountants

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

September 17, 2018

To the Board of Education and Superintendent of
Liverpool Central School District:

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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(Continued)

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

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

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

Bonadio & Co., LLP
Certified Public Accountants

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

September 17, 2018

To the Board of Education and Superintendent of
Liverpool Central School District:

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

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

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

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

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

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(Continued)

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

Report on Internal Control over Compliance
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

LIVERPOOL CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster:			
Pass-Through New York State Dept. of Education			
National School Lunch Program (Noncash food donations)	10.555	N/A	$ 162,502
National School Lunch Program	10.555	N/A	1,168,193
Total National School Lunch Program			1,330,695
School Breakfast Program	10.553	N/A	430,868
Summer Food Service Lunch Program	10.559	N/A	73,249
Total Child Nutrition Cluster			1,834,812
Pass-Through New York State Dept. of Education			
National School Lunch Program - Equipment Assistance	10.579	N/A	32,860
			32,860
Total U.S. Department of Agriculture			1,867,672
U.S. Department of Education			
Individuals with Disabilities Education Act (IDEA) Cluster:			
Pass-Through New York State Dept. of Education			
Title 1 Grants to Local Educational Agencies	84.010	0021-18-2150	905,358
Title 1 Grants to Local Educational Agencies	84.010	0021-17-2150	9,837
Total Title I Grants to Local Educational Agencies			915,195
ESEA TITLE II Part A, Improving Teacher Quality grant	84.367	0147-18-2150	152,180
ESEA TITLE II Part A, Improving Teacher Quality grant	84.367	0147-17-2150	3,570
Total Title II, Part A, Improving Teacher Quality grant			155,750
English Language Acquisition State Grants	84.365	0293-18-2150	7,649
English Language Acquisition State Grants	84.365	0293-17-2150	7,380
English Language Acquisition State Grants	84.365	0149-18-2150	12,671
English Language Acquisition State Grants	84.365	0149-17-2150	1,201
Total English Language Acquisition State Grants			28,901
Total Individuals with Disabilities Education Act (IDEA) Cluster			1,099,846
Special Education Cluster:			
IDEA, Part B - 611	84.027	0032-18-0652	1,750,141
IDEA, Part B - 619	84.173	0033-18-0652	65,369
Total Special Education Cluster			1,815,510
Twenty-first Century Community Leaning Centers			
Twenty-first Century Community Learning Centers	84.287	0187-18-150	1,169,061
			1,169,061
Total U.S. Department of Education			4,084,417
Total expenditures of federal awards			$ 5,952,089

The accompanying notes are an integral part of these statements.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Liverpool Central School District (the District), under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the District's general ledger. Federal expenditures are recorded when an allowable cost is incurred under the applicable program and is due and payable.

3. PASS-THROUGH PROGRAMS

Where the District receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA numbers, which may be assigned by pass-through grantors are not maintained in the District's financial management system. The District has identified certain pass-through identifying numbers and included them in the Schedule, as available.

4. INDIRECT COSTS

Indirect costs are not included in the reported expenditures as they are not included in the federal funding for each program. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

Matching costs, i.e., the District's or State's share of certain program costs, are not included in the reported expenditures.

6. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal financial award program that does not result in cash receipts or disbursements termed a "non-monetary" program. During the year ended June 30, 2018, the District received food commodities, the fair value of which amounted to $162,502, is presented in the Schedule as National School Lunch Program (Division of Donated Foods, CFDA#10.555) and was considered in the District's single audit.

LIVERPOOL CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the District's financial statements are prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	☐ yes	☒ no
Significant deficiencies identified?	☐ yes	☒ none reported
Noncompliance material to financial statements noted?	☐ yes	☒ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	☐ yes	☒ no
Significant deficiencies identified?	☐ yes	☒ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	☐ yes	☒ no

The dollar threshold to distinguish between Type A and Type B programs was $750,000.

The major federal programs of the District for the year ended June 30, 2018 were as follows:

Department of Education

- Twenty-First Century Community Learning Centers (84.287)
- Special Education Cluster - IDEA, Part B - 611 & 619 (84.027 and 84.173)

The District was considered a low-risk auditee for the year ended June 30, 2018.

Part II - Findings and Questioned Costs Relating to Financial Statements

None

Part III - Findings and Questioned Costs Relating to Federal Awards

None

Part IV – Summary Schedule of Prior Audit Findings

Not applicable