PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **BOND ANTICIPATION NOTES**

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

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

$3,000,000
BEAVER RIVER CENTRAL SCHOOL DISTRICT
LEWIS COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE No. 075347

$3,000,000 Bond Anticipation Notes, 2020
(the "Notes")

Dated: April 23, 2020 **Due: August 5, 2020**

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

The Notes will not be subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC"). If the Notes are issued registered in the name of the purchaser(s), a single note certificate will be issued for the Notes. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owner(s) will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof. A single note certificate will be issued for the Notes bearing the same rate of interest and CUSIP number. The purchaser(s) will not receive certificates representing their ownership interest in the Notes. (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 unqualified legal opinion as to the validity of the Notes of Trespasz & Marquardt, LLP, Syracuse, New York, Bond Counsel. 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 with the purchaser(s), on or about April 23, 2020.

ELECTRONIC BIDS for the Notes must be submitted on the Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com, on April 8, 2020 by no later than 10:15 A.M. Prevailing Time 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.

March 25, 2020

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, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX – C, MATERIAL EVENT NOTICES" HEREIN.

BEAVER RIVER CENTRAL SCHOOL DISTRICT
LEWIS COUNTY, NEW YORK

DISTRICT OFFICIALS

2019-2020 BOARD OF EDUCATION

TODD LIGHTHALL
President

SAMUEL CHAMBERLAIN
Vice President

JONATHAN BELLER
STACY GREAUD
BRIAN LECHAUSSE
SHANNON REED
ZECHARIAH ZEHR

*   *   *   *

TODD G. GREEN
Superintendent

RANDOLPH MYERS
Business Official

DIANNA BUSH
District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

TRESPASZ & MARQUARDT, LLP
BOND COUNSEL

No person has been authorized by the Beaver River 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 the Beaver River Central School District.

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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http://www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

BEAVER RIVER CENTRAL SCHOOL DISTRICT
LEWIS COUNTY, NEW YORK

Relating To

$3,000,000 Bond Anticipation Notes, 2020

This Official Statement, which includes the cover page, has been prepared by the Beaver River Central School District, Lewis County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $3,000,000 principal amount of Bond Anticipation Notes, 2020 (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.

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 of New York (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 "THE NOTES – Nature of the Obligation" hereunder and "TAX LEVY LIMITATION LAW" herein.

The Notes are to be dated April 23, 2020 and will mature, without option of prior redemption, on August 5, 2020. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) the name of the purchaser(s), in denominations of $5,000 or integral multiples thereof, as may be determined by the successful bidder(s) 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) at the option of the purchaser(s), registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law, and a bond resolution duly adopted by the Board of Education on November 13, 2018 authorizing the issuance of up to $11,394,000 serial bonds and the use of $580,000 capital reserve funds to finance the costs of a capital improvements project. The Notes will provide $3,000,000 new monies for this purpose.

Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes if 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 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 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 of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District was established in 1952 and presently serves approximately 900 students in a single kindergarten through grade 12 building in Beaver Falls, New York. The District located east of the Black River and west of the Adirondack Mountains in Lewis County, is one of the largest geographic districts in New York State, encompassing over 237 square miles. The District includes the Towns of Croghan, New Bremen and a portion of the Town of Watson.

Lewis County, where the District is located, has a population of approximately 26,447 and is a predominately rural county, located in Northern New York State, nearly due east of Lake Ontario. The economy of the District is primary based on agriculture and forest related products and industries. In addition to being a well-known dairy/milk producing area, the District is also noted for wood specialty products, paper manufacturing, maple syrup production and tourism.

Source: District officials.

Population

The current estimated population of the District is 5,541. (Source: 2017 U.S. Census Bureau estimate.)

Five Largest Employers

Name	Type	Employees
Beaver River Central School District	Educational Institution	193
Interface Solutions	Specialty Paper Manufacturer	45
Omniafiltra	Specialty Paper Manufacturer	40
Aries Chemical	Chemical Mfg. & Distribution	15
Lewis Co. General Hospital	Healthcare Clinic	13

Source: District officials.

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
Towns of:						
Croghan	$ 13,408	$ 21,230	$ 24,878	$ 39,267	$ 47,868	$ 56,875
New Bremen	14,196	20,577	23,515	37,841	55,208	59,688
Watson	15,708	23,067	28,996	38,438	44,375	67,000
County of:						
Lewis	14,971	20,970	25,779	39,287	49,554	61,780
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

Source: U.S. Census Bureau 2000 census, and 2006-2010 and 2013-2017 5-Year American Community Survey data.

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 Lewis County. The information set forth below with respect to Lewis County is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that Lewis County is necessarily representative of the District, or vice versa.

Annual Averages

	2013	2014	2015	2016	2017	2018	2019
Lewis County	9.5%	7.8%	7.1%	6.7%	6.6%	5.5%	N/A
New York State	7.7%	6.3%	5.3%	4.8%	4.7%	4.1%	N/A

2019 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Lewis County	7.0%	7.1%	7.2%	5.8%	4.5%	3.9%	4.2%	4.3%	4.1%	4.2%	4.6%	N/A
New York State	4.6%	4.4%	4.1%	3.6%	3.8%	3.8%	4.1%	4.2%	3.7%	3.9%	3.6%	N/A

Note: Unemployment rates for December 2019 through March 2020 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 is the policy-making body of the District and consists of seven members with overlapping three-year terms so that as nearly as possible an equal number is elected to the Board of Education each year. Each Board of Education member must be a qualified voter of the District. The President and the Vice President are selected by the Board members.

The administrative officers of the 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 third 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 District's 2018-2019 fiscal year was approved by qualified voters of the District on May 15, 2018. The District's adopted budget for 2018-2019 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

The budget for the District's 2019-2020 fiscal year was approved by qualified voters of the District on May 21, 2019. The District's adopted budget for 2019-2020 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

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) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the School District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-2020 fiscal year, approximately 65.71% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

Potential Reductions in Federal Aid Received by the State

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

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

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2020-2021 preliminary building aid ratios, the District expects to receive State building aid of approximately 82.1% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State Aid History

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

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

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

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 $2,580,380. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

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

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

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

School District Fiscal Year (2020-21): The 2020-21 Executive Budget includes a $826 million increase in school aid, including a $504 increase for foundation aid and support for certain initiatives, including a third round of funding for Empire After School awards for high needs school districts and the continued transformation of high-needs schools into community hubs. There is a $50 million increase in funding for community schools and an increase in the number of school districts eligible for community school funding. Initiatives from prior years also are maintained, included pre-kindergarten funding and the Smart Schools Bond Act. The 2020-21 Executive Budget consolidates ten (10) categories of expense-based aid into foundation aid. The 2020-21 Executive Budget is subject to approval by the New York State Legislature and then signed into law by the Governor. There is no assurance that the 2020-21 Executive Budget will be adopted and no way to predict what changes the Governor and the Legislature may agree to.

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 *Campaign for Fiscal Equity* 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 the below fiscal years comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2014-2015	$ 15,306,756	$ 10,060,749	65.73%
2015-2016	15,734,906	10,327,467	65.63
2016-2017	14,808,281	9,307,169	62.85
2017-2018	15,445,681	9,794,259	63.41
2018-2019	15,958,320	10,178,722	63.78
2019-2020 (Budgeted)	16,527,730	10,860,098	65.71

Source: Audited financial statements for the 2014-2015 through 2018-2019 fiscal years, and the adopted budget of the District for the 2019-2020 fiscal year. This table is not audited.

School Facilities

Name	Grades	Capacity	Year(s) Built
Beaver River Central School	K-12	1,500	1953, '59, '61, '67, '83, '90, 2000

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2015-16	847	2020-21	885
2016-17	845	2021-22	880
2017-18	856	2022-23	875
2018-19	872	2023-24	870
2019-20	890	2024-25	870

Source: District officials.

Employees

The District employs a total of 105 full-time and 73 part-time employees with representation by the various bargaining units listed below:

Number of Employees	Bargaining Unit	Contract Expiration Date
92	Beaver River CSD School Related Personnel Association	June 30, 2024
76	Beaver River Teachers' Association	June 30, 2020
8	Managerial/Confidential	N/A – No Contract
3	Administrators – Principals	June 30, 2024
1	Administrator – Superintendent	June 30, 2021

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

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

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

Year	ERS	TRS
2014-2015	$ 1,725,018	$ 4,667,512
2015-2016	1,630,005	5,123,299
2016-2017	1,402,601	4,016,868
2017-2018	1,335,243	3,024,201
2018-2019	1,418,175	3,026,713
2019-2020 (Budgeted)	1,427,035	3,327,020

Source: District officials.

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 did not offer any retirement incentives for the past three fiscal years, and does not plan to do so for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

Other Post-Employment Benefits

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

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

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

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

The District contracted with Harbridge Consulting Group, LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75.

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

Balance beginning at June 30:	2017	2018
Changes for the year:	$ 32,481,231	$ 30,294,224
Service cost	991,977	844,664
Interest	965,283	1,093,046
Differences between expected and actual experience	-	5,366,920
Changes in assumptions or other inputs	(3,313,129)	(905,322)
Changes of benefit terms	-	-
Benefit payments	(831,138)	(870,710)
Net Changes	$ (2,187,007)	$ 5,528,598
Balance ending at June 30:	2018	2019
	$ 30,294,224	$ 35,822,822

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

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

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

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

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

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

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

Other Information

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

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

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

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

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

Financial Statements

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

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

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

Bowers & Company CPAs PLLC, the independent auditor for the District, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Bowers & Company CPAs PLLC has not performed any procedures relating to this Official Statement.

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 August 12, 2016. The purpose of the audit was to evaluate the accuracy of the District’s payroll payments for the period July 1, 2014 through February 29, 2016.

Key Findings:

- District officials designed and implemented a good system of controls to help ensure the accuracy of compensation paid to employees.

Key Recommendations:

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

A copy of the complete report can be found via the website of the Office of the New York State Comptroller.

There are no other recent State Comptroller’s audits of the District, nor are there any that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

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
2019	No Designation	0.0
2018	No Designation	0.0
2017	No Designation	6.7

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

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Croghan	$ 170,209,364	$ 170,769,065	$ 171,296,202	$ 172,409,534	$ 173,017,629
New Bremen	153,157,988	157,185,927	158,679,562	160,656,779	162,460,314
Watson	53,569,959	54,779,133	54,566,232	55,207,643	57,426,824
Total Assessed Values	$ 376,937,311	$ 382,734,125	$ 384,541,996	$ 388,273,956	$ 392,904,767
State Equalization Rates					
Towns of:					
Croghan	67.00%	57.00%	57.00%	57.00%	57.00%
New Bremen	98.00%	100.00%	100.00%	100.00%	97.00%
Watson	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	$ 463,897,447	$ 511,559,911	$ 513,765,447	$ 518,337,289	$ 528,451,384

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Croghan	$ 16.22	$ 17.63	$ 17.91	$ 18.10	$ 17.93
New Bremen	11.09	10.05	10.21	10.32	10.54
Watson	10.87	10.05	10.21	10.32	10.22

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 returnable to the Treasurer of the County of Lewis for collection. The District receives this amount from said County prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually. Taxes unpaid after October 31st, are re-levied at an additional 7% penalty with the County and other local municipal taxes which are due on January 1st and, therefore, such taxes may not be paid between October 31st and January 1st.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Total Tax Levy	$ 5,040,252	$ 5,141,057	$ 5,243,878	$ 5,348,756	$ 5,402,244
Amount Uncollected (1)	313,016	310,305	292,037	306,197	282,690
% Uncollected	6.21%	6.04%	5.57%	5.72%	5.23%

(1) See "Tax Collection Procedure" herein.

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Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for the below fiscal years comprised of Real Property Taxes.

Fiscal Year	Total Revenues (1)	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2014-2015	$ 15,306,756	$ 4,285,554	28.00%
2015-2016	15,734,906	4,375,026	27.80
2016-2017	14,808,281	4,505,319	30.42
2017-2018	15,445,681	4,629,579	29.97
2018-2019	15,958,320	4,746,364	29.74
2019-2020 (Budgeted)	16,527,730	5,402,243	32.69

Source: Audited financial statements for the 2014-2015 through the 2018-2019 fiscal years, and the adopted budget of the District for the 2019-2020 fiscal year. This table is not audited.

Largest Taxpayers 2019 Tax Roll for 2019-20

Name	Type	Estimated Full Valuation
Iroquois Gas Transmission	Utility	$ 67,973,100
Erie Boulevard Hydropower	Hydro-Dams	39,585,700
National Grid	Utility	30,635,159
Village of Lowville	Municipal Water	5,230,000
Jackson Timberland	Land Trust	5,053,281
St. Lawrence Gas	Utility	4,195,351
Hans Vanderveeken	Agriculture	2,666,800
MWF Adirondacks, LLC	Land Trust	2,462,602
Daniel Lyndaker	Timberland	2,442,200
Joseph Zehr	Agriculture	2,371,800
Terry Pominville	Agriculture	2,114,800
Algonquin Power	Utility	2,082,100
Interface Solutions	Manufacturing	1,804,100

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris that are known or believed could have a material impact on the finances of the District.

The larger taxpayers listed above have a total estimated full valuation of $168,616,993, which represents 31.91% of the tax base of the District for the 2019-2020 fiscal year.

Source: District Tax Rolls.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of $88,050 or less for 2020, 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 2020-21 Executive Budget would withhold STAR benefits to taxpayers who are delinquent in the payment of their school taxes and would lower the income limit for the exemption to $200,000, compared with a $500,000 limit for the credit. The 2020-21 Executive Budget is subject to approval by the New York State Legislature and then signed into law by the Governor. There is no assurance that the 2020-21 Executive Budget will be adopted and no way to predict what changes the Governor and the Legislature may agree to.

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
Croghan	$ 39,160	$ 17,100	4/9/2019
New Bremen	68,700	30,000	4/9/2019
Watson	68,700	30,000	4/9/2019

$602,422 of the District's $5,348,756 school tax levy for the 2018-2019 fiscal year was exempted by the STAR Program. The District received full reimbursement from the State in January 2019.

$590,950 of the District's $5,402,243 school tax levy for the 2019-2020 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2020.

Additional Tax Information

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

Residents who qualify can received a Basic or Enhanced (Senior) exemption under the NYS School Tax Relief (STAR) Program.

STAR exemptions apply only to school district taxes. The exemptions do not apply to property taxes for other purposes.

Total assessed valuation of the District is estimated to be categorized as follows:

Residential	50%
Agricultural	6%
Commercial/Industrial	3%
Public/Community Service	30%
Forest/Recreation	11%

TAX LEVY LIMITATION LAW

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

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

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020; recent legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases or 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, and was signed into law by the Governor on June 26, 2015. The program began in 2016, and was fully phased in 2019.

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, Chapter 97 of the Laws of 2011 imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law. See "TAX LEVY LIMITATION LAW," herein.

Statutory Procedure

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

Debt Limit. Pursuant to the Local Finance Law, 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 constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

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

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

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

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

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

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

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

Statutory law in the State also permits the School District to issue bond anticipation notes to be issued in anticipation of the issuance of serial bonds, which may be renewed each year, provided annual principal installments are made in the reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first issuance date of such notes and provided that such renewals do not exceed five years beyond the original date of the issuance of such notes. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
Bonds	$ 3,918,074	$ 2,333,284	$ 2,273,883	$ 8,871,262	$ 8,458,128
Bond Anticipation Notes	4,000,000	9,429,185	9,255,000	0	0
Other Debt	0	0	0	0	0
Total Debt Outstanding	$ 7,918,074	$ 11,762,469	$ 11,528,883	$ 8,871,262	$ 8,458,128

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of April 23, 2020.

Type of Indebtedness	Maturity		Amount
Bonds	2020-2033		$ 8,347,817
Bond Anticipation Notes	-		0
		Total Indebtedness	$ 8,347,817

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared and shown as of April 23, 2020:

Full Valuation of Taxable Real Property			$ 528,451,384
Debt Limit – 10% thereof			52,845,138
Inclusions:			
Bonds	$ 8,347,817		
Bond Anticipation Notes	0		
Principal of this Issue	3,000,000		
Total Inclusions		$ 11,347,817	
Exclusions:			
State Building Aid [(1)]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 11,347,817
Net Debt-Contracting Margin			$ 41,497,321
The percent of debt contracting power exhausted is			21.47%

(1) Based on preliminary 2020-2021 building aid estimates, the District anticipates State Building aid of 82.1% 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.

Cash Flow Borrowings

The District has not issued revenue or tax anticipation notes in the past five years, and does not reasonably expect to do so in the foreseeable future.

Capital Project Plans

The District issues serial bonds annually for the purchase of school buses. The District issued $247,817 serial bonds for this purpose on October 10, 2019.

On October 11, 2018, District voters approved a capital project in the amount of $11,974,400 for classroom renovations, a new transportation facility, roofing replacements, and Tuft Field lighting. Construction is anticipated to begin in the spring of 2020. The issuance of the Notes will represent the first borrowing against this authorization. In August 2020, the District plans on renewing the Notes and issuing new money as needed. Assuming the project construction proceeds as scheduled, bonds would be issued to permanently finance the project in June or July 2021.

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 close of the respective fiscal years of the below municipalities.

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Lewis	12/31/2017	$ 9,656,031	$ -	$ 9,656,031	23.88%	$ 2,305,860
Town of:						
Croghan	12/31/2017	391,852	48,045	343,807	87.56%	301,037
New Bremen	12/31/2017	-	-	-	97.03%	-
Watson	12/31/2017	975,000	975,000	-	27.70%	-
Village of:						
Croghan	5/31/2018	69,000	69,000	-	100.00%	-
					Total:	$ 2,606,898

(1) Bonds and bond anticipation notes are as of the close of the respective fiscal years, and are not adjusted to include subsequent bond or note sales, if any.

(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

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

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Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of April 23, 2020.

	Amount	Per Capita [(a)]	Percentage of Full Value [(b)]
Net Indebtedness [(c)]	$ 11,347,817	$ 2,047.97	2.15%
Net Indebtedness Plus Net Overlapping Indebtedness [(d)]	13,954,715	2,518.45	2.64

(a) The 2017 estimated population of the District is 5,541. (See “THE SCHOOL DISTRICT – Population” herein.)

(b) The District's full value of taxable real estate for the 2019-2020 fiscal year is $528,451,384. (See “TAX INFORMATION – Taxable Assessed Valuations” herein.)

(c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.

(d) The District’s applicable share of net overlapping indebtedness is estimated to be $2,606,898. (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 such as the District 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 the provisions of the Local Finance Law do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

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

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

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

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State or in other jurisdictions of 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 in other jurisdictions of 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 in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT – State Aid").

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

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

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

TAX MATTERS

In the opinion of Trespasz & Marquardt, LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is excluded from adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. The proposed form of opinion of Bond Counsel is set forth in "APPENDIX – E."

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

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

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

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Trespasz & Marquardt, LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX – E".

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 bonds or notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of bonds or notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of bonds or notes or contesting the corporate existence or boundaries of the District.

CONTINUING DISCLOSURE

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

Historical Compliance

On October 1, 2016, the District had a scheduled principal payment in the amount of $48,284.00 and an interest payment in the amount of $5,285.21 due. As a result of clerical oversight and incorrect amounts that were stated on a repayment schedule, the District paid principal in the amount of $49,169.21 and interest in the amount of $2,702.66 on October 1, 2016, leaving an interest payment balance due of $1,697.34. The District paid the remaining $1,697.34 portion of interest due on October 17, 2016 after being made aware of the unpaid balance on October 14, 2016. A Material Event Notice was filed to EMMA on October 28, 2016.

Other than as stated above, 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 Bonds. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

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

RATINGS

The Notes are not rated. Subject to the approval of the District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, such as a rating action that may require the filing of a material event notification to EMMA and/or the provision of a supplement to the final Official Statement.

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

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

Trespasz & Marquardt, LLP, 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 contact information is as follows: Randolph M. Myers, Business Official, PO Box 179, 9508 Artz Road, Beaver Falls, New York 13305-0179, Phone: (315) 346-1211, Fax: (315) 346-6775, Email: rmyers@brcsd.org.

This Official Statement has been duly executed and delivered by the President of the Board of Education of the District.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

Dated: March 25, 2020

TODD LIGHTHALL
President of the Board of Education and Chief Fiscal Officer

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
ASSETS					
Unrestricted Cash	$ 2,507,343	$ 2,480,853	$ 2,737,627	$ 1,572,050	$ 2,174,072
Restricted Cash	1,081,677	1,081,894	1,049,110	1,375,941	1,023,658
Due from Other Funds	221,401	174,778	129,995	904,546	937,103
State and Federal Aid Receivable	464,854	358,245	523,988	369,319	427,838
Prepaid	11,778	11,778	11,778	11,778	11,778
Due from Fiduciary Funds	-	25,667	16	16	-
Deferred Expenditures	-	-	-	-	-
Other Receivables	504	11,583	680	560	418
TOTAL ASSETS	$ 4,287,557	$ 4,144,798	$ 4,453,194	$ 4,234,210	$ 4,574,867
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ -	$ 1,925	$ -	$ 6,067	$ -
Accrued Liabilities	39,462	1,112	12,993	9,931	28,222
Due to Other Funds	57,928	69,353	223,376	37,196	52,306
Overpayments	-	-	-	1,019	4,856
Due to Teacher's Retirement Sys.	815,983	657,725	609,857	515,222	559,101
Due to Employee's Retirement Sys.	105,473	87,211	79,644	77,180	75,601
Unearned Revenues	-	-	-	-	-
TOTAL LIABILITIES	1,018,846	817,326	925,870	646,615	720,086
FUND EQUITY					
Restricted	$ 1,093,455	$ 1,093,672	$ 1,060,888	$ 1,387,719	$ 1,035,436
Unrestricted:					
Assigned	1,651,868	1,650,000	1,371,199	1,000,000	1,000,095
Unassigned	523,388	583,800	1,095,237	1,199,876	1,819,250
TOTAL FUND EQUITY	3,268,711	3,327,472	3,527,324	3,587,595	3,854,781
TOTAL LIABILITIES & FUND EQUITY	$ 4,287,557	$ 4,144,798	$ 4,453,194	$ 4,234,210	$ 4,574,867

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	$ 4,202,797	$ 4,285,554	$ 4,375,026	$ 4,505,319	$ 4,629,579
Other Tax Items	695,474	709,181	728,190	697,596	686,040
Charges for Services	12,327	13,747	12,486	10,618	37,813
Use of Money & Property	7,179	3,081	3,139	983	14,977
Sale of Property and Compensation for Loss	17,777	3,324	15,850	13,209	14,704
Miscellaneous	298,231	204,539	253,334	251,195	245,451
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	9,340,644	10,060,749	10,327,467	9,307,169	9,794,259
Revenues from Federal Sources	39,494	26,581	19,414	22,192	22,858
Total Revenues	$ 14,613,923	$ 15,306,756	$ 15,734,906	$ 14,808,281	$ 15,445,681
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	14,613,923	15,306,756	15,734,906	14,808,281	15,445,681
EXPENDITURES					
General Support	$ 1,825,216	$ 1,904,508	$ 1,802,276	$ 1,832,626	$ 1,899,509
Instruction	6,960,883	7,301,716	7,417,409	7,653,901	7,790,650
Pupil Transportation	745,531	708,446	686,611	719,874	729,461
Community Services	-	-	-	-	-
Employee Benefits	3,484,227	3,675,405	3,565,042	3,589,204	3,614,267
Debt Service	2,033,519	2,036,690	2,021,638	652,296	1,256,635
Total Expenditures	$ 15,049,376	$ 15,626,765	$ 15,492,976	$ 14,447,901	$ 15,290,522
Other Uses:					
Interfund Transfers	2,456	22,658	183,167	160,528	94,888
Total Expenditures and Other Uses	15,051,832	15,649,423	15,676,143	14,608,429	15,385,410
Excess (Deficit) Revenues Over Expenditures	(437,909)	(342,667)	58,763	199,852	60,271
FUND BALANCE					
Fund Balance - Beginning of Year	4,049,287	3,611,378	3,268,709	3,327,472	3,527,324
Changes in Fund Equity	-	-	-	-	-
Fund Balance - End of Year	$ 3,611,378	$ 3,268,711	$ 3,327,472	$ 3,527,324	$ 3,587,595

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:	2019 Adopted Budget	2019 Final Budget	2019 Actual	2020 Adopted Budget
REVENUES				
Real Property Taxes	$ 5,348,756	$ 5,348,756	$ 4,746,364	$ 5,402,243
Other Tax Items	57,224	57,224	661,911	59,389
Charges for Services	9,000	9,000	13,593	9,000
Use of Money & Property	3,500	3,500	69,550	11,000
Sale of Property and Compensation for Loss	1,000	1,000	13,674	1,000
Miscellaneous	170,000	170,000	253,561	170,000
Interfund Revenues	-	-	-	-
Revenues from State Sources	10,255,646	10,255,646	10,178,722	10,860,098
Revenues from Federal Sources	15,000	15,000	20,945	15,000
Total Revenues	$ 15,860,126	$ 15,860,126	$ 15,958,320	$ 16,527,730
Other Sources:				
Interfund Transfers	-	-	-	-
Total Revenues and Other Sources	15,860,126	15,860,126	15,958,320	16,527,730
EXPENDITURES				
General Support	$ 2,083,212	$ 2,087,512	$ 1,899,245	$ 2,561,432
Instruction	8,497,709	8,487,709	7,576,731	8,708,018
Pupil Transportation	891,588	897,288	757,948	888,644
Community Services	-	-	-	-
Employee Benefits	3,936,723	3,936,723	3,731,549	3,965,632
Debt Service	1,275,894	1,275,894	1,228,544	1,229,004
Total Expenditures	$ 16,685,126	$ 16,685,126	$ 15,194,017	$ 17,352,730
Other Uses:				
Interfund Transfers	175,000	525,000	497,117	175,000
Total Expenditures and Other Uses	16,860,126	17,210,126	15,691,134	17,527,730
Excess (Deficit) Revenues Over Expenditures	(1,000,000)	(1,350,000)	267,186	(1,000,000)
FUND BALANCE				
Fund Balance - Beginning of Year	1,000,000	1,350,000	3,587,595	1,000,000
Changes in Fund Equity	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 3,854,781	$ -

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	$ 838,128	$ 390,875.45	$ 1,229,003.45
2021	792,817	362,372.40	1,155,189.40
2022	775,000	329,871.75	1,104,871.75
2023	735,000	298,623.13	1,033,623.13
2024	695,000	267,046.88	962,046.88
2025	665,000	235,996.88	900,996.88
2026	640,000	204,912.50	844,912.50
2027	675,000	175,712.50	850,712.50
2028	555,000	144,500.00	699,500.00
2029	580,000	116,750.00	696,750.00
2030	615,000	87,750.00	702,750.00
2031	505,000	57,000.00	562,000.00
2032	505,000	31,750.00	536,750.00
2033	130,000	6,500.00	136,500.00
TOTALS	$ 8,705,945	$ 2,709,661.49	$ 11,415,606.49

APPENDIX - B1
Beaver River CSD

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2010 Refunding of 2002 Series A			2014 Serial Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	$ 50,000	$ 2,500.00	$ 52,500.00	$ 70,000	$ 656.25	$ 70,656.25
TOTALS	$ 50,000	$ 2,500.00	$ 52,500.00	$ 70,000	$ 656.25	$ 70,656.25

Fiscal Year Ending June 30th	2016 Serial Bonds			2018 Serial Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	$ 65,000	$ 1,976.50	$ 66,976.50	$ 53,128	$ 11,946.45	$ 65,074.45
2021	65,000	1,209.50	66,209.50	60,000	6,212.50	66,212.50
2022	70,000	413.00	70,413.00	60,000	4,562.50	64,562.50
2023	-	-	-	65,000	2,803.13	67,803.13
2024	-	-	-	65,000	934.38	65,934.38
TOTALS	$ 200,000	$ 3,599.00	$ 203,599.00	303,128	26,458.96	329,586.96

APPENDIX - B2
Beaver River CSD

Fiscal Year Ending June 30th	2012 DASNY Principal	Interest	Total	2015 Serial Bonds Principal	Interest	Total
2020	$ 105,000	$ 44,412.50	$ 149,412.50	$ 60,000	$ 1,781.25	$ 61,781.25
2021	110,000	39,162.50	149,162.50	65,000	609.38	65,609.38
2022	115,000	33,662.50	148,662.50	-	-	-
2023	120,000	27,912.50	147,912.50	-	-	-
2024	125,000	21,912.50	146,912.50	-	-	-
2025	135,000	15,662.50	150,662.50	-	-	-
2026	140,000	8,912.50	148,912.50	-	-	-
2027	145,000	4,712.50	149,712.50	-	-	-
TOTALS	$ 995,000	$ 196,350.00	$1,191,350.00	$ 125,000	$ 2,390.63	$ 127,390.63

Fiscal Year Ending June 30th	2017 Serial Bonds Principal	Interest	Total	2018 DASNY Principal	Interest	Total
2020	$ 60,000	$ 4,352.50	$ 64,352.50	$ 375,000	$ 323,250.00	$ 698,250.00
2021	60,000	3,602.50	63,602.50	390,000	304,500.00	694,500.00
2022	65,000	2,502.50	67,502.50	415,000	285,000.00	700,000.00
2023	65,000	926.25	65,926.25	435,000	264,250.00	699,250.00
2024	-	-	-	455,000	242,500.00	697,500.00
2025	-	-	-	475,000	219,750.00	694,750.00
2026	-	-	-	500,000	196,000.00	696,000.00
2027	-	-	-	530,000	171,000.00	701,000.00
2028	-	-	-	555,000	144,500.00	699,500.00
2029	-	-	-	580,000	116,750.00	696,750.00
2030	-	-	-	615,000	87,750.00	702,750.00
2031	-	-	-	505,000	57,000.00	562,000.00
2032	-	-	-	505,000	31,750.00	536,750.00
2033	-	-	-	130,000	6,500.00	136,500.00
TOTALS	$ 250,000	$ 11,383.75	$ 261,383.75	$ 6,465,000	$2,450,500.00	$8,915,500.00

Fiscal Year Ending June 30th	2019 Serial Bonds Principal	Interest	Total
2020	$ -	$ -	$ -
2021	42,817	7,076.03	49,893.03
2022	50,000	3,731.25	53,731.25
2023	50,000	2,731.25	52,731.25
2024	50,000	1,700.00	51,700.00
2025	55,000	584.38	55,584.38
TOTALS	$ 247,817	$ 15,822.90	$ 263,639.90

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 securities, unscheduled draws on credit enhancements reflecting financial difficulties

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

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

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

(h) note calls, if material and tender offers

(i) defeasances

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

(k) rating changes

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

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

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BEAVER RIVER CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2019

The Audited Financial Statements, including opinion, 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.

Table of Contents

BEAVER RIVER CENTRAL SCHOOL DISTRICT

BOWERS & COMPANY
CPAs PLLC
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

BOARD OF EDUCATION
BEAVER RIVER 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 Beaver River Central School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Beaver River Central School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the 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 to expressing an opinion on the effectiveness of the entity's internal control.

120 Madison Street, 1700 AXA Tower II, Syracuse, NY 13202 Phone: 315.234.1100 Fax: 315.234.1111
1120 Commerce Park Drive East, Watertown, NY 13601 Phone: 315.788.7690 Fax: 315.788.0966
www.bcpllc.com

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Beaver River Central School District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-17), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 73), Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund (pages 74), Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) - NYSLRS Pension Plan (page 75) and Schedule of the District's Contributions - NYSLRS Pension Plan (page 76) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Beaver River Central School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital (pages 77-81) 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 (page 82) 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 Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital (pages 77-81), and the Schedule of Federal Awards (page 82) 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 Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital (pages 77-81), and the Schedule of Expenditures of Federal Awards (page 82) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2019 on our consideration of the Beaver River Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Beaver River Central School 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 Beaver River Central School District's internal control over financial reporting and compliance.

Bowers & Company

Watertown, New York
October 4, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

INTRODUCTION

The following is a discussion and analysis of the Beaver River Central School District of Beaver Falls, New York's financial performance for the fiscal year ended June 30, 2019. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only on introduction and should be read it in conjunction with the financial statement, which immediately follows this section.

FINANCIAL HIGHLIGHTS

The district-wide financial position remained relatively stable, with combined total net position deficit of $9.13 million as of June 30, 2019 compared to $8.88 million as of June 30, 2018, as restated. Total revenues increased 3.02%, or $0.51 million, and total expenses increased 4.37%, or $0.74 million at the district-wide level.

The major factor impacting the revenues for 2018-19 was an increase in the Building Aid portion of the State Formula Aid. This was associated with the District filing Final Cost Reports for Phases III of the building renovations project initiated in 2014.

The majority of other revenue sources remained unchanged, with increases of $90 thousand in Property Taxes and an increase of $300 thousand in State Aid funding being the only notable changes. Increases in wages and fringe benefits of approximately $215 thousand was the most notable increase in costs. With development of a new on-site program, the district experienced an approximately $200 thousand reduction in costs related to students previously receiving these educational services out of the district.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

FINANCIAL HIGHLIGHTS – Continued

Additional Information on this District presentation is as follows:

- Overall student enrollment increased from 869 in 2017-18 to 892 in 2018-19, after remaining relatively stable over the four (4) years, from 2014-15 to 2017-18.
- The District's Full Property Values have increased approximately 14.0% over the past five (5) years.
- In the spring of 2017, the district completed a multi-phase Capital Improvement Project which started in 2014. The project totaled $9.75 million to replace the district's outdoor athletic facilities, replace and upgrade the HVAC and renovation of classroom space in one of the district's elementary wings and replace a portion of the roof on the school building, conclude the replacement of the HVAC systems, and install a new emergency power generator.
- In October 2018, district voters approved an estimated $12.0 million Capital Improvement Project, which includes roof replacement, renovation of educational space, construction of a new bus garage facility, and installation of stadium lighting on the athletic complex.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three (3) parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two (2) statements are ***district-wide*** financial statements that both provide ***short-term*** and ***long-term*** information about the District's ***overall*** financial status.
- The remaining statements are ***fund financial statements*** that focus on ***individual parts*** of the District, reporting the District's operations in ***more detail*** than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The ***governmental funds statements*** tell how basic services such as regular and special education were financed in the ***short-term*** as well as what remains for future spending.
- ***Fiduciary funds statements*** provide information about the financial relationships in which the District acts solely as a ***trustee*** or ***agent*** for the benefit of others.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

OVERVIEW OF FINANCIAL STATEMENTS – Continued

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. The statements are followed by a section of required supplementary information (Supplemental Schedule SS-1) that further explains and supports the financial statements with a comparison of the District's budget and actual expenditures for the year.

Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Table A-1	**Major Features of the District-Wide and Fund Financial Statement**		
		Fund Financial Statements	
➡	**District-Wide**	**Governmental Funds**	**Fiduciary Funds**
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities' monies
Required Financial Statements	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures, and Changes in Fund Balance	5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset / Liability Information	All assets and liabilities, both financial and capital, short term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow / Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

OVERVIEW OF FINANCIAL STATEMENTS – Continued

District-Wide Statements

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

The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities – is one way to measure the financial health or position of the District.

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

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

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

Fund Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

OVERVIEW OF FINANCIAL STATEMENTS – Continued

Fund Financial Statements – Continued

The District has two (2) kinds of funds:

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

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

The term "fund balance" refers to the particular fund's equity (Assets – Liabilities) in a similar manner to the way the term "net position" is used in the district-wide financial statements presentation.

Highlights of some of the District's larger funds are as follows:

General Fund – The General Fund had over $4.574 million in assets consisting primarily of cash ($3.198 million) and aid monies due ($428 thousand) from NYS. Liabilities ($720 thousand) consisted primarily of obligations due to the Teachers Retirement System and Employee Retirement System ($635 thousand). 64% of the District's revenues came from State and Federal sources and 30% from Real Property taxes. At June 30, 2019, the District showed an excess of revenues over expenditures in its General Fund of $267 thousand and total fund balance of $3.855 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

OVERVIEW OF FINANCIAL STATEMENTS – Continued

Fund Financial Statements – Continued

Highlights of some of the District's larger funds are as follows – Continued:

Special Aid Fund – The Special Aid fund had approximately $179 thousand in assets at June 30, 2019, which consisted entirely of amounts due from State and Federal Aid. Liabilities of approximately $179 thousand consisted primarily of monies borrowed from the General Fund. During 2018-2019, revenues in the Special Aid Fund increased by approximately $49 thousand (10.1%) from the prior year.

School Food Service Fund – The School Food Service Fund had $125 thousand in assets at June 30, 2019, consisting of cash and inventory. The School Food Service Fund had an excess of expenditures over revenues of approximately $27 thousand and total fund balance of $94 thousand.

Capital Fund – The District has multiple ongoing Capital renovation projects from various fiscal years from 2014 to 2019. Additional information on these projects can be found in the Schedule of Capital Projects Fund – Project Expenditures and Financing Resources of the audited financial statements on page 78.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the Net Position ***(Table A-2)*** and Changes in Net Position ***(Table A-3)*** of the District's governmental activities. The District's combined net position deficit decreased slightly, from $8.88 million to $9.13 million. This represents a $0.25 million decrease in the statement of net position for the year, as restated. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2019, the OPEB liability was $35.82 million compared to $30.29 million reported at the close of the prior fiscal year. See Note 12 for additional OPEB information.

Table A-2 summarizes the District's Net Position. The complete Statement of Net Position can be found in the District's basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

REPORTING THE SCHOOL DISTRICT AS A WHOLE – Continued

Table A-2: Condensed Statement of Net Position-Governmental Activities (In Millions)

Condensed Statement of Net Position
Comparison 2017-2018 and 2018-2019

	Fiscal Year 2018 (As Restated)	Fiscal Year 2019	Percent Change
Assets			
Current and Other Assets	$ 4.37	$ 4.60	5.26%
Capital Assets	27.67	27.72	0.18%
Net Pension Assets – Proportionate Share	0.24	0.54	125.00%
Total Assets	$ 32.28	$ 32.86	1.80%
Deferred Outflows of Resources	$ 4.64	$ 8.68	87.07%
Liabilities			
Current Liabilities	$ 1.56	$ 1.68	7.69%
Long-Term Liabilities	39.86	44.77	12.32%
Net Pension Liability – Proportionate Share	0.22	0.43	95.45%
Total Liabilities	$ 41.64	$ 46.88	12.58%
Deferred Inflows of Resources	$ 4.16	$ 3.79	-8.89%
Net Position			
Net Investment in Capital Assets	$ 17.74	$ 18.27	2.99%
Restricted	1.41	1.08	-23.40%
Unrestricted (Deficit)	(28.03)	(28.48)	-1.61%
Total Net Position	$ (8.88)	$ (9.13)	-2.82%

In addition to assets, the *Statement of Net Position* 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. Included in deferred outflows of resources in the current year is $3.23 million related to the District's participation in the NYS TRS and ERS pension systems and $5.45 million related to the District's OPEB Plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

REPORTING THE SCHOOL DISTRICT AS A WHOLE – Continued

In addition to liabilities, the *Statement of Net Position* or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is $932 thousand related to the District's participation in the NYS TRS and ERS pension systems and $2.857 million related to the District's OPEB Plan.

Table A-3: Changes in Net Position from Operating Results District-Wide (In Millions)

Condensed Statement of Activities
Comparison 2017-2018 and 2018-2019

	Fiscal Year 2018 (As Restated)	Fiscal Year 2019	Percent Change
Revenues			
Program Revenues			
Charges for Services	$ 0.26	$ 0.24	-7.69%
Operating and Capital Grants	0.82	1.23	50.00%
General Revenues			
Property Taxes	5.32	5.41	1.69%
State Formula Aid	10.22	10.17	-0.49%
Medicaid Reimbursements	0.02	0.02	0.00%
Use of Money and Property	0.01	0.08	700.00%
Other	0.25	0.26	4.00%
Total Revenues	$ 16.90	$ 17.41	3.02%
Expenses			
General Support	$ 3.15	$ 3.28	4.19%
Instruction	11.58	11.92	2.97%
Pupil Transportation	1.32	1.39	5.03%
Debt Service - Interest	0.29	0.45	55.17%
School Food Service Program	0.58	0.62	6.52%
Total Expenses	$ 16.92	$ 17.66	4.37%
Decrease in Net Position	$ (0.02)	$ (0.25)	-1150.00%

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

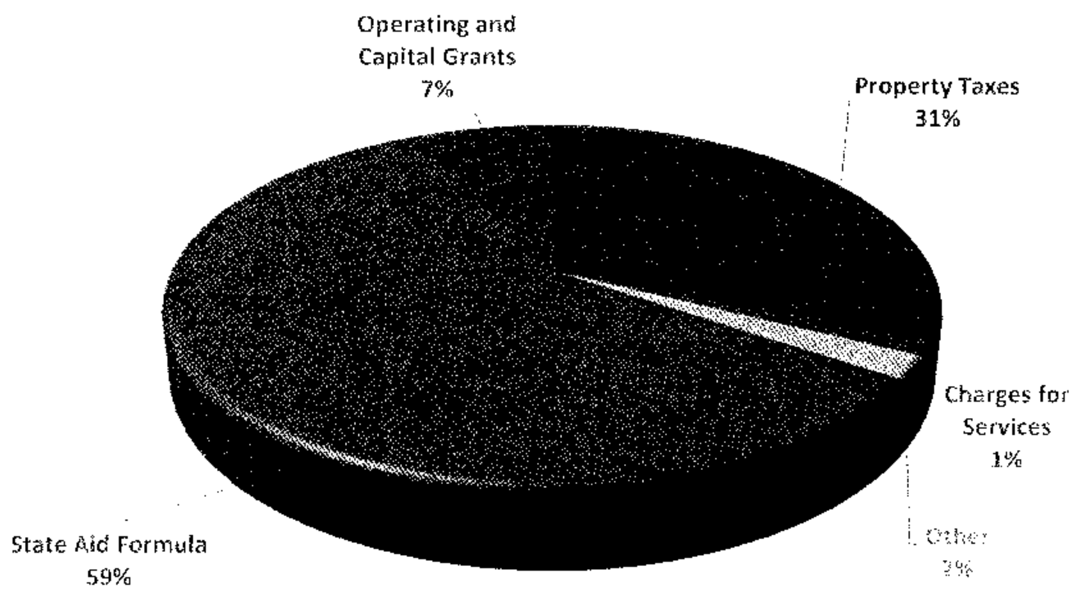
REPORTING THE SCHOOL DISTRICT AS A WHOLE – Continued

The District's total revenues increased approximately 3.02% ***(Table A-3)***, while the total costs of all programs and services increased by approximately 4.37%.

The District's total fiscal year 2019 revenues totaled \$17.41 million. Property taxes and state formula aid accounted for most of the District's revenue by contributing 31 cents and 59 cents respectively, of every dollar raised ***(See Table A-4)***. The remainder came from fees charged for services, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$17.66 million for fiscal year 2019. Out of this total, 78 percent are predominately related to instruction, school food service and transporting students ***(See Table A-5)***. General support and other District business activities account for the remaining 20 percent of total costs.

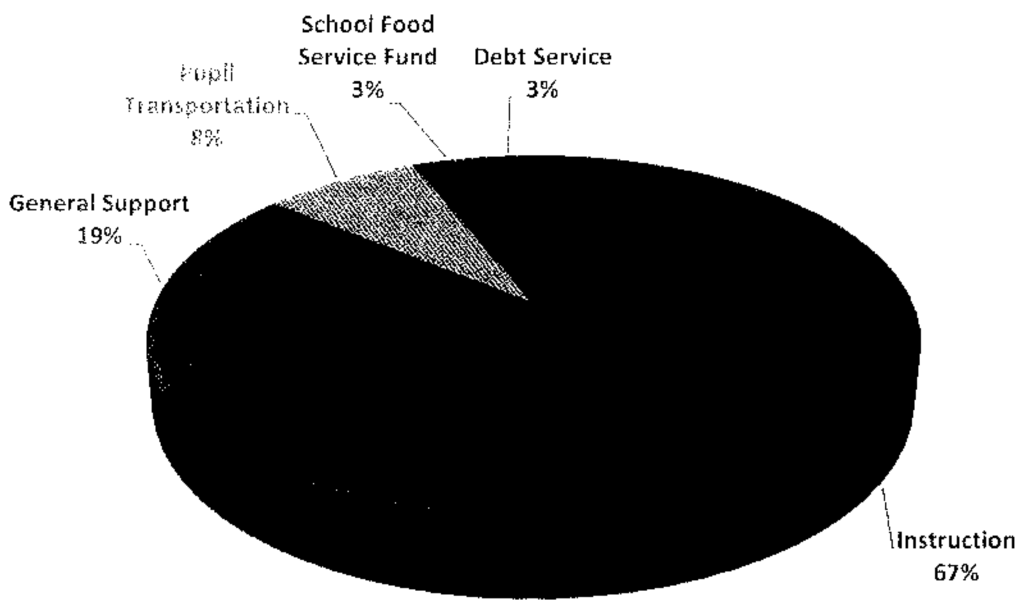
Table A-4: Sources of Revenues for Fiscal Year 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

REPORTING THE SCHOOL DISTRICT AS A WHOLE – Continued

Table A-5: Expenses for Fiscal Year 2019



GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the budget several times. These budget amendments fall into three (3) categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances (correcting the estimate amounts in the budget adopted May 2018).
- Changes made to accounts for significant events.
- Increases in appropriations preventing budget overruns.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS – Continued

Significant variances between budget and actual are as follows:

Revenues:

- Overall revenues received in 2018-19 were 0.62% higher than budgeted.
- Although the New York State imposed Tax Levy Limit calculation would allow for a higher tax levy increase, the District has maintained a 2% annual increase in the local Tax Levy.
- State Aid funding increased as a result of an increase in Building Aid as the District filed final cost reports for Phase III of the 2014 Capital Projects. Actual overall State Educational Aid revenues were within $92 thousand of the budgeted levels.

Expenditures:

- General Support was $188 thousand less than budget due to lower costs than budgeted for utilities, operations of the plant and plant maintenance.
- Instruction was $911 thousand less than budget due to lower costs for instructional salaries, contractual items, materials and supplies and for BOCES services resulting from district students participating in new on-site educational program and lower than anticipated enrollment in Occupational Education.
- Pupil transportation was $139 thousand less than budget due to declining fuel costs and lower equipment purchases.
- Employee benefits were $205 thousand less than budget due to declining retirement costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2019, the District had invested $45.656 million in a broad range of capital assets, including land, improvements, buildings, furniture, equipment, and vehicles.

Table A-6: Capital Assets at Year End (In thousands)

Category	Fiscal Year 2018	Fiscal Year 2019	Percent Change
Land	$ 124	$ 124	0.00%
Construction in Progress	478	1,241	159.62%
Buildings & Improvements	39,103	39,177	0.19%
Furniture & Equipment	5,071	5,114	0.85%
Total	$ 44,776	$ 45,656	1.97%

Long-term Debt

At year-end, the District had $46.111 million in general obligation and other long-term debt outstanding versus $ 40.870 million last year, an increase of 12.82%.

Table A-7: Outstanding Long-Term Debt (In thousands)

Category	Fiscal Year 2018	Fiscal Year 2019	Percent Change
General Obligation Bonds	$ 9,928	$ 9,441	-4.91%
Other Long-Term Liabilities	30,942	36,670	18.51%
Total	$ 40,870	$ 46,111	12.82%

The District's general obligation bond rating continues to carry a rating of ***Aa3*** (Moody's) and ***AA-*** (S&P). The state limits the amount of general obligation debt that Non-City School Districts can issue up to 10% of the full value of all taxable property within the District's geographic limits. The District's outstanding general obligation debt is below the $52.845 million state-imposed limit.

More detailed information about the District's outstanding debt is presented in the Note 8 of the Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District was re-classified as a "High-Needs" district, which was reflected in an increase in the base State Formula Aid starting in 2013-14 and balance forward.
- The District tax increase for 2019-20 was 1.0%, based on the calculations under the State of New York's Tax Levy Limit calculation. It previously had maintained a steady property tax increase of 2.0% since 2012-13.
- In October 2018, the district approved an estimated $12.0M Capital Improvement Project, which includes roof replacement, renovation of educational space, construction of a new bus garage facility and installation of stadium lighting on the athletic complex
- The 2019-20 General Fund budget contains a 3.96% increase over the 2018-19 budget, which includes the district's contribution to a regional BOCES capital improvement project.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Beaver River Central School
Attn: District Treasurer
PO Box 179
9508 Artz Road
Beaver Falls, New York 13305
(315) 346-1211

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
June 30, 2019

ASSETS		
Cash and Cash Equivalents		
Unrestricted	$	2,362,981
Restricted		1,023,658
Receivables		
State and Federal Aid		1,172,293
Other		418
Inventories		29,060
Prepaid Expenses		11,778
Net Pension Asset – Proportionate Share		541,801
Capital Assets, Net		27,715,191
TOTAL ASSETS	$	32,857,180
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	$	3,231,011
Other Postemployment Benefits		5,453,891
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	8,684,902
LIABILITIES		
Payables		
Accounts Payable	$	42,261
Accrued Liabilities		37,285
Accrued Interest on Bonds Payable		35,965
Due to Teachers' Retirement System		559,101
Due to Employees' Retirement System		75,601
Unearned Credits		
Overpayments and Collections in Advance		4,856
Unearned Revenues – Other		14,575
Long-Term Liabilities		
Due and Payable Within One Year		
Bonds Payable, Net of Unamortized Premium		912,014
Due and Payable After One Year		
Bonds Payable, Net of Unamortized Premium		8,529,240
Compensated Absences Payable		419,758
Other Postemployment Benefits Payable		35,822,822
Net Pension Liability – Proportionate Share		427,617
TOTAL LIABILITIES	$	46,881,095
DEFERRED INFLOWS OF RESOURCES		
Pensions	$	932,223
Other Postemployment Benefits		2,856,993
TOTAL DEFERRED INFLOWS OF RESOURCES	$	3,789,216
NET POSITION		
Net Investment in Capital Assets	$	18,273,937
Restricted		1,076,091
Unrestricted (Deficit)		(28,478,257)
TOTAL NET POSITION	$	(9,128,229)

See notes to audited basic financial statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2019

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
General Support	$ 3,278,589	$ -	$ -	$ -	$ (3,278,589)
Instruction	11,921,460	13,593	538,697	343,751	(11,025,419)
Pupil Transportation	1,385,025	-	-	-	(1,385,025)
Debt Service - Interest	452,674	-	-	-	(452,674)
School Food Service Program	625,625	221,818	346,979	-	(56,828)
Total Functions and Programs	$ 17,663,373	$ 235,411	$ 885,676	$ 343,751	(16,198,535)
GENERAL REVENUES					
Real Property Taxes					4,746,364
Other Tax Items					661,911
Use of Money and Property					84,422
Sale of Property and Compensation for Loss					13,674
Loss on Disposition of Property					(7,067)
State Sources					10,178,722
Medicaid Reimbursements					20,945
Miscellaneous					253,561
Total General Revenues					15,952,532
Change in Net Position					(246,003)
Net Position – Beginning of Year, as Restated					(8,882,226)
Net Position – End of Year					$ (9,128,229)

See notes to audited basic financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	General	Capital Projects - Smart Schools	Capital Projects 2020 - Bus Garage	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents					
Unrestricted	$ 2,174,072	$ -	$ -	$ 188,909	$ 2,362,981
Restricted	1,023,658	-	-	-	1,023,658
Receivables					
Due From Other Funds	937,103	-	-	1,037,420	1,974,523
State and Federal Aid	427,838	565,121	-	179,334	1,172,293
Other	418	-	-	-	418
Inventories	-	-	-	29,060	29,060
Prepaid Expenditures	11,778	-	-	-	11,778
TOTAL ASSETS	$ 4,574,867	$ 565,121	$ -	$ 1,434,723	$ 6,574,711
LIABILITIES					
Payables					
Accounts Payable	$ -	$ -	$ 41,661	$ 600	$ 42,261
Accrued Liabilities	28,222	-	-	9,063	37,285
Due to Other Funds	52,306	565,121	71,419	1,285,677	1,974,523
Due to Teachers' Retirement System	559,101	-	-	-	559,101
Due to Employees' Retirement System	75,601	-	-	-	75,601
Unearned Credits					
Overpayments and Collections in Advance	4,856	-	-	-	4,856
Unearned Revenues	-	-	-	14,575	14,575
Total Liabilities	720,086	565,121	113,080	1,309,915	2,708,202
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenue	-	194,535	-	-	194,535
Total Deferred Inflows of Resources	-	194,535	-	-	194,535
FUND BALANCES					
Nonspendable	11,778	-	-	29,060	40,838
Restricted	1,023,658	-	-	52,433	1,076,091
Assigned	1,000,095	-	-	64,912	1,065,007
Unassigned (Deficit)	1,819,250	(194,535)	(113,080)	(21,597)	1,490,038
Total Fund Balances (Deficits)	3,854,781	(194,535)	(113,080)	124,808	3,671,974
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,574,867	$ 565,121	$ -	$ 1,434,723	$ 6,574,711

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2019

Total Fund Balance - Governmental Funds			$	3,671,974
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the fund statements.				
Net Pension Asset - Proportionate Share - TRS				541,801
Net Pension Liability - Proportionate Share - ERS				(427,617)
Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consists of:				
Other Postemployment Benefits	$	2,856,993		
Pensions		932,223		(3,789,216)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:				
Other Postemployment Benefits	$	5,453,891		
Pensions		3,231,011		8,684,902
Long term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas, the Statement of Activities reports revenues when earned. Therefore, deferred inflows of resources are not reported on the Statement of Net Position.				194,535
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:				
The Cost of Capital Assets is	$	45,656,344		
Accumulated Depreciation is		(17,941,153)		27,715,191
Long-term liabilities, including bonds payable and compensated absences, are not due in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities, at year end, consist of:				
Bonds Payable	$	8,458,128		
Accrued Interest Payable		35,965		
Compensated Absences Payable		419,758		
Other Postemployment Benefits Payable		35,822,822		
Premium on Bond Issue		983,126		(45,719,799)
Total Net Position - Governmental Activities			$	(9,128,229)

See notes to audited basic financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year Ended June 30, 2019

	General	Capital Projects - Smart Schools	Capital Projects 2020 - Bus Garage	Non-Major Funds	Total Governmental Funds
REVENUES					
Real Property Taxes	$ 4,746,364	$ -	$ -	$ -	$ 4,746,364
Other Tax Items	661,911	-	-	-	661,911
Charges for Services	13,593	-	-	-	13,593
Use of Money and Property	69,550	-	-	14,872	84,422
Sale of Property and Compensation for Loss	13,674	-	-	-	13,674
State Sources	10,178,722	570,627	-	68,384	10,817,733
Medicaid Reimbursement	20,945	-	-	-	20,945
Federal Sources	-	-	-	774,995	774,995
Surplus Food	-	-	-	42,297	42,297
Sales – School Food Service	-	-	-	221,818	221,818
Miscellaneous	253,561	-	-	-	253,561
Total Revenues	15,958,320	570,627	-	1,122,366	17,651,313
EXPENDITURES					
General Support	1,899,245	-	-	254,538	2,153,783
Instruction	7,576,731	-	-	560,511	8,137,242
Pupil Transportation	757,948	-	-	-	757,948
Employee Benefits	3,731,549	-	-	103,376	3,834,925
Debt Service:					
Principal	716,262	-	-	-	716,262
Interest	512,282	-	-	-	512,282
Cost of Sales	-	-	-	235,841	235,841
Capital Outlay	-	343,751	443,177	352,752	1,139,680
Total Expenditures	15,194,017	343,751	443,177	1,507,018	17,487,963
Excess (Deficiency) of Revenues Over Expenditures	764,303	226,876	(443,177)	(384,652)	163,350
OTHER FINANCING SOURCES AND (USES)					
Proceeds from Debt	-	-	-	303,128	303,128
Operating Transfers In	-	-	350,000	147,117	497,117
Operating Transfers (Out)	(497,117)	-	-	-	(497,117)
Total Other Financing Sources and (Uses)	(497,117)	-	350,000	450,245	303,128
Net Change in Fund Balances	267,186	226,876	(93,177)	65,593	466,478
Fund Balances (Deficit) – Beginning of Year	3,587,595	(421,411)	(19,903)	59,215	3,205,496
Fund Balances (Deficit) – End of Year	$ 3,854,781	$ (194,535)	$ (113,080)	$ 124,808	$ 3,671,974

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds			$ 466,478
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position assets with an initial, individual cost of more than $1,000 are capitalized and in the Statement of Activities, the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, net of related loss on disposal of capital assets.			
	Capital Outlays	$ 1,180,262	
	Loss on Disposal	(7,067)	
	Depreciation Expense	(1,126,653)	46,542
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt payments made in the current period.			716,262
Proceeds of long-term debt, including premium on issuance, are recorded as an other financing source for governmental funds but are not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt including premium received in the current year.			(303,128)
Governmental funds report revenues only when they are considered "available", whereas the Statement of Activities report revenues when earned. Long-term revenue differences relating to Smart School Bond Funding is reported as revenue in the Statement of Activities and a deferred inflow in the governmental funds, and therefore not reported as revenue in the governmental funds.			194,535
Governmental funds report revenues only when they are considered "available", whereas the Statement of Activities report revenues when earned. Long-term revenue differences relating to Smart School Bond Funding was reported as revenue in the Statement of Activities and a deferred inflow in the governmental funds in the prior year, and therefore is reported as revenue in the governmental funds and excluded from the Statement of Activities in the current year.			(421,411)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is decreased by the net decrease in accrued interest on bonds and amortization of premium on bond issue.			59,608

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - CONTINUED

Year Ended June 30, 2019

In the Statement of Activities, certain operating expenses--compensated absences (vacations and certain sick pay) and special termination benefits (early retirement) --are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).			6,739
On the Statement of Activities, the actual and projected long-term expenditures for post employment benefits and related deferred outflows/inflows are reported whereas on the governmental funds only the actual expenditures are recorded for postemployment benefits.			(1,088,184)
(Increases) decreases in proportionate share of net pension asset (liability) and related deferred outflows/inflows reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.			
Teachers' Retirement System	$	109,549	
Employees' Retirement System		(32,993)	76,556
Change in Net Position of Governmental Activities			$ (246,003)

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	Private Purpose Trusts	Agency
ASSETS		
Cash and Cash Equivalents		
Unrestricted	$ -	$ 278,306
Restricted	29,536	-
Total Assets	$ 29,536	$ 278,306
LIABILITIES		
Extra Classroom Activity Balances	$ -	$ 67,966
Other Liabilities	-	210,340
Total Liabilities	-	$ 278,306
NET POSITION		
Restricted for Scholarships	$ 29,536	

See notes to audited basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2019

	Private Purpose Trusts
ADDITIONS	
Gifts and Contributions	$ 26,496
Interest Earnings	1
Total Additions	26,497
DEDUCTIONS	
Scholarships and Awards	25,486
Change in Net Position	1,011
Net Position – Beginning of Year	28,525
Net Position – End of Year	$ 29,536

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

Extra Classroom Activity Funds

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Joint Venture

The District is one of 18 component school districts in the Jefferson-Lewis-Hamilton-Herkimer-Oneida Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the District was billed $2,542,687 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $948,967. This represents state aid distributions of $722,310 and 2018 fund balance returned to schools of $226,657.

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

Basis of Presentation

District-Wide Statements

The *Statement of Net Position* and the *Statement of Activities* present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State and Federal aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

The *Statement of Net Position* presents the financial position of the District at fiscal year-end. The *Statement of Activities* presents a comparison between direct program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Statements

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

The District reports the following governmental funds:

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

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

Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for specific educational programs.

School Food Service Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

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

The District reports the following fiduciary funds:

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

There are two classes of fiduciary funds:

> Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income benefits annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
>
> Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or Extra Classroom Activity Funds and for payroll or employee withholding.

Measurement Focus and Basis of Accounting

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting – Continued

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

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

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, 2018, and became a lien on August 13, 2018. Taxes are collected during the period September 1, 2018 to October 30, 2018.

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

Restricted Resources

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

Interfund Transactions

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Interfund Transactions – Continued

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

Estimates

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

Cash and Cash Equivalents

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

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

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

Accounts Receivable

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Inventories and Prepaid Items

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

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

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

A prepaid item was recorded in the General Fund in the amount of $11,778, which represents the District's contribution to the School and Municipal Energy Cooperative of WNY ("SMEC"). Contributions made by member districts are recorded by SMEC as a current liability, and members are allocated a share of the organization's net assets based on each participant share of premiums paid for that year.

Other Assets

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to July 1, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – 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 District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Site Improvements	$ 25,000	SL	50 Years
Buildings	50,000	SL	50 Years
Building Improvements	25,000	SL	20 Years
Furniture and Equipment	1,000	SL	5 - 20 Years

The District does not possess any infrastructure.

Deferred Outflows and Inflows of Resources

In addition to assets, the *Statement of Net Position* will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. First is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the New York State Teachers' and Employees' pension systems and to Other Postemployment Benefit (OPEB) plan subsequent to the measurement date.

In addition to liabilities, the *Statement of Net Position* or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting and is reported as unavailable revenue – Smart Schools – grant monies. This represents a deferred inflow only on the Balance Sheet in the governmental funds and revenue on the district-wide Statement of Net Position. The second item is related to pensions reported in the district-wide Statement of Net Position.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Inflows of Resources – Continued

This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Unearned Revenue

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

Vested Employee Benefits

Compensated Absences

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

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

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Other Benefits

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

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

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

Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.
The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Accrued Liabilities and Long-Term Obligations

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

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

Equity Classifications

District-Wide Statements

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

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Fund Statements

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

Nonspendable – 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 the inventory recorded in the School Food Service Fund of $29,060, and SMEC prepaid contribution of $11,778 recorded in the General Fund.

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

Debt Service

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

Insurance

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Repairs

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

Retirement Contributions

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

Workers' Compensation

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Employee Benefit Accrued Liability

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

Capital

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

Restricted fund balance includes the following at June 30, 2019:

General Fund		
Insurance	$	38,973
Repairs		41,968
Unemployment Insurance		89,371
Employee Benefit Accrued Liability		160,430
Capital		240,180
Retirement Contributions		257,302
Workers' Compensation		195,434
Debt Service Fund		52,433
Total Restricted Funds	$	1,076,091

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2019.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – 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 and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

Unassigned Fund Balance

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Use of Fund Balance

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2019, the District implemented the following new statements issued by GASB:

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019.

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the year ending June 30, 2019.

Future Changes in Accounting Standards

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2020.

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2021.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2021.

GASB has issued Statement No. 90, *Majority Equity Interests- and amendment of GASB Standards No.14 and No. 61*, effective for the year ending June 30, 2020.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2022.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – Continued

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

Differences between the funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

1. Long-Term Revenue Differences:

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

2. Capital Related Differences:

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

3. Long-Term Debt Transaction Differences:

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

4. Pension Differences:

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

5. OPEB Differences:

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund for which legal (appropriated) budgets are adopted:

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved 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. The following supplemental appropriations occurred during the year: voter and board approved transfer of capital reserve funds in the amount of $350,000 to the Capital Projects Funds to be utilized in the bus garage project.

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments 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.

Other

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include a current appropriated fund balance for subsequent year expenditures for the year-ended June 30, 2019 in the amount of $1,000,000. This appropriation will bring the balance of unreserved undesignated fund balance closer to 4%.

The Capital Projects 2020 – Bus Garage had a deficit balance of $113,080 and the Capital Projects – Campus-Wide had a deficit balance of $21,597. These will be eliminated when the projects are funded by an interfund transfer or by bonding.

The Capital Projects – SMART Schools had a deficit balance of $194,535. This will be eliminated when the District obtains funding from the Smart Schools Bond Act.

NOTE 4 - CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS

Cash

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 - CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS – Continued

Cash – Continued

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

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	$ 1,081,129

Deposits at year-end were fully collateralized.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $1,023,658 within the governmental funds and $29,536 within the fiduciary funds.

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

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Investment Pool

The District participated in a multi-municipal cooperative investment pool agreement pursuant to New York State General municipal Law Article 5-G, §119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2019, the District held $2,369,538 in the General Fund through the cooperative classified as unrestricted and restricted cash.

The above amount represents the cost of the investment pool shares and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NY Class.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 – RECEIVABLES

Receivables at year-end are as follows:

Description	General	Special Aid	Capital Projects - Smart Schools	Total
Other	$ 418	$ -	$ -	$ 418
State and Federal Aid	427,838	179,334	565,121	1,172,293
Total	$ 428,256	$ 179,334	$ 565,121	$ 1,172,711

District management has deemed the amounts to be fully collectible.

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity as of June 30, 2019 were as follows:

Governmental Activities	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	$ 124,334	$ -	$ -	$ 124,334
Construction-in-Progress	478,262	836,552	(73,563)	1,241,251
Total Nondepreciable Assets	602,596	836,552	(73,563)	1,365,585
Capital Assets That Are Depreciated:				
Buildings & Improvements	39,103,145	-	73,563	39,176,708
Furniture and Equipment	5,070,930	376,710	(333,589)	5,114,051
Total Depreciable Assets	44,174,075	376,710	(260,026)	44,290,759
Less: Accumulated Depreciation				
Buildings & Improvements	13,748,944	780,003	-	14,528,947
Furniture and Equipment	3,359,078	346,650	(293,522)	3,412,206
Total Accumulated Depreciation	17,108,022	1,126,653	(293,522)	17,941,153
Total Depreciated Assets, Net	27,066,053	(749,943)	33,496	26,349,606
Capital Assets, Net	$ 27,668,649	$ 86,609	$ (40,067)	$ 27,715,191

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 – CAPITAL ASSETS – Continued

Depreciation expense was charged to governmental functions as follows:

General Support	$	807,657
Instruction		40,490
Pupil Transportation		276,057
School Food Service Fund		2,449
Total Depreciation Expense	$	1,126,653

NOTE 7 – SHORT-TERM DEBT OBLIGATIONS

There were no short-term debt financing transactions during the year ended June 30, 2019.

NOTE 8 – LONG-TERM DEBT OBLIGATIONS

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

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and Notes Payable					
General Obligation Debt					
Serial Bonds	$ 8,871,262	$ 303,128	$ 716,262	$ 8,458,128	$ 838,128
Premium on Bonds	1,057,012	-	73,886	983,126	73,886
Total Bonds & Notes Payable	9,928,274	303,128	790,148	9,441,254	912,014
Other Liabilities					
Compensated Absences Payable	426,497	-	6,739	419,758	-
Other Postemployment Benefits Liability	30,294,224	5,528,598	-	35,822,822	-
Net Pension Liability - Proportionate Share	220,807	206,810	-	427,617	-
Total Other Liabilities	30,941,528	5,735,408	6,739	36,670,197	-
Total Governmental Activities	$ 40,869,802	$ 6,038,536	$ 796,887	$ 46,111,451	$ 912,014

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued

Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Refunding Series A	10/26/10	03/15/20	3.0 - 5.0	$ 50,000
Serial Bond	06/15/12	06/15/27	3.0 - 5.0	995,000
Serial Bond	10/14/14	10/01/19	1.85-1.875	70,000
Serial Bond	10/09/15	10/01/20	1.875	125,000
Serial Bond	10/14/16	10/01/21	1.18	200,000
Serial Bond	10/13/17	10/01/22	0.5-2.85	250,000
Serial Bond	06/07/18	06/15/33	5.0	6,465,000
Serial Bond	10/04/18	10/01/23	2.75 - 2.875	303,128
				$ 8,458,128

The following is a summary of debt service requirements at year-end June 30:

	Principal	Interest	Total
2020	$ 838,128	$ 390,782	$ 1,228,910
2021	750,000	355,905	1,105,905
2022	725,000	326,140	1,051,140
2023	685,000	295,892	980,892
2024	645,000	265,347	910,347
2025-2029	3,060,000	877,288	3,937,288
2030-2033	1,755,000	183,000	1,938,000
Total	$ 8,458,128	$ 2,694,354	$ 11,152,482

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

Interest Paid	$ 512,282
Less: Interest Accrued in the Prior Year	(21,687)
Plus: Interest Accrued in the Current Year	35,965
Less: Amortization of Bond Premium	(73,886)
Total Interest on Long-Term Debt	$ 452,674

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS

General Information

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

Teachers' Retirement System (TRS) Plan Description

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

Employees' Retirement System (ERS) Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credited service times final average salary.

Under Article 19 of the RSSL, eligible Tier 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of 2 additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at age 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service for the first 20 years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55-62 regardless of service credit.

Vested Benefits

Retirement benefits vest after 5 years of credited service except for Tier 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

Prior Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of annual benefit. The applicable percentage payable beginning September 2018 is 1.2%. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided

Benefits

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 2 years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the 5 highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent of the average of the previous 4 years.

Vested Benefits

Members who joined the System prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100 percent vested.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regard less of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one- half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2018 and received an overall discount of $2,312).

The District's share of the required contributions, based on covered payroll paid for the current and two preceding years, were:

	NYSTRS	NYSERS
2018-2019	$ 478,295	$ 272,212
2017-2018	575,561	284,785
2016-2017	623,556	272,426

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District exercised.

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

At June 30, 2019, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

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

	ERS	TRS
Measurement Date	March 31, 2019	June 30, 2018
District's Proportionate Share of the Net Pension Asset (Liability)	$ (427,617)	$ 541,801
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0060353%	0.029963%
Change in Proportion (%) Since the Prior Measurement Date	-0.0008063%	-0.001027%

For the year ended June 30, 2019, the District recognized pension expense (credit) of $32,993 for ERS and $(109,549) for TRS. At June 30, 2019, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	$ 84,207	$ 404,884	$ 28,705	$ 73,340
Changes of Assumptions	107,485	1,893,951	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	109,750	601,441
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	75,490	62,099	40,934	78,053
District's Contributions Subsequent to the Measurement Date	75,601	527,294	-	-
Total	$ 342,783	$ 2,888,228	$ 179,389	$ 752,834

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

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

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2020, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

	ERS	TRS
2020	$ 103,623	$ 536,726
2021	(72,567)	362,371
2022	733	32,545
2023	56,004	361,094
2024	-	248,037
Thereafter	-	67,327

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2019	June 30, 2018
Actuarial Valuation Date	April 1, 2018	June 30, 2017
Interest Rate	7.00%	7.25%
Salary Scale	4.2%	1.9% - 4.72%
Decrement Tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation Rate	2.5%	2.25%

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

Actuarial Assumptions – Continued

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

For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

	ERS	TRS
Measurement Date	March 31, 2019	June 30, 2018
Asset Type		
Domestic Equity	4.55%	5.80%
International Equity	6.35%	7.30%
Private Equity	7.50%	8.90%
Global Equity		6.70%
Real Estate	5.55%	4.90%
Absolute Return Strategies	3.75%	
Opportunistic Portfolio	5.68%	
Real Assets	5.29%	
Bonds and Mortgages	1.31%	
Cash	-0.25%	
Inflation - Indexed Bonds	1.25%	
Private Debt		6.80%
Real Estate Debt		2.80%
Domestic Fixed Income Securities		1.30%
Global Fixed Income Securities		0.90%
Short-Term		0.30%
High-Yield Fixed Income Securities		3.50%

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

Discount Rate

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

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.00% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00% for ERS and 6.25% for TRS) or 1-percentage point higher (8.00% for ERS and 8.25% for TRS) than the current rate:

ERS	1% Decrease (6.00%)	Current Assumption (7.00%)	1% Increase (8.00%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	$ (1,869,608)	$ (427,617)	$ 783,759

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	$ (3,722,264)	$ 541,801	$ 4,113,903

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – PENSION PLANS – Continued

Pension Plan Fiduciary Net Position

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

		(In Thousands)	
	ERS	**TRS**	**Total**
Measurement Date	March 31, 2019	June 30, 2018	
Employer's Total Pension Asset (Liability)	$ (189,803,429)	$ (118,107,254)	$ (307,910,683)
Plan Net Position	182,718,124	119,915,518	302,633,642
Employer's Net Pension Asset (Liability)	$ (7,085,305)	$ 1,808,264	$ (5,277,041)
Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability)	96.27%	101.53%	

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to $75,601. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to $559,101.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

Interfund balances at June 30, 2019 are as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	$ 937,103	$ 52,306	$ -	$ 497,117
Special Aid	-	164,759	23,739	-
School Food Service	-	22,363	50,000	-
Debt Service	52,433	-	-	-
Capital Projects - Smart Schools	-	565,121	-	-
Capital Projects - Bus Garage	-	71,419	350,000	-
Capital Projects - Campus-Wide	984,987	1,098,555	73,378	-
Total	$ 1,974,523	$ 1,974,523	$ 497,117	$ 497,117

The District typically transfers resources between funds for the purpose of mitigating the effects of transient cash flow issues. The General Fund advances funds to the Special Aid Fund to provide temporary cash until New York State has reimbursed the grant programs. Unexpended funds from a capital project are transferred to the Debt Service Fund upon completion.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 11 – FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2019:

Fund Balances (Deficits)	General	Capital Projects - Smart Schools	Capital Projects - Bus Garage	Non-Major Funds	Total Governmental Funds
Non-Spendable					
Prepaid Expenditures	$ 11,778	$ -	$ -	$ -	$ 11,778
School Food Service Inventory	-	-	-	29,060	29,060
Restricted					
Retirement Contributions	257,302	-	-	-	257,302
Workers' Compensation	195,434	-	-	-	195,434
Unemployment Insurance	89,371	-	-	-	89,371
Debt Service	-	-	-	52,433	52,433
Insurance	38,973	-	-	-	38,973
Employee Benefit Accrued Liability	160,430	-	-	-	160,430
Repairs	41,968	-	-	-	41,968
Capital	240,180	-	-	-	240,180
Assigned					
Designated for Next Fiscal Year	1,000,000	-	-	-	1,000,000
Instruction	95				95
School Food Service Fund	-	-	-	64,912	64,912
Unassigned					
Capital Projects - Smart Schools	-	(194,535)	-	-	(194,535)
Capital Projects - Bus Garage	-	-	(113,080)	-	(113,080)
Capital Projects - Campus-Wide	-	-	-	(21,597)	(21,597)
General Fund	1,819,250	-	-	-	1,819,250
Total Governmental Fund Balance (Deficit)	$ 3,854,781	$ (194,535)	$ (113,080)	$ 124,808	$ 3,671,974

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information about the OPEB Plan

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

General Information about the OPEB Plan – Continued

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

Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	170
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	104
Total Covered Employees	274

The District participates in the Jefferson-Lewis Et. Al. Employees' Healthcare Plan (the Plan). The Plan allows eligible District employees and spouses to continue health coverage upon retirement. The Plan does issue a publicly available financial report.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2019 the District recognized $1,055,456 for its share of insurance premiums for currently enrolled retirees.

Eligible teachers and administrators are those who are at least age 55 with 10 years of service. Employees must also be eligible to retire under the ERS or TRS:

- Surviving spouses are permitted to continue coverage after the death of the retiree but are responsible for paying 100% of the plan premium.
- Participants retired prior to July 1, 2007 have varying contribution percentages based on individual contract. Participants retired after July 1, 2007 pay 10% of the individual premium for single contract and 20% of the family premium for a dual contract.
- Medicare Part B premiums are not reimbursed.
- Retiree medical and prescription drug benefits are provided through the Provider Choice POS Plan and the Traditional Plan.
    - The Provider Choice POS Plan is a self-insured POS plan offered through the Plan.
    - The Traditional Plan is a self-insured indemnity plan offered through the Plan.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2019 which indicates that the total liability for other postemployment benefits is $35,822,822 which is reflected in the Statement of Net Position. The OPEB liability was measured as of June 30, 2018 and was determined by actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions	
Measurement Date	06/30/18
Rate of Compensation Increase	3.50%
Inflation Rate	2.25%
Discount Rate	3.62%
Assumed Pre-65 Medical Trend Rates at June 30	
Health Care Cost Trend Rate Assumed for Next Fiscal Year	7.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	3.886%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2075
Assumed Post-65 Medical Trend Rates at June 30	
Health Care Cost Trend Rate Assumed for Next Fiscal Year	6.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	3.886%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2075
Assumed Prescription Drug Trend Rates at June 30	
Health Care Cost Trend Rate Assumed for Next Fiscal Year	10.25%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	3.886%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2075

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

Total OPEB Liability – Continued

Additional Information	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (in Years)	5.532
Method used to determine Actuarial Value of Assets	N/A

The discount rate was based on the Fidelity General Obligation 20-year AA Municipal Bond Index as of June 30, 2018.

Mortality rates were based on the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvement scale on a fully generational basis.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2017. Benefit obligations are projected to the measurement date using roll forward techniques by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the assumptions as of the measurement date.

Changes in the Total OPEB Liability

Balance at June 30, 2018	$ 30,294,224
Changes for the Year	
Service Cost	844,664
Interest	1,093,046
Differences Between Expected and Actual Experience	5,366,920
Changes of Assumptions or Other Inputs	(905,322)
Benefit Payments	(870,710)
Net Changes	5,528,598
Balance at June 30, 2019	$ 35,822,822

Changes of assumptions and other inputs reflect a change in the discount rate 3.56 percent as of June 30, 2017 to 3.62 percent as of June 30, 2018.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

Changes in the Total OPEB Liability – 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 (2.62 percent) or 1 percentage point higher (4.62 percent) than the current discount rate:

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB Liability	$ 42,194,224	$ 35,822,822	$ 30,737,755

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 (trend decreasing to 2.886 percent) or 1 percentage point higher (trend decreasing to 4.886 percent) than the current healthcare cost trend rate:

	1% Decrease (Trend Less 1% Decreasing to 2.886%)	Healthcare Cost Trend Rates (Trend Decreasing to 3.886%)	1% Increase (Trend Plus 1% Decreasing to 4.886%)
Total OPEB Liability	$ 29,349,900	$ 35,822,822	$ 44,313,588

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

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

For the year ended June 30, 2019, the District recognized OPEB expense of $1,088,184. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 4,396,761	$ -
Changes of Assumptions or Other Inputs	-	2,856,993
Benefit Payments Subsequent to the Measurement Date	1,057,130	-
	$ 5,453,891	$ 2,856,993

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

Fiscal Year Ending June 30,	
2020	$ 207,604
2021	207,604
2022	207,604
2023	487,893
2024	429,063
	$ 1,539,768

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 13 – RISK MANAGEMENT

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 two years.

Pooled Non-Risk-Retained

The District participates in the Jefferson-Lewis Et. Al. School Employees' Healthcare Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of sixteen individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to $750,000 per insured event. The pool obtains independent coverage for insured events in excess of the $750,000 limit and the District has essentially transferred all related risk to the pool.

The District participates in the Black River Valley School Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is $0.

NOTE 14 - CONTINGENCIES AND COMMITMENTS

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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 15 – RESTATEMENT OF NET POSITION

During the year ended June 30, 2019, the District's actuarial valuation for OPEB was amended due to the actuary's interpretation of the treatment of deferred (inflows) and outflows of resources occurring at the measurement date. During the year ended June 30, 2018, the actuary calculated a deferred (inflow)/outflow at the end of the year due to a change in assumptions/inputs. While the calculation of Total OPEB liability at the beginning of the year and the end of the year, as well as the change in liability due to the assumption/input change was correct, the treatment of when the deferred (inflow)/outflow is recognized in OPEB expense needed to be revised to include a recognition during the fiscal year ended June 30,2018. Accordingly, the current year report included a "doubling up" of the prior year deferred inflow amortization due to the changes of assumption.

A one-time prior-period adjustment of $598,903 must be made to the beginning net position to reflect the recognition of the 2018 deferred inflow amortization due to changes of assumption. The impact of this change does not flow through the annual OPEB expense calculation.

The following details the change in the District's beginning of year Net Position:

Net Position Beginning of Year, as Previously Stated	$	(9,481,129)
2018 Amortization of the Deferred Inflow due to Changes of Assumptions		598,903
Net Position Beginning of Year, as Restated	$	(8,882,226)

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 4, 2019, which is the date of the issuance of the financial statements

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
Ended June 30, 2019

Total OPEB Liability	2019	2018
Service Cost	$ 844,664	$ 991,977
Interest	1,093,046	965,283
Difference between Expected and Actual Experience	5,366,920	-
Changes in Assumptions or Other Inputs	(905,322)	(3,313,129)
Benefit Payments	(870,710)	(831,138)
Net Change in Total OPEB Liability	5,528,598	(2,187,007)
Total OPEB Liability – Beginning	30,294,224	32,481,231
Total OPEB Liability – Ending	$ 35,822,822	$ 30,294,224
Covered Payroll	$ 6,790,015	$ 7,076,576
Total OPEB Liability as a Percentage of Covered Payroll	527.58%	428.09%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual
REVENUES					
Local Sources					
Real Property Taxes	$ 5,348,756	$ 5,348,756	$ 4,746,364		$ (602,392)
Other Tax Items	57,224	57,224	661,911		604,687
Charges for Services	9,000	9,000	13,593		4,593
Use of Money and Property	3,500	3,500	69,550		66,050
Sale of Property and Compensation for Loss	1,000	1,000	13,674		12,674
Miscellaneous	170,000	170,000	253,561		83,561
Total Local Sources	5,589,480	5,589,480	5,758,653		169,173
State Sources	10,255,646	10,255,646	10,178,722		(76,924)
Medicaid Reimbursements	15,000	15,000	20,945		5,945
Total Revenues	15,860,126	15,860,126	15,958,320		$ 98,194
				Year-End Encumbrances	**Final Budget Variance with Actual and Encumbrances**
EXPENDITURES					
General Support					
Board of Education	24,222	27,722	25,808	$ -	$ 1,914
Central Administration	176,429	177,929	155,313	-	22,616
Finance	222,477	225,777	211,869	-	13,908
Staff	61,463	61,463	46,953	-	14,510
Central Services	1,299,851	1,295,851	1,171,375	-	124,476
Special Items	298,770	298,770	287,927	-	10,843
Total General Support	2,083,212	2,087,512	1,899,245	-	188,267
Instruction					
Instruction, Administration and Improvement	468,796	468,796	420,048	95	48,653
Teaching - Regular School	4,202,711	4,202,711	3,947,750	-	254,961
Programs for Children with Handicapping Conditions	2,079,558	2,067,058	1,605,303	-	461,755
Occupational Education	630,564	630,564	565,653	-	64,911
Teaching - Special School	2,045	2,045	1,547	-	498
Instructional Media	397,649	397,649	373,133	-	24,516
Pupil Services	716,386	718,886	663,297	-	55,589
Total Instruction	8,497,709	8,487,709	7,576,731	95	910,883
Pupil Transportation	891,588	897,288	757,948	-	139,340
Employee Benefits	3,936,723	3,936,723	3,731,549	-	205,174
Debt Service	1,275,894	1,275,894	1,228,544	-	47,350
Total Expenditures	16,685,126	16,685,126	15,194,017	95	1,491,014
OTHER FINANCING USES					
Operating Transfers to Other Funds	175,000	525,000	497,117	-	27,883
Total Expenditures and Other Financing Uses	16,860,126	17,210,126	15,691,134	$ 95	$ 1,518,897
Net Change in Fund Balance	(1,000,000)	(1,350,000)	267,186		
Fund Balances - Beginning of Year	3,587,595	3,587,595	3,587,595		
Fund Balances - End of Year	$ 2,587,595	$ 2,237,595	$ 3,854,781		

Note to Required Supplementary Information Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) – NYSLRS PENSION PLAN
LAST FIVE FISCAL YEARS
Ended June 30, 2019

	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)					
District's Proportion of the Net Pension Asset (Liability)	0.029963%	0.030990%	0.030475%	0.029934%	0.285950%
District's Proportionate Share of the Net Pension Asset (Liability)	$ 541,801	$ 235,556	$ (326,935)	$ 3,109,169	$ 3,185,304
District's Covered Payroll	$ 4,919,402	$ 4,953,058	$ 4,787,260	$ 4,520,191	$ 4,264,497
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	11.01%	4.76%	6.83%	68.78%	74.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	101.53%	100.66%	99.01%	110.46%	111.48%
Employees' Retirement System (ERS)					
District's Proportion of the Net Pension Asset (Liability)	0.0060353%	0.0068416%	0.0061726%	0.0065266%	0.0062028%
District's Proportionate Share of the Net Pension Asset (Liability)	$ (427,617)	$ (220,807)	$ (579,994)	$ (1,047,537)	$ (209,544)
District's Covered Payroll	$ 1,926,796	$ 1,961,723	$ 1,848,826	$ 1,731,710	$ 1,755,132
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	22.19%	11.26%	31.37%	60.49%	11.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	96.27%	98.24%	94.70%	90.68%	97.95%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - NYSLRS PENSION PLAN
LAST FIVE FISCAL YEARS
Ended June 30, 2019

	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)					
Contractually Required Contribution	$ 478,295	$ 575,561	$ 623,556	$ 788,230	$ 686,388
Contributions in Relation to the Contractually Required Contribution	478,295	575,561	623,556	788,230	688,388
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 4,919,402	$ 4,953,058	$ 4,787,260	$ 4,520,191	$ 4,264,497
Contributions as a Percentage of Covered Payroll	9.72%	11.62%	13.03%	17.44%	16.14%
Employees' Retirement System (ERS)					
Contractually Required Contribution	$ 272,212	$ 284,785	$ 272,426	$ 291,497	$ 345,778
Contributions in Relation to the Contractually Required Contribution	272,212	284,785	272,426	291,497	345,778
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 1,926,796	$ 1,961,723	$ 1,848,826	$ 1,731,710	$ 1,755,132
Contributions as a Percentage of Covered Payroll	14.13%	14.52%	14.74%	16.83%	19.70%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND

June 30, 2019

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		$ 16,860,126
Add: Prior Year's Encumbrances		-
Original Budget		16,860,126
Budget Revision		350,000
Final Budget		$ 17,210,126

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-2020 Voter Approved Expenditure Budget		$ 17,527,730
Maximum Allowed 4% of 2019-2020 Budget		$ 701,109
General Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted Fund Balance:		
Assigned Fund Balance	$ 1,000,095	
Unassigned Fund Balance	1,819,250	
Total Unrestricted Fund Balance	2,819,345	
Less:		
Appropriated Fund Balance	1,000,000	
Encumbrances Included in Assigned Fund Balance	95	
Total Adjustments	1,000,095	
General Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 1,819,250
Actual Percentage		10.38%

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

Year Ended June 30, 2019

Project Title	Original Appropriation	Revised Appropriation	Expenditures Prior Year	Current Year	Total	Unexpended Balance	Methods of Financing BANS Redeemed From Appropriations	Proceeds Of Obligations	State Aid	Local Sources	Total	Fund Balance (Deficit) 6/30/2019
Renovations and Improvements	$ 7,406,401	$ 7,477,686	$ 6,949,411	$ -	$ 6,949,411	$ 528,275	$ 1,462,242	$ 5,460,703	$ -	$ 18,064	$ 6,941,009	$ (8,402)
Renovations and Improvements	11,974,000	11,974,000	19,903	443,177	463,080	11,510,920	-	-	-	350,000	350,000	(113,080)
Renovations and Improvements	100,000	100,000	-	13,010	13,010	86,990	-	-	-	-	-	(13,010)
Renovations and Improvements	100,000	100,000	36,949	36,614	73,563	26,437	-	-	-	73,378	73,378	(185)
Smart Schools Project	875,448	875,448	421,411	343,751	765,162	110,286	-	-	570,627	-	570,627	(194,535)
Buses	303,128	303,128	-	303,128	303,128	-	-	303,128	-	-	303,128	-
Totals	$ 20,758,977	$ 20,830,262	$ 7,427,674	$ 1,139,680	$ 8,567,354	$ 12,262,908	$ 1,462,242	$ 5,763,831	$ 570,627	$ 441,442	$ 8,238,142	$ (329,212)

COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2019

	Special Aid	School Food Service	Debt Service	Capital Projects - Campus-Wide	Capital Projects - Buses	Total Non-Major Funds
ASSETS						
Cash and Cash Equivalents						
Unrestricted	$ -	$ 96,338	$ -	$ 92,571	$ -	$ 188,909
Receivables						
Due From Other Funds	-	-	52,433	984,987	-	1,037,420
State and Federal Aid	179,334	-	-	-	-	179,334
Inventories	-	29,060	-	-	-	29,060
TOTAL ASSETS	$ 179,334	$ 125,398	$ 52,433	$ 1,077,558	$ -	$ 1,434,723
LIABILITIES						
Payables						
Accounts Payable	$ -	$ -	$ -	$ 600	$ -	$ 600
Accrued Liabilities	-	9,063	-	-	-	9,063
Due to Other Funds	164,759	22,363	-	1,098,555	-	1,285,677
Unearned Credits						
Unearned Revenues	14,575	-	-	-	-	14,575
Total Liabilities	179,334	31,426	-	1,099,155	-	1,309,315
FUND BALANCES						
Nonspendable	-	29,060	-	-	-	29,060
Restricted	-	-	52,433	-	-	52,433
Assigned	-	64,912	-	-	-	64,912
Unassigned (Deficit)	-	-	-	(21,597)	-	(21,597)
Total Fund Balances (Deficit)	-	93,972	52,433	(21,597)	-	124,808
TOTAL LIABILITIES AND FUND BALANCES	$ 179,334	$ 125,398	$ 52,433	$ 1,077,558	$ -	$ 1,434,723

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2019

	Special Aid	School Food Service	Debt Service	Capital Projects - Campus-Wide	Capital Projects - Buses	Total Non-Major Funds
REVENUES						
Use of Money and Property	$ -	$ 16	$ 14,856	$ -	$ -	$ 14,872
State Sources	56,619	11,765	-	-	-	68,384
Federal Sources	482,078	292,917	-	-	-	774,995
Surplus Food	-	42,297	-	-	-	42,297
Sales – School Food Service	-	221,818	-	-	-	221,818
Total Revenues	538,697	568,813	14,856	-	-	1,122,366
EXPENDITURES						
General Support	-	254,538	-	-	-	254,538
Instruction	560,511	-	-	-	-	560,511
Employee Benefits	1,925	101,451	-	-	-	103,376
Cost of Sales	-	235,841	-	-	-	235,841
Capital Outlay	-	-	-	49,624	303,128	352,752
Total Expenditures	562,436	591,830	-	49,624	303,128	1,507,018
Excess (Deficiency) of Revenues Over Expenditures	(23,739)	(23,017)	14,856	(49,624)	(303,128)	(384,652)
OTHER FINANCING SOURCES						
Proceeds from Debt	-	-	-	-	303,128	303,128
Operating Transfers In	23,739	50,000	-	73,378	-	147,117
Total Other Financing Sources	23,739	50,000	-	73,378	303,128	450,245
Net Change in Fund Balances	-	26,983	14,856	23,754	-	65,593
Fund Balances (Deficit) – Beginning of Year	-	66,989	37,577	(45,351)	-	59,215
Fund Balances (Deficit) – End of Year	$ -	$ 93,972	$ 52,433	$ (21,597)	$ -	$ 124,808

NET INVESTMENT IN CAPITAL ASSETS
Year Ended June 30, 2019

Capital Assets, Net		$ 27,715,191
Deduct:		
Premium on Bonds Payable	$ 983,126	
Short-Term Portion of Bonds Payable	838,128	
Long-Term Portion of Bonds Payable	7,620,000	9,441,254
Net Investment in Capital Assets		$ 18,273,937

See paragraph on supplementary schedules included in independent auditor's report.

FEDERAL AWARD PROGRAM INFORMATION

BOWERS & COMPANY
CPAs PLLC
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS CONSULTANTS

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*

BOARD OF EDUCATION
BEAVER RIVER 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 Beaver River Central School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Beaver River Central School District's basic financial statements and have issued our report thereon dated October 4, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Beaver River Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Bowers & Company

Watertown, New York
October 4, 2019

BOWERS & COMPANY
CPAs PLLC
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS CONSULTANTS

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

BOARD OF EDUCATION
BEAVER RIVER CENTRAL SCHOOL DISTRICT

Report on Compliance for Each Major Federal Program

We have audited the Beaver River Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Beaver River Central School District's major federal programs for the year ended June 30, 2019. Beaver River Central School 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 Beaver River Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Beaver River Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 Beaver River Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Beaver River Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Bowers & Company

Watertown, New York
October 4, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	CFDA Number	Agency or Pass-Through Number	Total Federal Expenditures
U. S. Department of Education			
Passed-Through NYS Education Department:			
Title I- Grants to Local Educational Agencies	84.010	0021-19-1235	$ 275,303
Special Education Cluster:			
Special Education Grants to States	84.027	0032-19-0332	203,427
Special Education Preschool Grants	84.173	0033-19-0332	3,348
Total Special Education Cluster			206,775
Total Passed Through NYS Education Department			482,078
Total U.S. Department of Education			482,078
U. S. Department of Agriculture			
Passed-Through NYS Education Department:			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555		42,297
Non-Cash Assistance Subtotal			42,297
Cash Assistance			
School Breakfast Program	10.553		51,801
National School Lunch Program	10.555		241,116
Cash Assistance Subtotal			292,917
Total Child Nutrition Cluster			335,214
Total Passed Through NYS Education Department			335,214
Total U.S. Department of Agriculture			335,214
Total Federal Assistance			$ 817,292

See paragraph to supplementary schedules included in independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain federal award programs have been charged with indirect costs, based upon a rate established by New York State, the District has elected to use the 10% deminimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable programs and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2 - SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 3 – OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

NOTE 4 – NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted $42,297 of commodities under the National School Lunch Program (CFDA 10.555)

At June 30, 2019, the District had food commodities totaling $1,543 in inventory.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

NOTE A - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Beaver River Central School District.
2. No significant deficiencies were disclosed during the audit of the basic financial statements of Beaver River Central School District.
3. No instances of noncompliance material to the financial statements of Beaver River Central School District, which would be required to be reported in accordance with the *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed during the audit of the major federal award programs of Beaver River Central School District.
5. The auditor's report on compliance for the major federal award programs for Beaver River Central School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a) related to the major federal award programs for Beaver River Central School District.
7. The Programs tested as major programs include:

   U.S. Department of Education

Passed Through NYS Education Department	
Title I Grants to Local Education Agencies	84.010

8. The Threshold for distinguishing between Types A and B programs was $750,000.
9. Beaver River Central School District was determined to be a low-risk auditee.

NOTE B - FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings to report.

NOTE C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings to report.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2019

NOTE A - FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year findings.

NOTE B - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no prior year findings.

EXTRA CLASSROOM ACTIVITY FUNDS

BOWERS & COMPANY
CPAs PLLC
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

BOARD OF EDUCATION
BEAVER RIVER CENTRAL SCHOOL DISTRICT

Report on the Financial Statement

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Beaver River Central School District for the year ended June 30, 2019, and the related note to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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 an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Opinion

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Beaver River Central School District for the year ended June 30, 2019, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Bowers & Company

Watertown, New York
October 4, 2019

EXTRA CLASSROOM ACTIVITY FUNDS – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2019

	Cash Balances 7/1/2018	Cash Receipts	Cash Disbursements	Cash Balances 6/30/2019
Class of:				
2019	$ 17,621	$ 23,927	$ 40,299	$ 1,249
2020	10,365	18,033	17,390	11,008
2021	3,092	9,446	4,969	7,569
2022	-	2,971	1,023	1,948
Art Club	305	1,850	1,708	447
Band	1,870	6,182	5,404	2,648
Beaverian	997	7,923	7,270	1,650
Elementary Student Council	7,106	3,402	1,570	8,938
Family, Career and Community Leaders of America	68	-	-	68
Future Farmers of America	637	21,621	20,111	2,147
Future Teachers of America	2,741	2,400	3,721	1,420
High School Student Council	3,756	2,895	3,477	3,174
Middle School Student Council	11,130	16,732	11,252	16,610
Music Theater Production	1,991	4,345	2,889	3,447
National Honor Society	1,896	4,175	3,608	2,463
Spanish Club	1,979	-	350	1,629
Trap Shooting Club	1,221	17,084	18,147	158
Drama Club	660	12,118	11,814	964
Youth Advisory Council	178	2,822	2,877	123
New York State Sales Tax	304	2,905	2,903	306
Total	$ 67,917	$ 160,831	$ 160,782	$ 67,966

See note to financial statement.

EXTRA CLASSROOM ACTIVITY FUNDS – NOTE TO FINANCIAL STATEMENT
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The Extra Classroom Activity Funds of the Beaver River Central School District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management.

The accounts of the Extra Classroom Activity Funds of the Beaver River Central School District are maintained on a cash basis and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expenses, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statement.

FORM OF OPINION OF BOND COUNSEL

April 23, 2020

Beaver River Central School District
PO Box 179
9508 Artz Road
Beaver Falls, NY 13305-0179

Re: Beaver River Central School District
$3,000,000 Bond Anticipation Notes, 2020, CUSIP No.: ____________

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $3,000,000 Bond Anticipation Notes, 2020 (the "Notes") of the Beaver River Central School District, County of Lewis, State of New York (the "District"). The Notes are dated April 23, 2020 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, resolutions of the District and a Certificate of Determination dated on or before April 23, 2020 of the President of the Board of Education relative to the form and terms of the Notes.

In our opinion, the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all taxable real property within the District is subject to levy of ad valorem real estate taxes to pay the Notes and interest thereon without limitation of rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereinafter enacted.

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 excluded from gross income under Section 103 of the Code. The President of the Board of Education of the District, in executing the Arbitrage and Use of Proceeds Certificate, has certified to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes is excluded from gross income under Section 103 of the Code. We have examined such Arbitrage and Use of Proceeds Certificate of the District delivered concurrently with the delivery of the Notes, and, in our opinion, such certificate contains provisions and procedures under which such requirements can be met.

In our opinion, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not a specific preference item for purposes of the federal induvial alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

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

We have examined the first executed Note of each said issue and, in our opinion, the form of said Note and its execution are regular and proper.

Very truly yours,

Trespasz & Marquardt, LLP