PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended. Bond Counsel is also of the opinion that the interest on the Notes is not treated as an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX MATTERS" herein

The Notes will be deemed designated and will be treated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$1,385,000

BELFAST CENTRAL SCHOOL DISTRICT

ALLEGANY COUNTY, NEW YORK

GENERAL OBLIGATIONS

$1,385,000 Bond Anticipation Notes, 2020

(the "Notes")

Dated: June 25, 2020 **Due: June 25, 2021**

The Notes are general obligations of the Belfast Central School District, Allegany County, New York (the "District" or the "School District"), and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes. All the taxable real property within the District will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York.

The Notes are not subject to redemption prior to maturity.

The Notes will be issued as registered notes and at the option of the purchaser, may be registered in the name of the purchaser or may be registered to the Depository Trust Company ("DTC"). If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of $5,000 or multiples thereof, as may be determined by such successful bidder.

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

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as may be agreed upon, on or about June 25, 2020.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on May 28, 2020 by no later than 10:30 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

May 20, 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 THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. UNLESS THE NOTES ARE PURCHASED FOR THE PURCHASER'S OWN ACCOUNT, THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – DISCLOSURE UNDERTAKING" HEREIN.

BELFAST CENTRAL SCHOOL DISTRICT
ALLEGANY COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2019-2020 BOARD OF EDUCATION

JOSIE PRESTON
President

RANDA HARRINGTON
Vice President

DAPHNE "BECKY" BACKER
DANIEL BORDEN
BEATRIZ CURCIO
CHRISTOPHER ENDERS
PATRICIA KROTZ

* * * * *

WENDY BUTLER
Superintendent of Schools

ROBERT LINGENFELTER
Business Manager

GINA LARRABEE
District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisors

HODGSON RUSS LLP
Bond Counsel & Local Attorney

No person has been authorized by the 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 District.

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

BELFAST CENTRAL SCHOOL DISTRICT
ALLEGANY COUNTY, NEW YORK

Relating To

$1,385,000 Bond Anticipation Notes, 2020

This Official Statement, which includes the cover page and appendices, has been prepared by the Belfast Central School District, Allegany County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $1,385,000 principal amount of Bond Anticipation Notes, 2020 (Renewals) (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.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "COVID-19," herein.

NATURE OF OBLIGATION

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

Holders of any series of notes or bonds of the District may bring an action or commence a proceeding 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 (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York).

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

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

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

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

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

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

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

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

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

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District will be subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. (See "TAX LEVY LIMITATION LAW" herein.)

The Notes are dated June 25, 2020 and mature, without option of prior redemption, on June 25, 2021. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form either (i) in the name of the purchaser(s), in which case principal of and interest on the Notes will be 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) in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein. One fully-registered note certificate will be issued for all Notes of a particular issue bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the District directly to the registered owner or to DTC for its nominee, Cede & Co.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to a bond resolution that was duly adopted by the Board of Education (the "Board") of the District on July 11, 2017, following a positive vote of the qualified voters of the District at a special meeting held on August 2, 2016, authorizing the issuance of up to $1,700,000 of serial bonds of the District to undertake a capital improvements project consisting of the reconstruction, rehabilitation and renovation, in part, and the construction of improvements and upgrades to various District buildings and facilities (and the sites thereof).

The proceeds of the Notes, along with $130,905 of available funds of the District, will be utilized to partially redeem and renew, in part, a $1,515,905 portion of the $2,075,000 bond anticipation notes of the District that are maturing June 26, 2020 the "Prior BAN". Although it is not part of this financing, it should be noted the remaining $559,095 portion of the Prior BAN will be permanently financed through a pooled serial bond issue that is being sponsored by the Dormitory Authority of the State of New York and is scheduled to close on June 17, 2020 (the "DASNY Financing"). As part of the DASNY financing, the District will be making a principal reduction payment of $19,095 on such $559,095 portion of the Prior BAN.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The District is located in Western New York State's Genesee River Valley in Allegany County and has a land area of approximately 100 square miles. The District includes the Towns of Allen, Angelica, Belfast, Caneadea, and New Hudson (the "Towns"). The School District is 1-1/2 hours south of both Buffalo and Rochester.

The area is noted for its outstanding recreational activities, including hunting, fishing, horseback riding and hiking. The area is a center for many year-round recreational activities with many excellent golf courses, ski resorts, boating opportunities, and State parks.

Educational and cultural opportunities are abundant including nearby Houghton College, St. Bonaventure University, Alfred University, SUNY Alfred and SUNY Geneseo.

The major highway serving the District is State Route 19, which connects the District with Interstate Highway 86 (formerly Route 17).

Source: District officials.

Population

The current estimated population of the District is 2,270. (Source: 2018 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Towns and County listed below. The figures set below with respect to such Towns and County are included for information only. It should not be inferred from the inclusion of such data herein that the Towns or the County are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2014-2018	2000	2006-2010	2014-2018
Towns of:						
Allen	$ 13,830	$ 21,645	$ 26,623	$ 29,688	$ 41,167	$ 54,306
Angelica	16,348	19,453	28,710	37,891	47,370	58,875
Belfast	15,803	19,825	20,532	40,000	51,563	59,028
Caneadea	10,010	13,493	16,760	39,667	54,881	56,488
New Hudson	12,319	37,266	21,735	34,702	57,917	59,167
County of:						
Allegany	15,667	20,058	23,030	45,972	49,864	57,761
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

Note: 2015-2019 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2014-2018 American Community Survey data.

Larger Employers

The following are five larger employers within or in close proximity to the School District.

Name	Type	Estimated Number of Employees
Excel Business Partners	Agency	300
Houghton College	Higher Education	285
Saputo	Manufacturing	250
Ellsessor Steel E'rectors, Inc.	Steel Contractor	100
Belfast Central School District	Public Education	95

Source: District officials.

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

Annual Average

	2013	2014	2015	2016	2017	2018	2019
Allegany County	7.5%	6.2%	6.5%	6.3%	6.6%	5.6%	5.5%
New York State	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%	4.0%

2020 Monthly Figures

	Jan	Feb	Mar	Apr	May
Allegany County	6.7%	6.2%	6.6%	N/A	N/A
New York State	4.1%	3.9%	4.4%	N/A	N/A

Note: Unemployment rates for April and May 2020 are unavailable as of the date of this Official Statement.

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

Form of School Government

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

Budgetary Procedures

Pursuant to the Education Law, the Board 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 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. (This year, due to the COVID-19 pandemic, the governor postponed such budget vote until June 9.) 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 may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

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

Recent Budget Vote Results

The budget for the 2018-19 fiscal year was adopted by the qualified voters on May 15, 2018 with a vote of 117 to 23. The District's adopted budget for 2018-19 fiscal year remained within the School District Tax Cap.

The budget for the 2019-20 fiscal year was adopted by the qualified voters on May 21, 2019 with a vote of 107 to 23. The District's adopted budget for 2019-20 fiscal year remained within the School District Tax Cap.

The school district budget vote for the 2020-21 fiscal year was originally scheduled to be held on May 19, 2020, however, annual school budget votes across the State are now scheduled to be held on June 9, 2020, pursuant to an Executive Order from Governor Andrew Cuomo that extends and expands restrictions aimed at limiting the spread of COVID-19.

Investment Policy

Pursuant to the statutes of the State of, 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 (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 State Comptroller, tax anticipation notes and revenue anticipation notes issued by any municipality or district corporation of the State, other than the District; (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State; 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 80.93% of the revenues of the District are estimated to be received in the form of State aid. In its proposed budget for the 2020-2021 fiscal year, approximately 81.64% of the revenues of the District are estimated to be received in the form of State aid If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

The 2017 tax reform legislation known as the Tax Cuts and Jobs Act made extensive changes to the deductibility of various taxes, including placing a cap of $10,000 on a taxpayer's deduction of state and local taxes (the "SALT Deduction Limitation"). While it cannot yet be predicted what precise effects the SALT Deduction Limitation will have for the State, it is possible that government officials at both the State and local level may find it politically more difficult to raise new revenues via tax increases, since the deduction thereof, for taxpayers who itemize deductions, is now limited.

It should be noted that the City of New York has been the epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses. At the time that the State budget was being finalized in early April, the Budget Director estimated that, due to COVID-19, the State would suffer an anticipated budget gap of $10-$15 billion in the coming fiscal year.

To mitigate such a potential gap, the State's adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local school districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 - April 30, May 1- June 30, and July 1 - December 31), tax receipts are lower than anticipated or disbursements from the State's general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director's plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances.

On April 25, 2020, the State Division of the Budget announced the release of the State's Fiscal Year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), which projects a $13.3 billion (14%) shortfall in revenue from the Executive Budget Forecast that was released in January and estimates a $61 billion decline in State revenues through Fiscal Year 2024 as a direct consequence of the COVID-19 pandemic. As a result, in the absence of federal assistance, initial budget control actions outlined in the Financial Plan will reduce spending by $10.1 billion from the Executive Budget. This represents a $7.3 billion reduction in State spending from FY 2020 levels. As of the date of this Official Statement, the State Division of the Budget has not released specifics about cuts to education aid overall or how these cuts will be distributed allocated State-wide among the State's school districts. State officials are lobbying Congress for substantial direct financial relief to states and localities, and the $3 trillion "HEROES" Act that has been adopted by the House of Representatives on May 15, 2020 would provide substantial relief to the State and to the District. The HEROES Act has not been taken up by the Senate as yet and the President has threatened to veto the bill unless it is substantially re-negotiated. At this point the extent of COVID-19-related direct federal financial relief, if any, to states, localities and school districts cannot be predicted. Reductions in the payment of State aid could adversely affect the financial condition of Districts in the State, including the District.

See "COVID-19," herein, for further details on such pandemic and its effects on the State.

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. 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, federal regulatory reform, COVID-19, 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 federal policies that may be proposed and adopted, 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.

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 (but still anticipated) 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, and it has done so for the 2019-2020 fiscal year. Based on 2019-2020 preliminary building aid ratios, the District expects to receive State building aid of approximately 95.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

State aid to school districts within the State had declined in some prior years before increasing more recently.

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 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 was divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA was a negative number, money that was 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 $1,710,653. 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 widerange of activities.

School district fiscal year (2020-2021): Due to the extraordinary challenges from the COVID-19 health crisis creating at least a $10 billion loss in revenue to the State, the State's Enacted 2020-2021 Budget includes a total of $27.9 billion State aid, which is essentially the same amount of State aid to school districts included in the State's 2019-2020 Enacted Budget. The State's Enacted 2020-2021 Budget includes a "pandemic adjustment" for each school district, a reduction in State funding that will match how much school districts expect to receive from the federal CARES stimulus program. In addition, the State's Enacted 2020-2021 Budget authorizes the State Budget Director to make uniform reductions to appropriations (including the appropriations for State aid to school districts) if the State's Enacted 2020-2021 Budget becomes unbalanced because revenues fall below projections or expenditures rise above projections during a given period. The proposed reductions would be shared with the Legislature which would then have 10 days to prepare and adopt their own plan. If the Legislature does not do so, the Budget Director's proposed reductions would go into effect automatically.

State Aid Litigation

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

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

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

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

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

State Aid Revenues

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

Fiscal Year	Total Revenues [1]	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2014-2015	$ 8,733,883	$ 6,764,151	77.45%
2015-2016	9,130,973	7,142,194	78.22
2016-2017	9,075,898	7,147,952	78.76
2017-2018	9,465,147	7,392,541	78.10
2018-2019	9,993,010	7,824,788	78.30
2019-2020 (Budgeted)	9,816,151	7,943,847	80.93
2020-2021 (Proposed)	9,857,501	8,047,478	81.64

[1] General fund only. Does not include inter-fund transfers or use of reserves.

Source: Audited financial statements for fiscal years 2014-2015 through and including 2018-2019, the adopted budget of the District for the 2019-2020 fiscal year and the proposed budget for the 2020-2021 fiscal year. This table is not audited.

District Facilities

The District currently operates the following facilities:

Name	Grades	Capacity	Year(s) Built
Belfast Central School	K-12	596	1912, '46, '98, 2010
Belfast Central School Garage/Storage	---	---	2003, '10

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2015-16	360	2020-21	350
2016-17	355	2021-22	350
2017-18	366	2022-23	350
2018-19	356	2023-24	350
2019-20	347	2024-25	350

Source: District officials.

Employees

The District employs a total of 75 full-time and 10 part-time employees. The collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreements are as follows:

Employees	Union Representation	Contract Expiration Date
43	Belfast Central School Faculty Association	June 30, 2020 [1]
33	Belfast Central School Service Unit	June 30, 2020 [1]

[1] Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

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

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

Fiscal Year	ERS	TRS
2014-2015	$ 132,229	$ 448,906
2015-2016	115,230	306,100
2016-2017	101,364	276,574
2017-2018	130,943	237,859
2018-2019	115,637	258,232
2019-2020 (Budgeted)	121,298	210,000
2020-2021 (Proposed)	132,440	332,347

Source: District records.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. For the 2017-18 fiscal year the District offered an early retirement incentive. Six employees (3 teachers and 3 non-teachers) took advantage of the incentive. The cost of the total incentive was approximately $150,000, and was covered in the 2017-18 fiscal year. The overall estimated savings is $183,000 per year. The District did not to offer early retirement incentives in the 2018-19 fiscal year and does not intend to offer early retirement incentives in the 2019-20 or 2020-21 fiscal years.

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% and 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.

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement, the Board has authorized a TRS reserve fund and the District has established the reserve with a transfer of $20,000.

Other Post Employee Benefits

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

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2017, the District implemented GASB 75. The implementation of this statement requires the District 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 the District could amortize the OPEB liability over a period of years, whereas GASB 75 requires the District to report the entire OPEB liability on the statement of net position.

The District contracted with Nyhart Actuary & Employee Benefits, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2018 and 2019. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

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

Balance at:	June 30, 2017	June 30, 2018
	$ 594,372	$539,134
Changes for the year:		
Service cost	30,257	26,876
Interest	17,963	19,804
Differences between expected and actual experience	(60,964)	4,766
Changes in assumptions or other inputs	(23,465)	(18,425)
Benefit payments	(19,029)	(19,615)
Net Changes	$(55,238)	$13,406
Balance at:	June 30, 2018	June 30, 2019
	$539,134	$552,540

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. Like most school districts, 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 two years for OPEB plans with more than 200 members, every three 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 have allowed the following:

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

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

Other Information

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

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 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.

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 on the Office of the State Comptroller website.

The State Comptroller's office released an audit report of the District on December 16, 2016. The purpose of the audit was to examine the District's procurement procedures for the period from July 1, 2014 through August 16, 2016.

Key Findings:

- Although the Board has adopted a procurement policy that requires competition for purchases not subject to bidding requirements, the policy does not clearly establish procedures for procuring professional services.
- The purchasing agent and claims auditor did not always ensure that purchases were made in compliance with the policy or require District officials to properly document compliance when they sought competition.
- District officials could not demonstrate that they sought competition when procuring professional services from five vendors who were paid approximately $164,000 or obtained quotes for purchases from one vendor totaling $3,000.

Key Recommendations:

- Review and revise its procurement policy to clearly require the procurement of professional services through RFPs or written or verbal quotes.
- Require the purchasing agent and claims auditor to regularly monitor compliance with the procurement policy and periodically report to the Board.
- Solicit competition for professional services through the use of RFPs or quotes and obtain the appropriate number of quotes for purchases as required by the procurement policy.

The District provided a complete response to the State Comptroller's office on December 5, 2016. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

Fiscal Year Ending In	Stress Designation	Fiscal Score
2019	No Designation	3.3%
2018	No Designation	0.0%
2017	No Designation	16.7%

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

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

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TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Allen	$ 7,491,770	$ 8,282,074	$ 8,294,164	$ 8,316,856	$ 8,458,546
Angelica	2,327,560	2,421,235	2,398,186	2,762,850	2,768,102
Belfast	47,751,114	47,525,178	59,622,445	59,422,089	59,439,144
Caneadea	33,886,415	34,062,789	34,461,673	34,647,145	34,957,864
New Hudson	3,447,391	3,531,191	3,503,877	3,499,892	3,463,185
Total Assessed Values	$ 94,904,250	$ 95,822,467	$ 108,280,345	$ 108,648,832	$ 109,086,841
State Equalization Rates					
Towns of:					
Allen	93.00%	100.00%	99.00%	96.00%	91.00%
Angelica	100.00%	99.00%	92.00%	100.00%	100.00%
Belfast	83.00%	80.00%	100.00%	98.00%	95.00%
Caneadea	96.00%	96.00%	95.00%	93.00%	85.00%
New Hudson	100.00%	99.00%	100.00%	94.00%	85.00%
Total Taxable Full Valuation	$ 106,660,429	$ 109,183,170	$ 110,386,435	$ 113,039,310	$ 119,831,962

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Allen	$ 17.71	$ 16.49	$ 16.80	$ 16.63	$ 16.60
Angelica	16.47	16.65	18.08	15.98	15.10
Belfast	19.85	20.61	16.63	16.29	15.90
Caneadea	17.16	17.17	17.51	17.17	17.77
New Hudson	16.47	16.65	16.63	16.99	17.77

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 5th, uncollected taxes are returnable to the County for collection. The School District receives this amount from the County prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Total Tax Levy	$ 1,757,132	$ 1,799,991	$ 1,835,801	$ 1,804,887	$ 1,810,023
Amount Uncollected (1)	220,823	150,407	167,476	177,996	179,373
% Uncollected	12.57%	8.36%	9.12%	9.86%	9.91%

(1) See "Tax Collection Procedure" herein.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted figures comprised of real property taxes.

Fiscal Year	Total Revenues [(1)]	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Taxes
2014-2015	$ 8,733,883	$ 1,721,389	19.71%
2015-2016	9,130,973	1,762,029	19.30
2016-2017	9,075,898	1,803,760	19.87
2017-2018	9,465,147	1,841,596	19.46
2018-2019	9,993,010	1,811,829	18.13
2019-2020 (Budgeted)	9,816,151	1,810,023	18.44
2020-2021 (Proposed)	9,857,501	1,819,960	18.46

(1) General fund only. Does not include inter-fund transfers or use of reserves.

Source: Audited financial statements for the 2014-2015 fiscal year through and including the 2018-2019 fiscal year, the budget of the District for the 2019-2020 fiscal year and the proposed budget for the 2020-2021 fiscal year. This table is not audited.

Larger Taxpayers 2019 for the 2019-2020 Tax Roll

Name	Type	Assessed Valuation
Rochester Gas & Electric	Utility	$ 3,914,892
State of New York	Government	3,299,210
Dominion Resources	Commercial	1,352,303
Behen, Douglas	Individual/Commercial	1,013,200
National Fuel Gas	Utility	884,553
Hughes Property Management	Commercial	525,000
Enders, Christopher	Residential/Rental	507,500
PD Durham Landholding	Commercial	463,400
Harrington, Jeffrey & Randa	Residential/Commercial	435,400
Miller, Randy	Residential/Agricultural	392,300

The larger taxpayers listed above have a total assessed valuation of $12,787,758, which represents 11.72% of the total assessed valuation of the District.

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certiorari claims that are anticipated to have a material financial impact on the District.

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. Districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of $86,300 or less for 2019, and $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 below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

Town of:	Enhanced Exemption	Basic Exemption	Date Certified
Allen	$ 63,520	$ 27,300	4/10/2020
Angelica	69,800	30,000	4/10/2020
Belfast	66,310	28,500	4/10/2020
Caneadea	69,800	30,000	4/10/2020
New Hudson	59,330	25,500	4/10/2020

$373,431 of the District's $1,805,004 school tax levy for the 2018-2019 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempted amounts in January of 2019.

$354,962 of the District's $1,810,023 school tax levy for the 2019-2020 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempted amounts in January of 2020.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

The total valuation of the District is estimated to be categorized as follows: Residential - 90%, Commercial - 5%, State Land – 4%, and Agricultural - 1%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the District is approximately $1,057 for school taxes after deducting basic STAR deductions.

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.)

On June 25, 2015, Chapter 20 of the 2015 Laws of New York ("Chapter 20") amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020. Recent legislation has made it permanent. Chapter 20 also affects the calculation of the tax base growth factor, as outlined below.

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

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. Chapter 20 additionally allows the State Commissioner of Taxation and Finance to adjust for changes in the real property base to reflect development on tax-exempt real property, although no such regulations have been promulgated as of the date of this Official Statement. 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.

Under Chapter 20, the eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. For many taxpayers only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law. In either scenario, the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of the Tax Levy Limitation Law.

While the provisions of Chapter 20 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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

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

1. (a) Such obligations were authorized for an object or purpose for which the District is not authorized to expend money, or

   (b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with, and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of the notice; or

2. Such obligations are authorized in violation of the provisions of the Constitution of New York.

The District customarily complies with this procedure, and it has done so with respect to the bond resolutions under which the Notes are being issued. The Board, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board, as the chief fiscal officer of the District, pursuant to the Local Finance Law.

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2015	2016	2017	2018	2019
Bonds (1)	$ 10,350,000	$ 9,395,000	$ 8,395,000	$ 12,120,000	$ 11,025,000
Bond Anticipation Notes	0	220,372	624,528	2,299,144	2,184,760
Other Debt (2)	0	0	475,000	450,000	425,000
Total Debt Outstanding	$ 10,350,000	$ 9,615,372	$ 9,494,528	$ 10,154,144	$ 13,634,760

(1) On November 9, 2017, the School District issued $4,795,000 refunding serial bonds to realize net present value and budgetary savings. Such bonds advance refunded $4,715,000 outstanding principal of the District's 2011 Series bonds. As of May 14, 2020, an advance refunded portion of the refunded bonds in the amount of $4,715,000 remains outstanding, and is included in the totals above. These refunded bonds will be fully redeemed as of their first call date. Debt service on the refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased.

(2) Represents an Energy Performance Contract (EPC). EPC's do not count towards the District's debt limit. See "Capital Leases" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of May 20, 2020.

Type of Indebtedness	Maturity	Amount
Bonds	2019-2039	$ 11,025,000 [(1)]
Bond Anticipation Notes		
Capital Project	June 26, 2020	2,075,000 [(2)]
Capital Project	December 4, 2020	4,838,035
	Total Indebtedness	$ 17,938,035

(1) On November 9, 2017, the School District issued $4,795,000 refunding serial bonds to realize net present value and budgetary savings. Such bonds advance refunded $4,715,000 outstanding principal of the District's 2011 Series bonds. As of May 14, 2020, an advance refunded portion of the refunded bonds in the amount of $4,715,000 remains outstanding, and is included in the totals above. These refunded bonds will be fully redeemed as of their first call date. Debt service on the refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased.

(2) To be redeemed, in part, with a portion to be renewed with the Notes and a portion to be permanently financed with serial bonds being issued through DASNY (which issue is scheduled to close on June 17, 2020). The District is also making principal reduction payments using $150,000 of available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 20, 2020:

Full Valuation of Taxable Real Property			$ 119,831,962
Debt Limit 10% thereof			11,983,196
Inclusions:			
Bonds	$ 11,025,000		
Bond Anticipation Notes	5,528,035		
Principal of this Issue	1,385,000		
Total Inclusions		$ 17,938,035	
Exclusions:			
Building Aid [(1)]	$ 8,410,525		
Total Exclusions		$ 8,410,525	
Total Net Indebtedness			$ 9,527,510
Net Debt-Contracting Margin			$ 2,455,686
The percent of debt contracting power exhausted is			79.51%

(1) Represents a preliminary estimate of monies to be received by the District from the State as an apportionment for debt service for school building purposes, based on the most recent request for an exclusion certificate received on July 25, 2019 by the District from the State Commissioner of Education. Based on preliminary 2019-2020 building aid estimates, the District anticipates State Building aid of 95.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

Bonded Debt Service

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

Capital Project Plans

In 2016, the District's voters approved a capital improvements project consisting of the reconstruction, rehabilitation and renovation, in part, and the construction of improvements and upgrades to, various District buildings and facilities (and the sites thereof). The project has been completed and all funds authorized for the project have been spent. The District issued $1,611,000 bond anticipation note issue, along with $89,000 in available funds of the District, to redeem and renew, in part, the District's outstanding $1,700,000 bond anticipation note that was issued for this project and matured on August 2, 2018. On July 31, 2019, the District used proceeds from a $1,515,905 bond anticipation note issue, along with $95,095 of available funds of the District, to redeem and renew, in part, the $1,611,000 bond anticipation note of the District that matured on August 1, 2019. The Notes are being issued, along with $130,905 available funds of the District to renew the $1,515,905 portion of the bond anticipation notes maturing June 26, 2020.

Additionally, the District requested permission from New York State to use the unused funds from its previous building project to do additional authorized work, and received final approval. Only necessary projects were considered (i.e. sewer lines, phone system, etc.). Phase one was completed during the summer of 2015. The rest of the project was finished during the spring and summer of 2017. A portion of the proceeds of the $2,184,760 bond anticipation notes issued August 1, 2018, along with $25,384 in other available funds of the District, were used to redeem and renew, in part, the District's outstanding $599,144 bond anticipation note that was issued for this project and matured on August 2, 2018. On July 31, 2019, the District used proceeds from a $559,095 bond anticipation note issue, along with $14,665 of available funds of the District, to redeem and renew, in part, the $573,760 bond anticipation note of the District that matured on August 1, 2019. The District is in the process of issuing serial bonds through DASNY scheduled to close June 17, 2020, along with $19,095 available funds to permanently finance this project.

On October 23, 2018 the District voters approved a $5,188,035 capital project for reconstruction and renovation of, and the construction of improvements and upgrades to District buildings and facilities. The District issued $4,838,035 bond anticipation notes on December 6, 2019 as the first borrowing for this project.

The District just approved a Smart Schools project that is expected that to be completed until the 2021 school year with a total cost of approximately $158,000.

Except for as set forth above, there are no other capital projects that are being contemplated by the District, nor does the District have any other authorized and unissued indebtedness.

Cash Flow Borrowings

The District has not usually found it necessary to issue revenue anticipation notes in the past and does not intend to in the foreseeable future.

Capital Leases

On September 16, 2016, the District entered into an Energy Performance Contract (EPC) with Siemens in the amount of $502,167. The interest rate is 3.0012% and the payments are due annually through 2031.

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Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Allegany	12/31/2018	$ 23,330,000	$ -	$ 23,330,000	4.87%	$ 1,136,171
Town of:						
Allen	12/31/2018	78,791	-	78,791	22.58%	17,791
Angelica	12/31/2018	-	-	-	3.44%	-
Belfast	12/31/2018	1,399,086	1,123,000	276,086	92.41%	255,131
Caneadea	12/31/2018	7,634,551	3,216,851	4,417,700	36.91%	1,630,573
New Hudson	12/31/2018	245,505	-	245,505	9.53%	23,397
					Total:	$ 3,063,063

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

Note: The 2019 Comptroller's Special Report is currently unavailable as of the date of this Official Statement.

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

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 20, 2020:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 9,527,510	$ 3,761.35	7.95%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	12,590,573	5,546.51	10.51

(a) The current estimated population of the District is 2,270. (See "THE SCHOOL DISTRICT – Population" herein.)
(b) The District's full value of taxable real estate for the 2019-2020 fiscal year is $119,831,962. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $3,063,063. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a federal court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of federal bankruptcy law for the composition or adjustment of municipal indebtedness. While these provisions do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

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

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

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

The District has never defaulted in the payment of the principal of and interest on any indebtedness, with the exception of the following: On December 15, 2019 the District had interest payments due in the amounts of $35,075.00 and $108,809.38 with respect to its 2011 and 2017 bonds, respectively, both of which were issued through the Dormitory Authority of the State of New York. Due to a clerical error, the interest payments were not made until December 20, 2019. The District had the funds available in its account to make the payment at the time it was due. An event notice was filed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website on December 23, 2019. The District has no reason to believe there will be any delinquent payments in the future.

COVID-19

The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020.

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. As almost all nations have experienced a rise in infections and implemented containment measures that in the case of some nations (including the United States) have been drastic, economies have suffered in the extreme. The full impact is difficult to predict due to uncertainties regarding the duration and severity of the COVID-19 pandemic, but some economists have predicted that the short-term economic fallout will be worse than the 2008-09 global financial crisis. The World Trade Organization has estimated that world trade will fall by between 13% and 32% in 2020, and news outlets have reported on possibilities of supply chain problems as the pandemic spreads to different countries around the world.

While initially the hospitality and tourism industries were hardest hit, there is now widespread unemployment across all economic sectors in the United States. During the eight week period from March 15 through May 9, 2020, approximately 36.5 million Americans filed for unemployment.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic has caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve have taken significant steps to backstop those markets and to provide much-needed liquidity, but the markets have experienced significant volatility, and such volatility may continue. Given these conditions, it is possible that the process of trading the Notes in the secondary market could be affected in ways that are difficult to predict. Although the secondary trading market has stabilized after some significant disruptions in the immediate wake of the COVID-19 pandemic, and is benefiting from federal intervention in support of the municipal bond markets, the markets remain highly reactive to the unprecedented recent economic and political events. Accordingly, investors in the Notes may experience difficulty in trading the Notes on satisfactory terms.

Federal Response

The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the $2.3 trillion Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which attempt to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Measures for Individuals and Businesses: Individual taxpayers who meet certain income limits will receive direct cash payments from the federal government. Unemployment rules have been changed to allow self-employed workers, independent contractors and others who would not normally qualify to receive benefits, and unemployment insurance recipients will receive an additional $600 per week payment for up to four months.

Businesses will benefit from various federal tax law changes, including a payroll tax credit. Air carriers and businesses critical to national security are eligible for direct loans and loan guarantees from the Treasury, and the Federal Reserve has received financial support for its lending programs. Smaller businesses have been incentivized to keep workers in their jobs through the Paycheck Protection Program (offering short-term loans that can be forgiven in whole or in part).

Stimulus Efforts for State and Local Governments: The CARES Act includes a $150 billion Coronavirus Relief Fund, which provides funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations can receive monies from the amount allocated to their state). This money is intended for programs that are necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money is not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it may indirectly assist with revenue shortfalls in cases where the expenses that are being covered by this fund would otherwise create a further budget shortfall. Because this money is targeted to larger governmental units, it is unlikely that the District will stand to benefit directly from this program.

The CARES Act also includes an Education Stabilization Fund, which provides $30.75 billion for K-12 and higher education systems. There are three main forms of relief: $13.2 billion for K-12 schools that will be administered on a state-by-state basis, $14 billion for public and private colleges and universities, and $3 billion in emergency relief that governors may distribute to schools, colleges and universities that have been particularly affected by COVID-19 and the ensuing crisis.

Municipal Liquidity Facility: The Federal Reserve is establishing a new "Municipal Liquidity Facility" ("MLF") that will offer up to $500 billion in direct federal lending. Under its original authorization, the MLF could purchase certain short-term debt from states, counties with at least two million residents and cities with at least one million residents. On April 27, the Federal Reserve Board announced that the list of MLF-eligible issuers would be expanded to include counties with a population of at least 500,000 residents and cities with at least 250,000 residents. Importantly, larger issuers are able to use their own loan proceeds to make loans to smaller governmental units that would not otherwise qualify for this program. Proceeds may be used to help manage the cash flow impact of income tax deferrals resulting from an extension of income tax filing deadlines, potential reductions of tax and other revenues or increases in expenses related to or resulting from the pandemic, and requirements for the payment of principal and interest on outstanding obligations. It is not yet clear whether New York State will borrow from the MLF. If it does borrow, there is no mechanism or arrangement currently in place for the State to make loans to smaller governments within the State, although the MLF program does authorize this. It is uncertain at this point the extent to which, if at all, the District might ultimately be able to access short-term MLF loan funding through the State.

State Response

Executive orders: Governor Cuomo has released a number of executive orders in response to the COVID-19 pandemic, including various mandates requiring "non-essential" employees to work from home. As of March 22, 100% of such "non-essential" employees were mandated to work from home or take leave without accruals. Entities providing essential services or functions are not subject to the in-person work restriction, but may only operate at the minimal level necessary to provide such service or function. Local governments are exempt from the 100% requirements, however, they were required to have no more than 50% of employees working in-person.

As of May 15, regions of the State that meet certain criteria have been allowed to begin reopening. The Western region (in which the District is located) is allowed to begin reopening on Tuesday, May 19. Accordingly, the reductions and restrictions on the in-person workforce at non-essential businesses or other entities shall no longer apply to "Phase One" industries (i.e., Construction, Agriculture, Forestry, Fishing and Hunting, Retail [limited to curbside or in-store pickup or drop off], Manufacturing, and Wholesale Trade).

Pursuant to State Executive Order 202.4, every school in the State was directed to close no later than March 18, 2020. While schools were originally ordered closed until April 1, the time period was later extended to May 15, and then through the end of the school year. Districts must normally maintain 180-day in-class attendance for State aid; however, this requirement has been waived to the extent attributable to COVID-19 related closures during the 2019-20 school year. Additionally, pursuant to State Executive Order No. 202.13, the District elections and budget votes that normally would have been held on May 19, 2020 have been postponed until June 9.

State budget: The City of New York has been the epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses. At the time that the State budget was being finalized in early April, the Budget Director estimated that, due to COVID-19, the State would suffer an anticipated budget gap of $10-$15 billion.

To mitigate such a potential gap, the State's adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local Districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 - April 30, May 1- June 30, and July 1 - December 31), tax receipts are lower than anticipated or disbursements from the State's general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director's plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances.

On April 25, 2020, the State Division of the Budget announced the release of the State's Fiscal Year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), which projects a $13.3 billion (14%) shortfall in revenue from the Executive Budget Forecast that was released in January and estimates a $61 billion decline in State revenues through Fiscal Year 2024 as a direct consequence of the COVID-19 pandemic. As a result, in the absence of federal assistance, initial budget control actions outlined in the Financial Plan will reduce spending by $10.1 billion from the Executive Budget. This represents a $7.3 billion reduction in state spending from FY 2020 levels. As of the date of this Official Statement, the State Division of the Budget has not released specifics about potential cuts to education aid overall or how any such cuts would be distributed State-wide among school districts. State officials are lobbying Congress for substantial direct financial relief to states and localities, and the $3 trillion "HEROES" Act that has been adopted by the House of Representatives on May 15, 2020 would provide a substantial amount of relief to the State and to the District. The HEROES Act has not been taken up by the Senate as yet and the President has threatened to veto the bill unless it is substantially re-negotiated. At this point the extent of COVID-19-related direct federal financial relief, if any, to states, localities and school districts cannot be predicted. Reductions in the payment of State aid could adversely affect the financial condition of Districts in the State, including the District.

While the impacts of COVID-19 on the global, federal, State and local economy cannot be predicted with any certainty, the pandemic will almost certainly have a significant adverse effect on the District's finances. If the State has a further budget shortfall as stated above, there may be a delay and/or reduction in the State aid received by the District, which would have a negative impact on the District's finances and operations. The District is continuing to monitor this situation and will attempt to mitigate any such adverse effects through program cuts or staffing reductions as needed.

MARKET AND RISK FACTORS

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

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes 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 market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

Amendments to the Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the District. (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.

COVID-19. An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See also "THE SCHOOL DISTRICT – State Aid").

Disease outbreaks or similar public health threats could have an adverse impact on the School District's financial condition and operating results. The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020. See "COVID-19" herein for further discussion of the impacts of the COVID-19 pandemic, which is expected to have a significant adverse effect on the finances of the State, County and District, and could therefore adversely affect the rating(s) of any or all of those entities.

TAX MATTERS

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Internal Revenue Code (the "Code"). However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. Such opinion will state that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof (including The City of New York).

In rendering the foregoing opinions, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code Sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the Tax Certificate and Nonarbitrage Certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the "Certificates") establish requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1. The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a "private activity bond" within the meaning of Code Section 141;

2. The requirements contained in Code Section 148 relating to arbitrage bonds; and

3. The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

In the Certificates, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a note before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code Section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the approving legal opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, and, unless paid from other sources, 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 (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York) provided that the enforceability (but not the validity) of the Notes (a) may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or federal) affecting the enforcement of creditors' rights and (b) may be subject to the exercise of judicial discretion in appropriate cases, (ii) the District has the power to comply with its covenants included in its tax certificate with respect to the Notes relating to compliance with the Code as it relates to the Notes; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or federal) affecting the enforcement of creditors' rights; and (iii) assuming that the District complies with such covenants, interest on the Notes is not includable in the gross income of the owners thereof for federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the individual alternative minimum tax imposed by the Code. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York. Bond Counsel will express no opinion regarding other federal income tax consequences arising with respect to the Notes.

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's 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 therein; (iii) the opinions expressed therein 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 District, together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the 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 the light of the circumstances under which they were made, not misleading.

LITIGATION

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

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

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), unless the Notes are purchased for the purchaser’s own account, as principal for investment and not for resale, the District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as “APPENDIX – C”. A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Notes as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

CONTINUING DISCLOSURE COMPLIANCE

The District has established procedures designed to ensure that its filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through the Electronic Municipal Market Access System.

MUNICIPAL ADVISOR

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

RATING

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

The District currently does not have any outstanding ratings with any rating agencies.

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Mr. Robert J. Lingenfelter, Business Manager, Belfast Central School District, One King Street, Belfast, New York 14711-0336, Phone: (585) 365-8289, Fax: (585) 365-2648, Email: rlingenfelter@belfastcsd.org.

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

BELFAST CENTRAL SCHOOL DISTRICT

Dated: May 20, 2020

JOSIE PRESTON
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	$ 931,447	$ 1,269,252	$ 229,605	$ 1,053,233	$ 713,236
Restricted Cash	235,011	272,789	717,710	451,387	456,235
Prepaid Expenditures	-	-	-	-	-
State and Federal Aid Receivable	105,440	150,509	105,380	233,922	161,747
Due from Other Funds	172,662	387,368	1,011,982	241,738	1,054,723
Due from Other Governments		819	-	350	250
Other Receivables		-	-	-	15,018
Accounts Receivable	10,786	29,178	10,432	-	-
TOTAL ASSETS	$ 1,455,346	$ 2,109,915	$ 2,075,109	$ 1,980,630	$ 2,401,209
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 79,544	$ 61,839	$ 36,114	$ 30,674	$ 26,809
Accrued Liabilities	53,206	-	-	3,148	-
Other Payable	-	-	-	-	-
Due to Other Governments	-	-	-	-	
Due to Teachers' Retirement System	421,059	325,967	326,598	308,962	297,605
Due to Employees' Retirement System	39,397	30,598	42,936	24,755	28,348
Due to Other Funds	-	206,014	203,186	350,750	916,083
TOTAL LIABILITIES	593,206	624,418	608,834	718,289	1,268,845
FUND EQUITY					
Restricted:	$ 235,011	$ 400,000	$ 716,534	$ 451,387	$ 456,235
Unreserved:					
Appropriated	202,093	124,579	319,257	216,431	237,202
Unappropriated	425,036	960,918	430,484	594,523	438,927
TOTAL FUND EQUITY	862,140	1,485,497	1,466,275	1,262,341	1,132,364
TOTAL LIABILITIES & FUND EQUITY	$ 1,455,346	$ 2,109,915	$ 2,075,109	$ 1,980,630	$ 2,401,209

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
REVENUES					
Real Property Taxes	$ 1,281,440	$ 1,721,389	$ 1,762,029	$ 1,392,317	$ 1,835,801
Real Property Tax Items	407,017	-	-	411,443	5,795
Non-Property Tax Items	-	-	-	-	-
Charges for Services	81,980	21,734	40,353	10,096	7,375
Use of Money & Property	2,659	25,992	3,967	4,228	4,558
Sale of Property and Compensation for Loss	4,420	6,812	9,772	27,258	7,360
Miscellaneous	124,420	154,471	111,929	71,037	174,915
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	6,527,525	6,764,151	7,142,194	7,147,952	7,392,541
Revenues from Federal Sources	27,384	39,334	60,729	11,567	36,802
Total Revenues	$ 8,456,845	$ 8,733,883	$ 9,130,973	$ 9,075,898	$ 9,465,147
Other Sources:					
Interfund Transfers	23,648	-	-	-	1,186
Total Revenues and Other Sources	8,480,493	8,733,883	9,130,973	9,075,898	9,466,333
EXPENDITURES					
General Support	$ 1,297,376	$ 1,292,979	$ 1,228,738	$ 1,275,149	$ 1,379,753
Instruction	3,739,227	3,951,458	3,802,060	4,313,733	4,541,339
Pupil Transportation	460,466	454,689	518,518	514,934	557,235
Community Services	-	-	-	-	-
Employee Benefits	1,653,453	1,584,997	1,470,562	1,476,714	1,487,708
Debt Service	1,493,118	1,436,538	1,437,738	1,464,590	1,510,201
Total Expenditures	$ 8,643,640	$ 8,720,661	$ 8,457,616	$ 9,045,120	$ 9,476,236
Other Uses:					
Interfund Transfers	5,000	15,000	50,000	50,000	279,643
Total Expenditures and Other Uses	8,648,640	8,735,661	8,507,616	9,095,120	9,755,879
Excess (Deficit) Revenues Over Expenditures	(168,147)	(1,778)	623,357	(19,222)	(289,546)
FUND BALANCE					
Fund Balance - Beginning of Year	1,032,065	863,918	862,140	1,485,497	1,466,275
Prior Period Adjustments (net)	-	-	-	-	85,612
Fund Balance - End of Year	$ 863,918	$ 862,140	$ 1,485,497	$ 1,466,275	$ 1,262,341

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2019			2020
	Adopted Budget	Modified Budget	Actual	Adopted Budget
REVENUES				
Real Property Taxes	$ 1,805,004	$ 1,805,004	$ 1,804,887	$ 1,810,023
Real Property Tax Items	5,000	5,000	6,942	5,000
Non-Property Tax Items	-	-	-	-
Charges for Services	2,000	2,000	2,295	2,000
Use of Money & Property	1,750	1,750	4,117	1,750
Sale of Property and				-
Compensation for Loss	100	100	52,981	100
Miscellaneous	10,000	10,000	250,286	28,431
Interfund Revenues	-	-	-	-
Revenues from State Sources	7,886,622	7,886,622	7,824,788	7,943,847
Revenues from Federal Sources	25,000	25,000	46,714	25,000
Total Revenues	$ 9,735,476	$ 9,735,476	$ 9,993,010	$ 9,816,151
Other Sources:				
Interfund Transfers	150,000	500,000	17,868	-
Appropriated Fund Balance	-	-	-	-
Total Revenues and Other Sources	9,885,476	10,235,476	10,010,878	9,816,151
EXPENDITURES				
General Support	$ 1,422,392	$ 1,535,618	$ 1,462,557	$ 1,486,877
Instruction	4,524,846	4,669,789	4,537,432	4,497,599
Pupil Transportation	600,676	576,548	558,093	575,885
Community Services	-	-	-	-
Employee Benefits	1,765,794	1,600,059	1,512,882	1,744,775
Debt Service	1,643,593	1,644,893	1,644,891	1,468,015
Total Expenditures	$ 9,957,301	$ 10,026,907	$ 9,715,855	$ 9,773,151
Other Uses:				
Interfund Transfers	75,000	425,000	425,000	225,000
Total Expenditures and Other Uses	10,032,301	10,451,907	10,140,855	9,998,151
Excess (Deficit) Revenues Over Expenditures	(146,825)	(216,431)	(129,977)	(182,000)
FUND BALANCE				
Fund Balance - Beginning of Year	146,825	216,431	1,262,341	182,000
Prior Period Adjustments (net)	-		-	-
Fund Balance - End of Year	$ -	$ -	$ 1,132,364	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	$ 770,000	$ 532,556.26	$ 1,302,556.26
2021	805,000	501,856.26	1,306,856.26
2022	1,670,000	461,606.26	2,131,606.26
2023	1,760,000	376,031.26	2,136,031.26
2024	1,855,000	285,843.76	2,140,843.76
2025	1,015,000	190,781.26	1,205,781.26
2026	165,000	138,768.76	303,768.76
2027	175,000	130,718.76	305,718.76
2028	185,000	122,181.26	307,181.26
2029	195,000	113,156.26	308,156.26
2030	205,000	103,643.76	308,643.76
2031	205,000	93,643.76	298,643.76
2032	215,000	85,743.76	300,743.76
2033	220,000	76,931.26	296,931.26
2034	240,000	67,856.26	307,856.26
2035	245,000	57,806.26	302,806.26
2036	255,000	47,493.76	302,493.76
2037	270,000	36,606.26	306,606.26
2038	280,000	25,031.26	305,031.26
2039	295,000	12,862.50	307,862.50
Total	$ 11,025,000	$ 3,461,118.94	$ 14,486,118.94

Note: The totals above do not include Energy Performace Contracts (EPCs).

Note: On November 9, 2017, the School District issued $4,795,000 refunding serial bonds to realize net present value and budgetary savings. Such bonds advance refunded $4,715,000 outstanding principal of the District’s 2011 Series bonds. As of May 19, 2020, an advance refunded portion of the refunded bonds in the amount of $4,715,000 remains outstanding, and is included in the totals above. These refunded bonds will be fully redeemed as of their first call date. Debt service on the refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased.

APPENDIX - B1
Belfast CSD

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2011B* DASNY Principal	Interest	Total
2020	$ 760,000	$ 314,937.50	$ 1,074,937.50
2021	795,000	284,537.50	1,079,537.50
2022	830,000	244,787.50	1,074,787.50
2023	875,000	201,212.50	1,076,212.50
2024	925,000	155,275.00	1,080,275.00
2025	505,000	106,712.50	611,712.50
2026	80,000	80,200.00	160,200.00
2027	85,000	76,400.00	161,400.00
2028	90,000	72,362.50	162,362.50
2029	95,000	68,087.50	163,087.50
2030	100,000	63,575.00	163,575.00
2031	100,000	58,825.00	158,825.00
2032	105,000	54,075.00	159,075.00
2033	110,000	48,562.50	158,562.50
2034	120,000	42,787.50	162,787.50
2035	125,000	36,487.50	161,487.50
2036	130,000	29,925.00	159,925.00
2037	140,000	23,100.00	163,100.00
2038	145,000	15,750.00	160,750.00
2039	155,000	8,137.50	163,137.50
Total	$ 6,270,000	$1,985,737.50	$ 8,255,737.50

* 2022-2039 maturities refunded by 2017F Series Bonds issued through DASNY.

Fiscal Year Ending June 30th	2016 Energy Performance Contract Principal	Interest	Total	2017 Refunding of 2011B DASNY Bonds Principal	Interest	Total
2020	$ 30,000	$ 12,754.94	$ 42,754.94	$ 10,000	$ 217,618.76	$ 227,618.76
2021	30,000	11,854.59	41,854.59	10,000	217,318.76	227,318.76
2022	30,000	10,954.24	40,954.24	840,000	216,818.76	1,056,818.76
2023	30,000	10,053.90	40,053.90	885,000	174,818.76	1,059,818.76
2024	35,000	9,153.55	44,153.55	930,000	130,568.76	1,060,568.76
2025	35,000	8,103.14	43,103.14	510,000	84,068.76	594,068.76
2026	35,000	7,052.73	42,052.73	85,000	58,568.76	143,568.76
2027	35,000	6,002.33	41,002.33	90,000	54,318.76	144,318.76
2028	40,000	4,951.92	44,951.92	95,000	49,818.76	144,818.76
2029	40,000	3,751.45	43,751.45	100,000	45,068.76	145,068.76
2030	40,000	2,550.99	42,550.99	105,000	40,068.76	145,068.76
2031	45,000	1,350.52	46,350.52	105,000	34,818.76	139,818.76
2032	-	-	-	110,000	31,668.76	141,668.76
2033	-	-	-	110,000	28,368.76	138,368.76
2034	-	-	-	120,000	25,068.76	145,068.76
2035	-	-	-	120,000	21,318.76	141,318.76
2036	-	-	-	125,000	17,568.76	142,568.76
2037	-	-	-	130,000	13,506.26	143,506.26
2038	-	-	-	135,000	9,281.26	144,281.26
2039	-	-	-	140,000	4,725.00	144,725.00
Total	$ 425,000	$ 88,534.30	$ 513,534.30	$ 4,755,000	$1,475,381.44	$ 6,230,381.44

Note: The EPC payments are not included in the totals on "APPENDIX - B".

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the "Disclosure Undertaking") is executed and delivered by the Belfast Central School District, Allegany County, New York (the "Issuer") in connection with the issuance of its [$1,385,000 Bond Anticipation Note(s), 2020] (the "Security"). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) 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 Security, or other material events affecting the tax status of the Security;

(7) Modifications to rights of Security Holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Security, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions

"EMMA" shall mean Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" shall mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Purchaser" shall mean the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

"Rule 15c2-12" shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

"Security Holder" shall mean any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

(a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change; provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Issuer to this Disclosure Undertaking as of [June 25, 2020].

BELFAST CENTRAL SCHOOL DISTRICT
ALLEGANY COUNTY, NEW YORK

By: ______________________________
President of the Board of Education

(SEAL)

ATTEST:

____
District Clerk

BELFAST CENTRAL SCHOOL DISTRICT
ALLEGANY COUNTY, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2019

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2019

WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

BELFAST CENTRAL SCHOOL DISTRICT

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B·W·B

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the President and Members of
The Board of Education
Belfast Central School District
Belfast, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of ***Belfast 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 ***Belfast Central School District's*** basic financial statements as listed in the accompanying table of contents. We have also audited the fiduciary fund types of the ***Belfast Central School District*** as of June 30, 2019, as displayed in the District's basic financial statements.

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Report on Summarized Comparative Information

We have previously audited the ***Belfast Central School District's*** June 30, 2018 financial statements, and our report dated October 9, 2018, expressed unmodified opinions on the respective financial statements of the governmental activities each major fund and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended, June 30, 2019, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 9), budgetary comparison information (pages 38 through 39), schedule of changes in the District's net OPEB liability and related ratios (page 45), schedule of District's contributions – OPEB (page 46), schedule of the District's contributions for defined benefit pension plans on (page 47), and the schedule of the District's share of the net pension asset/liability (page 48), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***Belfast Central School District's*** basic financial statements. The combining and individual fund financial statements and other schedules (pages 40 through 44) listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated September 10, 2019 on our consideration of ***Belfast Central School District's*** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 ***Belfast Central School District's*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 10, 2019

I. Discussion and Analysis

The following is a discussion and analysis of the ***Belfast Central School District's*** financial performance for the 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 an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the ***Belfast Central School District*** during the fiscal year ended June 30, 2019:

- Overall net position of the District from operations increased during the current year in the amount of $798,000 as compared to an increase of $323,000 during the prior fiscal year.

- The District's total revenue increased 7% from $10,308,000 during June 30, 2018 to $10,978,000 during June 30, 2019. This increase was primarily the result of increases in state aid, BOCES aid and Title I funding. In addition, federal and state subsidy increased in the cafeteria fund related to the District enrolling in the Community Eligibility Program (CEP).

- The District's total expenses increased 2% from $9,985,000 during the year ended June 30, 2018 to $10,180,000 during the year ended June 30, 2019. This was related to an increase in salaries and benefits, and increases in equipment and material and supply purchases.

- The District's had capital outlays during the current year in the amount of $927,000, which primarily related to costs associated with the athletic capital project, construction project, and Smart Bond Act project, along with vehicle purchases.

III. Overview of the Financial Statements

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

III. Overview of the Financial Statements (continued)

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

   The Statement of Net Position (page 10) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

   The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

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

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (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 District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two 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 the balances left at year-end that are available for spending. Consequently the governmental funds

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements)(continued):

1. Governmental Funds (continued)

   statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

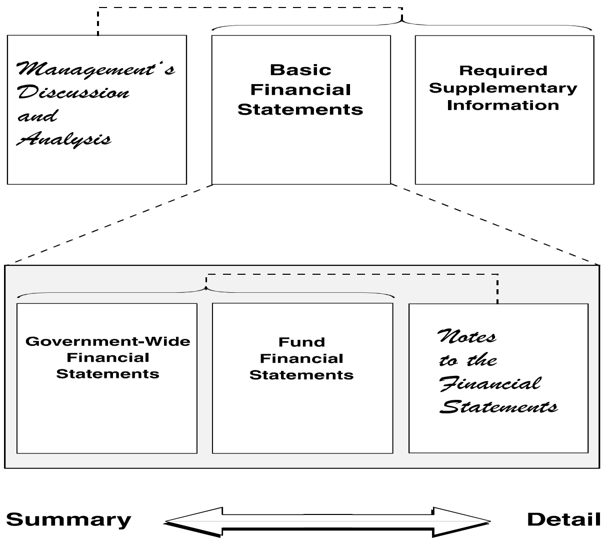
2. Fiduciary Funds

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

Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all 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	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately $9,532,000. The components of net position include: net investment in capital assets, of $7,072,000; restricted net position of $792,000; and unrestricted net position of $1,668,000 as of June 30, 2019.

Changes in Net Position

The District's total government-wide revenue increased by approximately 6% to $10,978,000. Approximately 17%, 8% and 72% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 3% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

The total cost of all programs and services of the District increased 2% to $10,180,000. The District's expenses cover a range of services, with 68% related to instruction and 18% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

IV. Financial Analysis of the School District as a Whole (continued)

Governmental Activities

Revenue of the District's governmental activities increased 6%, while total expenses increased 2%. The District's total net position increased approximately $798,000 from operations during the fiscal year ended June 30, 2019.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled $10,978,000 for the fiscal year ended June 30, 2019. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 17% of the District's total revenue for governmental activities decreased approximately 1% during the year ended June 30, 2019. This decrease was related to a decrease in the tax levy.

- The District's most significant revenue is state sources which represent $7,824,000 or 72% of total governmental revenue. The District's state sources increased approximately 6% which was primarily related to an increase in state aid and BOCES aid.

- During the year ended June 30, 2019, the District saw an increase in program revenue in the amount of $156,000 which primarily related to an increase in operating grants and contributions which increased by $184,000. This increase was primarily related to additional Title I funding and an increase in federal and state subsidy in the cafeteria fund related to the District enrolling in the Community Eligibility Program (CEP). The CEP also impacted charges for services which decreased $28,000 because meals served are reimbursed by the federal and state government rather than paid.

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were $10,180,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately $141,000 or 9% which was primarily due to employee benefits and depreciation.
- The District's instruction costs increased by approximately $187,000 or 3%. This increase was the result of the purchases of equipment, materials and supplies offset by a decrease in contractual expenses.
- Debt service of the District decreased approximately $153,000 during the year ended June 30, 2019 resulting from bond issuance costs incurred in the prior year from the bond refunding.
- Transportation costs of the District decreased approximately $67,000 during the year ended June 30, 2019 related to depreciation costs.
- The District's cost of sales (food service fund) totaled $401,000 during the current year as compared to $322,000 during the fiscal year ended June 30, 2018. This increase is related to an increase in participation from enrolling in the Community Eligibility Program which resulted in an increase in food costs and additional staffing.
- The District received approximately $912,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs ($9.3 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Position

Belfast Central School District
Condensed Statement of Net Position (in thousands of dollars)

	Governmental Activities and Total District-wide		
	2019	2018	% Change
Assets			
Current and other assets	$ 2,039	$ 2,518	-19%
Capital assets	16,517	16,311	1%
Total assets	18,556	18,829	-1%
Deferred outflows of resources			
Deferred outflows pensions, refunding, and OPEB	2,309	2,566	-10%
Total deferred outflows of resources and assets	**$ 20,865**	**$ 21,395**	**-2%**
Liabilities			
Other liabilities	$ 2,643	$ 2,759	-4%
Long-term debt outstanding	8,140	9,200	-12%
Total liabilities	10,783	11,959	-10%
Deferred inflows of resources			
Deferred inflows related to pensions and OPEB	550	702	-22%
Total deferred inflows of resources and liabilities	11,333	12,661	-10%
Net Position			
Net investment in capital assets	7,072	5,926	19%
Restricted	792	778	2%
Unrestricted	1,668	2,030	-18%
Total net position	9,532	8,734	9%
Total liabilities, deferred inflows of resources and net position	**$ 20,865**	**$ 21,395**	**-2%**

Figure A-4 – Changes in Net Position

Belfast Central School District
Changes in Net Position from Operating Results (in thousands of Dollars)

	Governmental Activities and Total District-wide		
	2019	2018	% Change
Revenue			
Program revenue			
Charges for services	$ 45	$ 73	-39%
Operating grants and contributions	867	683	27%
General revenue			
Real property taxes	1,859	1,887	-1%
Use of money & property	17	5	258%
Sale of property & comp for loss	52	7	699%
State sources	7,824	7,392	6%
Federal sources	47	37	27%
Miscellaneous	267	224	19%
Total revenue	10,978	10,308	7%
Expenses			
General support	1,795	1,654	9%
Instruction	6,920	6,733	3%
Transportation	618	685	-10%
Community services	56	48	100%
Debt service - interest	390	543	-28%
Cost of sales	401	322	25%
Total expenses	10,180	9,985	2%
Change in net position	**$ 798**	**$ 323**	

Figure A-5 – Sources of Revenue

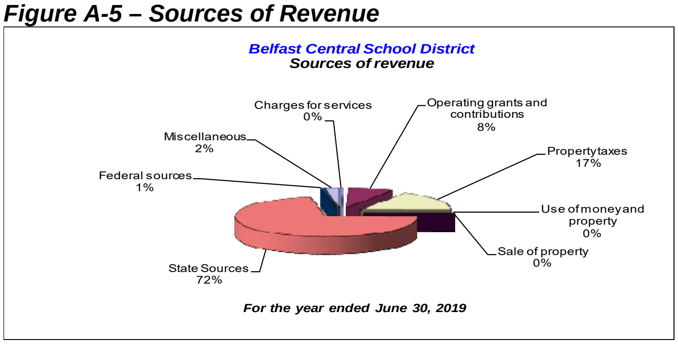


Figure A-6 - Expenses

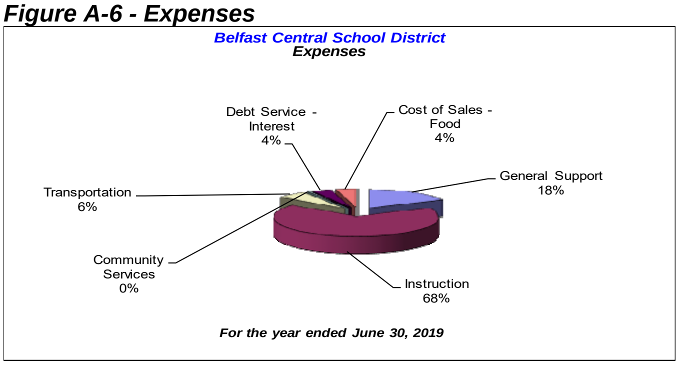


Figure A-7 – Expenditures Supported with Program Revenue

Belfast Central School District
Expenditures supported with program revenue (in thousands of dollars)

	Governmental Activites & Total District			
	2019		2018	
Expenditures supported with general revenue (from taxes & other sources)	$ 9,268	91%	$ 9,229	92%
Expenditures supported with program revenue	912	9%	756	8%
Total expenditures related to governmental activities	**$ 10,180**	**100%**	**$ 9,985**	**100%**

Figure A-8 – Net Cost of Governmental Activities

Belfast Central School District
Net Cost of Governmental Activities (in thousands of dollars)

	Total cost of services			Net cost of services		
	2019	2018	Change	2019	2018	Change
General support	$ 1,796	$ 1,654	$ 142	$ 1,795	$ 1,654	$ 141
Instruction	6,919	6,733	186	6,272	6,198	74
Transportation	618	685	(67)	618	685	(67)
Community Services	56	48	8	56	48	8
Debt service - interest	390	543	(153)	390	543	(153)
Cost of sales - food	401	322	79	137	101	36
Total	**$ 10,180**	**$ 9,985**	**$ 195**	**$ 9,268**	**$ 9,229**	**$ 39**

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund expenditures and other sources exceeded its revenue and other uses by approximately $130,000.
- The District's general fund unassigned fund balance equated to approximately $439,000 at June 30, 2019.
- The District established many fund balance reserves during the year ended June 30, 2019, and had a total restricted fund balance approximated $456,000.
- The District's total assets increased approximately $421,000 as of June 30, 2019. The District's liabilities increased approximately $551,000. The increase in assets was primarily related to an increase in due from other funds. The increase in liabilities was the result of an increase in due to other funds.
- Total revenue in the District's general fund increased $546,000, which was primarily related to an increase in state aid and BOCES aid. Total expenditures in the District's general fund increased by $386,000 primarily as a result of a transfer to the capital project fund in the current year.

Food Service Fund

- The District's food service fund experienced a $62,000 decrease in fund equity during the current year.
- Revenue in the District's food service fund was $340,000 during 2019 as compared with $326,000 in 2018. Expenditures increased approximately $79,000. These increases are related to the District enrolling in the Community Eligibility Program in the current year, as overall participation in the breakfast and lunch programs increased.

Public Library Fund

- The District had revenue in the public library in the amount of approximately $50,000 and expenses of approximately $58,000.

V. Financial Analysis of the School District's Funds (continued)

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately $94,000 or 21% which was primarily a result of an increase in the Title I and Teachers for Tomorrow grants.

Capital Projects Fund

- The District had expenditures in the amount of $802,000 in capital projects during the year ended June 30, 2019, which was primarily related to costs associated with the District's athletic capital project, construction project and Smart Bond Act project.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers, which is the common method utilized to manage the budget throughout the year. Actual expenditures were approximately $311,000 below the revised budget. The most significant variances were related to instruction and employee benefits which totaled $132,000 and $87,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately $276,000 above the final budgeted amount. Significant variances of revenue items consisted of local sources which were $298,000 above that budgeted. This was partially offset by state sources which were approximately $62,000 below that budgeted.

Figure A-9 – Budget vs. Actual Comparison

Belfast Central School District
General Fund - Budget vs Actual Comparison (in thousands of dollars)

	Revised Budget	Actual	Difference	%
Revenue				
Local sources	$ 1,823	$ 2,121	$ 298	16%
State sources	7,887	7,825	(62)	-1%
Federal sources	25	47	22	87%
Interfund revenue	-	18	18	n/a
Total revenue	**$ 9,735**	**$ 10,011**	**$ 276**	**3%**
Expenditures				
General support	$ 1,536	$ 1,463	$ 73	5%
Instruction	4,669	4,537	132	3%
Transportation	577	558	19	3%
Employee benefits	1,600	1,513	87	5%
Debt service	1,645	1,645	-	0%
Operating transfers	425	425	-	0%
Total expenditures	**$ 10,452**	**$ 10,141**	**$ 311**	**3%**

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2019, the District had invested approximately $16,517,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2019, totaled approximately $927,000 and consisted primarily of costs associated with the District's athletic capital project, construction project, Smart Bond Act project and vehicle purchases. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2019, the District had approximately $8,140,000 in bonds, net pension liability, other post-employment benefits liability and compensated absences, a decrease of approximately 12% as compared with the previous year. The decrease in bonds payable was the result of the District making regularly scheduled principal payments. The District's NYS Employees' Retirement System net pension liability and other post-employment benefits liability increased as a result of actuarial updates, while compensated absences increased as additional sick days were accrued.

Figure A-10 – Capital Assets

Belfast Central School District
Capital Assets (net of depreciation)

	Governmental Activities & Total District-wide		
	2019	2018	Change
Land	$ 83,860	$ 83,860	0%
Buildings	22,583,631	19,811,141	14%
Construction in progress	256,723	2,385,606	-89%
Equipment	2,425,648	2,141,762	13%
Accumulated depreciation	(8,833,014)	(8,110,965)	9%
Total Capital Assets, net	**$ 16,516,848**	**$ 16,311,404**	**1%**

Figure A-11 – Outstanding Long-term Debt

Belfast Central School District
Outstanding Long-Term Debt and Liabilities

	Governmental Activities & Total District-wide		
	2019	2018	Change
Bonds payable	$ 6,809,642	$ 8,003,407	-15%
Energy performance contract	450,000	475,000	-5%
Net pension liabilities	180,036	78,544	129%
Other post-employment benefits	552,540	539,134	2%
Compensated absences	147,896	103,535	43%
Total Long-Term Debt	**$ 8,140,114**	**$ 9,199,620**	**-12%**

VIII. Factors Bearing on the District's Future

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

- The District continues to be uncertain to the level of state aid.

IX. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Belfast Central School District
Attention: Mr. Robert Lingenfelter
District Treasurer
1 King St
Belfast, NY 14711

BELFAST CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	2019	2018
Assets		
Cash		
Unrestricted	$ 423,500	$ 1,239,758
Restricted	792,015	777,837
Receivables		
State and federal aid	459,248	366,112
Other receivables	15,018	-
Due from other governments	250	350
Due from other fiduciary funds	44,085	-
Inventories	6,275	6,745
Net pension asset - NYS Teachers' Retirement System	298,299	126,682
Capital assets, net	16,516,848	16,311,404
Total assets	18,555,538	18,828,888
Deferred Outflows of Resources		
Deferred outflows related to pensions	1,756,475	1,964,380
Deferred outflows related to bond refunding	491,554	564,125
Deferred outflows related to OPEB	61,264	37,246
Total deferred outflows of resources	2,309,293	2,565,751
Total assets and deferred outflows of resources	$ 20,864,831	$ 21,394,639
Liabilities		
Current liabilities		
Accounts payable	$ 36,879	$ 30,933
Accrued liabilities	1,642	8,137
Accrued interest	77,000	71,000
Due to fiduciary funds	-	1,238
Due to other governments	407	269
Due to retirement systems	328,891	339,086
Unearned revenue	13,248	9,618
Bond anticipation notes payable	2,184,760	2,299,144
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	770,000	1,095,000
Energy performance contract	25,000	25,000
Portion due or payable after one year		
Bonds payable	6,039,642	6,908,407
Energy performance contract	425,000	450,000
Net pension liability - NYS Employees' Retirement System	180,036	78,544
Other post-employment benefits	552,540	539,134
Compensated absences	147,896	103,535
Total liabilities	10,782,941	11,959,045
Deferred Inflows of Resources		
Deferred inflows related to pensions	447,285	620,867
Deferred inflows related to OPEB	102,249	80,710
Total deferred inflows of resources	549,534	701,577
Total liabilities and deferred inflows of resources	11,332,475	12,660,622
Net Position		
Net investment in capital assets	7,072,446	5,925,875
Restricted	792,015	777,837
Unrestricted	1,667,895	2,030,305
Total net position	9,532,356	8,734,017
Total liabilities, deferred inflows of resources and net position	$ 20,864,831	$ 21,394,639

See accompanying independent auditor's report and notes to financial statements.

	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants	2019 Net (Expense) Revenue and Changes in Net Position	2018 Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	$ 1,637,801	$ 157,673	$ -	$ -	$ (1,795,474)	$ (1,653,515)
Instruction	6,425,221	494,263	2,796	643,830	(6,272,858)	(6,198,680)
Pupil transportation	548,084	70,113	-	-	(618,197)	(685,158)
Community services	55,605	-	-	-	(55,605)	(48,301)
Debt service	390,313	-	-	-	(390,313)	(542,675)
Food service program	401,483	-	41,797	223,052	(136,634)	(100,941)
Depreciation	722,049	(722,049)	-	-	-	-
Total functions and programs	$ 10,180,556	$ -	$ 44,593	$ 866,882	(9,269,081)	(9,229,270)
General Revenues						
Real property taxes					1,858,879	1,886,836
Use of money and property					16,688	4,657
Sale of property and compensation for loss					53,129	7,527
Miscellaneous					267,222	224,268
State sources					7,824,788	7,392,541
Federal sources					46,714	36,802
Total general revenues					10,067,420	9,552,631
Change in net position					798,339	323,361
Net position - beginning of year					8,734,017	7,962,438
Prior period adjustment					-	448,218
Net position - end of year					$ 9,532,356	$ 8,734,017

BELFAST CENTRAL SCHOOL DISTRICT

Schedule 3

COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

	Governmental Funds							
	General	Special Aid	Public Library	Food Service	Debt Service	Capital Projects	*2019* (Memo only) Total	*2018* (Memo only) Total
Assets								
Unrestricted cash	$ 713,236	$ -	$ 17,771	$ 3,103	$ 12,536	$ 7,303	$ 753,949	$ 1,560,878
Restricted cash	456,235	-	5,331	-	-	-	461,566	456,717
Due from other funds	1,054,723	2,473	47,050	-	491,114	458,936	2,054,296	654,954
State and federal aid receivable	161,747	256,831	-	40,670	-	-	459,248	366,112
Other receivables	15,018	-	-	-	-	-	15,018	-
Due from other governments	250	-	-	-	-	-	250	350
Inventories	-	-	-	6,275	-	-	6,275	6,745
Total assets	$ 2,401,209	$ 259,304	$ 70,152	$ 50,048	$ 503,650	$ 466,239	$ 3,750,602	$ 3,045,756
Liabilities and Fund Equity								
Liabilities								
Accounts payable	$ 26,809	$ 9,175	$ 754	$ 141	$ -	$ -	$ 36,879	$ 30,933
Accrued liabilities	-	-	-	1,642	-	-	1,642	8,137
Bond anticipation notes payable	-	-	-	-	-	2,184,760	2,184,760	2,299,144
Due to other funds	916,083	241,667	1,370	157,333	167,870	525,888	2,010,211	656,192
Unearned revenue	-	7,917	5,331	-	-	-	13,248	9,618
Due to other governments	-	-	-	407	-	-	407	269
Due to Teachers' Retirement System	297,605	-	-	-	-	-	297,605	309,017
Due to Employees' Retirement System	28,348	545	-	2,393	-	-	31,286	30,069
Total liabilities	1,268,845	259,304	7,455	161,916	167,870	2,710,648	4,576,038	3,343,379
Fund Equity								
Nonspendable	-	-	-	6,275	-	-	6,275	6,745
Restricted	456,235	-	-	-	335,780	-	792,015	777,837
Assigned	237,202	-	62,697	-	-	-	299,899	287,378
Unassigned (deficit)	438,927	-	-	(118,143)	-	(2,244,409)	(1,923,625)	(1,369,583)
Total fund equity (deficit)	1,132,364	-	62,697	(111,868)	335,780	(2,244,409)	(825,436)	(297,623)
Total liabilities and fund equity	$ 2,401,209	$ 259,304	$ 70,152	$ 50,048	$ 503,650	$ 466,239	$ 3,750,602	$ 3,045,756

See accompanying independent auditor's report and notes to financial statements.

COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Funds							
	General	Special Aid	Public Library	Food Service	Debt Service	Capital Projects	2019 (Memo only) Total	2018 (Memo only) Total
Revenue								
Real property taxes	$ 1,811,829	$ -	$ 47,050	$ -	$ -	$ -	$ 1,858,879	$ 1,886,836
Charges for services	2,295	-	501	-	-	-	2,796	7,889
Use of money and property	4,117	-	8	5	12,558	-	16,688	4,657
Sale of property compensation for loss	52,981	-	148	-	-	-	53,129	7,527
Miscellaneous	250,286	-	2,296	-	14,640	-	267,222	224,268
State sources	7,824,788	197,396	-	5,898	-	-	8,028,082	7,563,773
Federal sources	46,714	336,176	-	200,590	-	-	583,480	451,550
Surplus food	-	-	-	16,564	-	-	16,564	10,355
Sales (school food service)	-	-	-	41,797	-	-	41,797	65,242
Total revenue	9,993,010	533,572	50,003	264,854	27,198	-	10,868,637	10,222,097
Expenditures								
General support	1,462,557	-	-	135,886	-	-	1,598,443	1,524,269
Instruction	4,537,432	423,314	-	-	-	-	4,960,746	4,896,618
Pupil transportation	558,093	-	-	-	-	-	558,093	557,235
Community services	-	-	55,605	-	-	-	55,605	48,301
Employee benefits	1,512,882	110,258	2,648	115,161	-	-	1,740,949	1,646,761
Debt service								
Principal	1,251,032	-	-	-	-	-	1,251,032	1,137,991
Interest	393,859	-	-	-	-	-	393,859	372,210
Capital outlay	-	-	-	-	-	801,671	801,671	1,279,396
Cost of sales	-	-	-	150,436	-	-	150,436	112,050
Total expenditures	9,715,855	533,572	58,253	401,483	-	801,671	11,510,834	11,574,831
Excess (deficiency) of revenue over expenditures	277,155	-	(8,250)	(136,629)	27,198	(801,671)	(642,197)	(1,352,734)
Other sources and uses								
BANS redeemed from appropriations	-	-	-	-	-	114,384	114,384	25,384
Proceeds from advanced refunding	-	-	-	-	-	-	-	5,454,567
Payment to escrow agent - advance refunding	-	-	-	-	-	-	-	(5,454,567)
Operating transfers in	17,868	-	-	75,000	-	350,000	442,868	280,829
Operating transfers out	(425,000)	-	-	-	(17,868)	-	(442,868)	(280,829)
Total other sources (uses)	(407,132)	-	-	75,000	(17,868)	464,384	114,384	25,384
Excess (deficiency) of revenue and other sources over expenditures and other uses	(129,977)	-	(8,250)	(61,629)	9,330	(337,287)	(527,813)	(1,327,350)
Fund equity (deficit), beginning of year	1,262,341	-	70,947	(50,239)	326,450	(1,907,122)	(297,623)	944,115
Prior period adjustment	-	-	-	-	-	-	-	85,612
Fund equity (deficit), end of year	$ 1,132,364	$ -	$ 62,697	$ (111,868)	$ 335,780	$ (2,244,409)	$ (825,436)	$ (297,623)

	Private Purpose Trusts	Agency Funds	Total 06/30/19	(Memo only) Total 06/30/18
Assets				
Cash	$ 9,327	$ 137,831	$ 147,158	$ 94,945
Due from other funds	-	-	-	30,969
Total assets	$ 9,327	$ 137,831	$ 147,158	$ 125,914
Liabilities				
Accrued liabilities	$ -	$ 23,828	$ 23,828	$ 18,595
Due to other funds	-	44,085	44,085	29,731
Student extraclassroom activity funds	-	69,918	69,918	66,926
Total liabilities	-	137,831	137,831	115,252
Net position				
Reserved for scholarships	9,327	-	9,327	10,662
Total liabilities and net position	$ 9,327	$ 137,831	$ 147,158	$ 125,914

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

		06/30/19		(Memo only) 06/30/18
Additions				
Gifts and contributions	$	1,413	$	4,114
Interest earnings		2		1
Total additions		1,415		4,115
Deductions				
Scholarships awarded		2,750		2,500
Total deductions		2,750		2,500
Change in net position		(1,335)		1,615
Net position - beginning of year		10,662		9,047
Net position - end of year	$	9,327	$	10,662

BELFAST CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

Total fund balances - governmental funds		$ (825,436)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:		
Cost of the assets	$ 25,349,862	
Accumulated depreciation	(8,833,014)	16,516,848
District's proportionate share of the net pension asset is reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions.		298,299
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(77,000)
Deferred outflows from the refunding of debt is reported in the statement of net position and is amortized over the refunded debt. In the governmental funds the total sources and payments related to the refunding are recognized in statement of revenue, expenditures and changes in fund equity.		491,554
Deferred inflows/outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions.		1,309,190
Deferred inflows/outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds OPEB expense is based on required contributions to OPEB plan.		(40,985)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable	(6,809,642)	
Energy performance contract	(450,000)	
Net pension liability - ERS	(180,036)	
Other post-employment benefits	(552,540)	
Compensated absences	(147,896)	(8,140,114)
Total net position - governmental activities		$ 9,532,356

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	$ 1,215,515	$ -	$ -	$ -	$ 1,215,515
Due from other funds	2,054,296	-	-	(2,010,211)	44,085
State and federal aid receivable	459,248	-	-	-	459,248
Other receivables	15,018	-	-	-	15,018
Due from other governments	250	-	-	-	250
Inventories	6,275	-	-	-	6,275
Net pension asset	-	298,299	-	-	298,299
Capital assets, net	-	16,516,848	-	-	16,516,848
Total assets	3,750,602	16,815,147	-	(2,010,211)	18,555,538
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	1,756,475	-	-	1,756,475
Deferred outflows related to bond refunding	-	491,554	-	-	491,554
Deferred outflows related to OPEB	-	61,264	-	-	61,264
Total assets and deferred outflows of resources	$ 3,750,602	$ 19,124,440	$ -	$ (2,010,211)	$ 20,864,831
Liabilities, Deferred inflows of resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	$ 36,879	$ -	$ -	$ -	$ 36,879
Accrued liabilities	1,642	-	-	-	1,642
Accrued interest	-	-	77,000	-	77,000
Due to other funds	2,010,211	-	-	(2,010,211)	-
Unearned revenue	13,248	-	-	-	13,248
Due to other governments	407	-	-	-	407
Due to retirement systems	328,891	-	-	-	328,891
Bond anticipation notes payable	2,184,760	-	-	-	2,184,760
Bonds payable	-	-	6,809,642	-	6,809,642
Energy performance contract	-	-	450,000	-	450,000
Net pension liability	-	-	180,036	-	180,036
Other post-employment benefits	-	-	552,540	-	552,540
Compensated absences	-	-	147,896	-	147,896
Total liabilities	4,576,038	-	8,217,114	(2,010,211)	10,782,941
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	447,285	-	447,285
Deferred inflows related to OPEB	-	-	102,249	-	102,249
Total liabilities and deferred inflows of resources	4,576,038	-	8,766,648	(2,010,211)	11,332,475
Fund equity and net position	(825,436)	19,124,440	(8,766,648)	-	9,532,356
Total liabilities, deferred inflows of resources and fund equity/net position	$ 3,750,602	$ 19,124,440	$ -	$ (2,010,211)	$ 20,864,831

BELFAST CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Total net change in fund balances - governmental funds		$ (527,813)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:		
Capital outlays	$ 927,493	
Depreciation expense	(722,049)	205,444
Repayment of bond principal, including bond refundings, capital lease principal and bond anticipation notes principal is an expenditure the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,235,134
Bond anticipation notes redeemed from appropriations is recorded as revenue and other sources in the governmental funds, whereas the repayment reduces short-term liabilities in the statement of net position.		(114,384)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required 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 due. In addition, premiums received on bonds and bond anticipation notes are recorded as revenue in the governmental funds when received, whereas in the statement of activities, premiums are amortized to interest expense.		19,444
District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.		35,802
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to the OPEB plan.		(10,927)
In the statement of activities, certain operating expenses - compensated absences, are measured by the amounts 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). This year, compensated absences changed by this amount.		(44,361)
Change in net position of governmental activities		$ 798,339

See accompanying independent auditor’s report and notes to financial statements.

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Asset and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	$ 1,858,879	$ -	$ -	$ -	$ 1,858,879
Charges for services	2,796	-	-	(2,796)	-
Use of money and property	16,688	-	-	-	16,688
Sale of property compensation for loss	53,129	-	-	-	53,129
Miscellaneous	267,222	-	-	-	267,222
State sources	8,028,082	-	-	(203,294)	7,824,788
Federal sources	583,480	-	-	(536,766)	46,714
Surplus food	16,564	-	-	(16,564)	-
Sales (school food service)	41,797	-	-	(41,797)	-
Total revenue	10,868,637	-	-	(801,217)	10,067,420
Expenditures					
General support	1,598,443	157,673	-	39,358	1,795,474
Instruction	4,960,746	530,369	-	781,743	6,272,858
Pupil transportation	558,093	(47,454)	-	107,558	618,197
Community services	55,605	-	-	-	55,605
Employee benefits	1,740,949	-	(24,875)	(1,716,074)	-
Debt service	1,644,891	-	(1,254,578)	-	390,313
Capital outlay	801,671	(801,671)	-	-	-
Cost of sales	150,436	-	-	(13,802)	136,634
Total expenditures	11,510,834	(161,083)	(1,279,453)	(801,217)	9,269,081
Excess (deficiency) of revenue over expenditures	(642,197)	161,083	1,279,453	-	798,339
Other sources and uses					
BANs redeemed from appropriation	114,384	-	(114,384)	-	-
Operating transfers in	442,868	-	-	(442,868)	-
Operating transfers out	(442,868)	-	-	442,868	-
Total other sources (uses)	114,384	-	(114,384)	-	-
Net change for year	$ (527,813)	$ 161,083	$ 1,165,069	$ -	$ 798,339

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

The accompanying financial statements of the ***Belfast Central School District*** have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the ***Belfast Central School District*** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Agency Fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The ***Belfast Central School District*** is a component school districts in the Cattaraugus-Allegany Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed approximately $2,103,000 for BOCES administration and program costs. The District's share of BOCES aid and refunds amounted to $1,200,000 for the year ended June 30, 2019. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

C. Basis of Presentation

1. 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 double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

The Statement of Activities presents a comparison between direct expenses and program 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. 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.

2. Fund Financial Statements

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

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants, which are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service – is used to account for all revenue and expenditures pertaining to the cafeteria operations.

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

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

Public Library - is used to account for transactions related to the public library in Belfast, New York.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Fiduciary Fund Types - This fund is used to account for fiduciary activities. 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. Included in the Fiduciary Fund are Private Purpose Trust Funds and Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis which approximates the modified accrual basis of accounting. Private Purpose Trust Funds are accounted for on the accrual basis of accounting.

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. 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.

F. Inventory

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 inventorial items in other funds are recorded as expenditures at the time of purchase.

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 1,500	Straight-line	15-40 years
Land improvements	1,500	Straight-line	15-40 years
Furniture and equipment	1,500	Straight-line	5-20 years
Transportation Vehicles	1,500	Straight-line	8 years

I. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represent amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

J. Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has four items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension 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 contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item is a deferred charge on the refunding of bonds which results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The last relates to OPEB reporting in the district-wide statement of net position. This represents the actuarial differences that are deferred and amortized and benefits paid after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Inflows and Outflows of Resources (continued)

The District has two items that qualify for reporting in this category and is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item relates to OPEB reporting in the district-wide statement of net position. This represents the actuarial differences that are deferred and amortized.

K. Compensated Absences

Sick leave and Retirement Incentive Pay - certain of the District's employee groups have negotiated retirement incentive benefits payable based on accumulated unused sick days. Generally the employee must have accumulated minimum years of service with the District and must be eligible for retirement under the provisions of either the teacher or employee retirement systems. The District has recorded an estimated liability in the District-wide financial statement amounting to $147,896 to recognize the cost of the incentive benefits for those employees eligible to receive such a benefit. Payment of these benefits is dependent on many factors; therefore, the timing of future payments is not readily determinable.

The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the district-wide financial statements.

L. Post-Employment Benefits

In addition to the retirement benefits described in Note 3VIB, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Certain administrators, upon reaching normal retirement age while working for the District, will have the District pay their health insurance premiums from their retirement incentive benefits (until exhausted) in accordance with their respective employment contract.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized. Unearned revenues recorded in the governmental funds are not recorded in the District-wide statements.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

1. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. The Board of Education, by resolution, has reserved fund equity to provide for debt service on retirement incentives, retirees' health insurance liabilities and compensated absences. These monies must be used to pay the debt service of the obligations from which they originated or were designated by Board resolution. These reserves are accounted for in the General Fund and Debt Service Fund.

2. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

3. Unemployment Reserve

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

4. Workers' Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

5. Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects and vehicles for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve.

6. Reserve for Repairs

This reserve is used to accumulate funds to finance future costs of major repairs to capital improvements or equipment. Voter authorization is required to fund the reserve. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public hearing with approval of two-thirds of the Board of Education. The emergency expenditure must be repaid within the next two succeeding years. This reserve is accounted for in the General Fund.

7. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held in trust by the School District. These monies and earnings must be used for the specific purpose of the original contribution.

8. Reserve for Retirement Contributions

This reserve is used to accumulate funds for employee retirement system contributions. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

9. Teachers' Retirement Reserve Subfund

This reserve is used to accumulate funds for teachers' retirement system contributions and has limits of 2% annually and 10% in total of teacher retirement system salaries. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District did not have any committed fund balance as of June 30, 2019.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

1. Encumbrance Reserve

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund.

The cost of construction contract commitments generally is recorded as an encumbrance of Capital Projects Fund and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year-end are reported as reservations of fund equity since they do not constitute expenditures or liabilities. Reserve for encumbrances totaled $55,202 as of June 30, 2019.

2. Appropriated Fund Equity

General Fund - The amount of $182,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2020 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

2. Government-wide financial statements

A. Net investment in capital assets

This designation of net position is used to accumulate the capital asset balance in the statement of net position less accumulated depreciation and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

a. Restricted fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;

b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;

c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);

d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;

e. Unassigned fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.

b) The proposed appropriations budget is approved by the voters within the District.

c) Appropriations are adopted at the program level.

d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the year ended June 30, 2019, the District had a supplemental appropriation in the amount of $350,000 related to the transfer of local funds towards a capital project as approved by the voters.

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 31.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties, in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

Q. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

R. Deferred Compensation Plan

Belfast Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

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

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

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

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

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

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

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.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities (continued)

3. Long-term Debt Transaction Differences

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

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.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

The ***Belfast Central School District's*** investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and School Districts.

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 with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2019, the District's deposits were fully collateralized.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash (continued)

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

(1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;

(2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or

(3) Uncollateralized

Total financial institution (bank) balances at June 30, 2019 per the bank were approximately $1,581,000. Deposits on hand at June 30, 2019 are categorized as follows:

Category 1	Category 2	Carrying Value
$ 257,000	$ 1,324,000	$ 1,581,000

II. Interfund Transactions

Interfund balances and transactions as of and during the year ended June 30, 2019 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 1,054,723	$ 916,083
Debt Service Fund	491,114	167,870
School Lunch Fund	-	157,333
Special Aid Fund	2,473	241,667
Agency Fund	-	44,085
Capital Fund	458,936	525,888
Library Fund	47,050	1,370
Total	$ 2,054,296	$ 2,054,296

	Interfund Revenue	Interfund Expenditures
General Fund	$ 17,868	$ 425,000
School Lunch Fund	75,000	-
Debt Service Fund	-	17,868
Capital Fund	350,000	-
Total	$ 442,868	$ 442,868

During the year ended June 30, 2019, the District transferred $75,000 from the general fund to the school lunch fund to subsidize operations. The District transferred prior year bond anticipation note premiums in the amount of $17,868 from the debt service fund to the general fund. In addition, the District transferred $350,000 from the general fund to the capital project fund towards the voter approved capital project.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

III. Receivables

Receivables at June 30, 2019 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

Fund	Description	Amount
Special Aid	State and Federal Aid	$ 256,831
Food Service	State and Federal Aid	40,670
Food Service	Other receivables	-
General	State and Federal Aid	161,747
General	Other Receivables	15,018
General	Due from Other Governments	250
		$ 474,516

IV. Capital Assets

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Beginning Balance 06/30/18	Net change	Ending Balance 06/30/19
Governmental activities:			
Capital assets that are not depreciated:			
Land	$ 83,860	$ -	$ 83,860
Construction-in-progress	2,385,606	(2,128,883)	256,723
Capital assets that are depreciated:			
Buildings and improvements	19,811,141	2,772,490	22,583,631
Furniture and equipment	2,141,762	283,886	2,425,648
Total historical cost	24,422,369	927,493	25,349,862
Less accumulated depreciation:			
Buildings and improvements	6,679,599	545,798	7,225,397
Furniture and equipment	1,431,366	176,251	1,607,617
Total accumulated depreciation	8,110,965	$ 722,049	8,833,014
Total net book value	$ 16,311,404		$ 16,516,848

During the current year the District had fixed asset additions in the amount of $927,493.

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

IV. Capital Assets (continued)

Depreciation expense was charged to governmental functions during the current year as follows:

General support	$	157,673
Instruction		494,263
Pupil transportation		70,113
	$	722,049

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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.

b. Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS) (continued)

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.

2. Contributions

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

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

Year		TRS		ERS
2019	$	284,000	$	120,000
2018		263,000	$	122,000
2017		310,000		127,000

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

Since 1989, the TRS' 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.

3. Pension Asset (Liability), 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.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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.

Actuarial measurement date		ERS 3/31/2019		TRS 6/30/2018
Net pension asset (liability)	$	(180,036)	$	298,299
District's portion of the Plan's total net pension asset (liability)		.0025410%		.016496%

For the year ended June 30, 2019, the District's recognized pension expense of $132,902 for ERS and $263,923 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	$	35,453	$	222,916	$	12,085	$	40,379
Changes of assumptions		45,254		1,042,749		-		-
Net difference between projected and actual earnings on pension plan investments		-		-		46,207		331,134
Changes in proportion and differences between the Districts contributions and proportionate share of contributions		51,909		42,913		7,747		9,733
District's contributions subsequent to the measurement date		31,286		283,995		-		-
Total	$	163,902	$	1,592,573	$	66,039	$	381,246

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

	ERS	TRS
Year ended:		
2020	$ 53,609	$ 304,409
2021	(22,328)	208,414
2022	5,709	26,823
2023	29,587	207,712
2024	-	144,754
Thereafter	-	35,220

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/19	6/30/18
Actuarial valuation date	4/1/18	6/30/17
Interest rate	7%	7.25%
Salary scale	4.2% average	1.90% - 4.72%
Decrement tables	4/1/10 – 3/31/15 System's Experience	7/1/09 – 6/30/14 System's Experience
Inflation rate	2.5%	2.25%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

4. 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 MP-2014. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

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 the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	ERS 3/31/19	Expected Rate of Return	TRS 6/30/18	Expected Rate of Return
Asset Type:				
Domestic Equity	36%	4.55%	33%	5.8%
International Equity	14%	6.35%	16%	7.3%
Global Equity	-%	-%	4%	6.7%
Private Equity	10%	7.50%	8%	8.9%
Real Estate	10%	5.55%	11%	4.9%
Absolute return strategies	2%	3.75%	-%	-%
Opportunistic portfolio	3%	5.68%	-%	-%
Real assets	3%	5.29%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.3%
Global fixed income securities	-%	-%	2%	0.9%
Real estate debt	-%	-%	7%	2.8%
Private debt	-%	-%	1%	6.8%
Short-term	-%	-%	1%	0.3%
High-yield fixed income	-%	-%	1%	3.5%
Bonds and Mortgages	17%	1.31%	-%	-%
Cash	1%	(.25%)	-%	-%
Inflation-indexed bonds	4%	1.25%	-%	-%
Total:	100%		100%	

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

5. Discount Rate

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

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

ERS	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Employer's proportionate share of the net pension asset (liability)	$ (787,145)	$ (180,036)	$ 329,979

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension asset (liability)	$ (2,049,360)	$ 298,299	$ 2,264,984

7. Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands) ERS	TRS
Measurement date	3/31/19	6/30/18
Employers' total pension asset (liability)	$ 189,803,429	$ 118,107,253
Plan net position	$ 182,718,124	$ 119,915,517
Employers' net pension asset (liability)	$ (7,085,305)	$ 1,808,264
Ratio of plan net position to be Employers' total pension asset (liability)	96.27%	101.53%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 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 $31,286.

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 $297,605 (employer contribution $283,995 and employee contributions of $13,610).

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retires and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2019 the plan had total active employees of 80 and retirees of 19.

Total OPEB Liability

The District's total OPEB liability of $552,540 was measured as of July 1, 2018 and was determined by an actuarial valuation as of that date.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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:

Inflation	2.5% per year
Salary increases	Based on NYSTRS and NYSERS valuations as of June 30, 2017
Discount rate	3.56% as of July 1, 2017 and 3.87% as of July 1, 2018
Healthcare cost trend rates	Range from 4.5% to 8.0% from 2019-2022
Retirees' share of benefit-related costs	Varies based on employment contracts

The discount rate was based on a yield for 20 year tax-exempt general obligation municipal bonds.

Mortality rates were based on the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2015.

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

Changes in the Total OPEB Liability

Service cost	$	26,876
Interest		19,804
Differences between expected and actual experience		4,766
Changes in assumptions		(18,425)
Benefit payments		(19,615)
Net changes		13,406
Net OPEB liability – beginning of year		539,134
Net OPEB liability – end of year	$	552,540

Changes of assumptions and other inputs reflect a change in the discount rate from 3.56% in 2018 to 3.87% in 2019. Payroll growth rate from NYSERS and NYSTRS valuations in 2018 to NYSERS and NYSTRS valuations in 2019. Inflation rate from 1.3% in 2018 to 2.5% in 2019. Heath care trend rate from 8.5%-5.0% in 2018 to 8.0%-4.5% in 2019. Mortality rates based on RP-2015 in 2018 to Scale MP-2018 in 2019.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (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 (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	1% Decrease (2.87%)	Current Assumption (3.87%)	1% Increase (4.87%)
Total OPEB liability	$ 592,328	$ 552,540	$ 514,955

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher that the current healthcare cost trend rates:

	1% Decrease (initial rate of 7.0% decreasing by .5% annually until reaching 3.5%)	Current Assumption (initial rate of 8.0% decreasing by .5% annually until reaching 4.5%)	1% Increase (initial rate of 9.0% decreasing by .5% annually until reaching 5.5%)
Total OPEB liability	$ 499,603	$ 552,540	$ 613,548

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 in the amount of $36,321. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,170	$ 68,528
Benefits paid subsequent to measurement date	24,779	-
Changes in assumptions	32,315	33,721
Total	$ 61,264	$ 102,249

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

Year ended:	
2020	$ (10,359)
2021	(10,359)
2022	(10,359)
2023	(10,359)
2024	(10,359)
Thereafter	(13,969)

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. On August 17, 2017, the District issued a bond anticipation notes in the amount of $1,700,000. The notes matured on August 2, 2018 and had an interest rate of 2.25%. The District also issued a bond anticipation note on 8/2/17 for $599,144. The notes matured on 8/2/18 and had an interest rate of 1.694%. The District issued notes in the amount of $2,184,760 on August 2, 2018 with an interest rate of 2.75%. Proceeds were used to pay down BANs that matured on 8/1/18 and the District redeemed BANs in the amount of $114,384 Below is a schedule of bond anticipation notes outstanding as of June 30, 2019.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

1. Short-Term Debt (continued)

a. Bond Anticipation Notes (continued)

Description	Outstanding June 30, 2019
Bond anticipation note, issued 8/1/18 with maturity date of 8/1/19, and an interest rate of 2.75%	$ 2,184,760
Total	$ 2,184,760

b. Short-Term Debt Interest

Total interest incurred on short-term debt was $51,635 during the fiscal year ended June 30, 2019.

2. Long-Term Debt

a. Serial bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the Statement of Net Position. The provisions to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. The District also has issued installment purchase debt over the years to finance the purchase of transportation vehicles and buses.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2019 and 2018 are as follows:

	Balance June 30, 2019	Balance June 30, 2018
Energy performance contract	$ 450,000	$ 475,000
2012 refunding bonds	-	345,000
2017 refunding bonds	5,254,642	5,363,407
DASNY 2011 bonds	1,555,000	2,295,000
Compensated absences	147,896	103,535
Net pension liabilities	180,036	78,544
Other postemployment benefits	552,540	539,134
	$ 8,140,114	$ 9,199,620

During the year, the District made principal payments on its serial bonds and energy performance contract in the amount of $1,125,000. Premiums in the amount of $73,765 were amortized. The net change in compensated absences was a net increase of $44,361 during the fiscal year ended June 30, 2019. The net change in other post-employment benefits was an increase of $13,406 during the fiscal year ended June 30, 2019. Lastly, the District's proportionate share of the NYSERS net pension liability - ERS increased by $101,492 during the current year.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Maturity

1. The following is a summary of long-term debt outstanding:

Description of Issue		June 30, 2019
Energy Performance Contract, issued in with a maturity date of September 2031, bonds carry interest at 3.0012%.	$	450,000
Serial Bonds, issued in 2017 through DASNY with a maturity date of June 2039, bonds carry interest at 2.0%-5.0%.		4,755,000
Plus: unamortized bond premium on bond issuance.		499,642
	$	5,254,642
Serial Bonds, issued 2011 through DASNY with a maturity date of June 2021, bonds carry interest at 3.25%-5.00%.		1,555,000
	$	7,259,642

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

	Energy Performance Contract			
Year		Principal		Interest
2020	$	25,000	$	13,505
2021		30,000		12,755
2022		30,000		11,855
2023		30,000		10,954
2024		30,000		10,054
2025-2029		180,000		35,264
2030-2032		125,000		7,653
Total	$	450,000	$	102,040

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Maturity (continued)

	DASNY Serial Bonds - 2017			
Year		Principal		Interest
2020	$	10,000	$	217,619
2021		10,000		217,319
2022		840,000		216,819
2023		885,000		174,819
2024		930,000		130,569
2025-2029		880,000		291,845
2030-2034		550,000		159,995
2035-2039		650,000		66,402
Total	$	4,755,000	$	1,475,387

	DASNY Serial Bonds – 2011			
Year		Principal		Interest
2020	$	760,000	$	70,150
2021		795,000		39,750
Total	$	1,555,000	$	109,900

d. Refunding of Long-Term Debt

On October 17, 2017, the District issued DASNY serial bonds 2017 of $4,815,000 (par value) with interest rates ranging from 2% to 5% to advance refund a portion of the 2011 DASNY serial bonds with interest rates ranging from 4.75% to 5.25%. The net proceeds of $5,344,214 (after bond premium of $639,567, bond issuance costs of $109,700 and cash $653) were used to purchase government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the 2011 DASNY serial bond. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements.

As a result of a difference between the carrying value of the refunded debt and reacquisition price of the new debt, a deferred outflows of resources in the amount of $629,214 was recognized. During the current year $72,571 was amortized during the current year, with the remaining balance of $491,554 to be amortized through June 30, 2039.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to $339,874 for the year ended June 30, 2019.

f. Premiums, Debt Issuance Costs and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds were expensed in accordance with GASB 65.

VI. Fund Equity

A. Deficit Fund Balance

School Lunch Fund

As of June 30, 2019, the District had an accumulated deficit in the amount of $111,868 in the food service fund resulting from current and prior year losses from operations. Management is currently reviewing options to alleviate this deficit.

Capital Projects Fund

The District's capital project fund had an accumulated deficit in the amount of $2,244,409 as of June 30, 2019. It is not uncommon for school districts to have deficit fund balances in the capital project funds as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or redeemed at which time such proceeds are recorded as other financing sources revenue.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity (continued)

B. Classifications

The District's fund equity is comprised of the follow components:

Fund	Reservation Purposes		Balance June 30, 2019
Nonspendable:			
Food Service	Inventory	$	6,275
Restricted:			
General	Workers compensation	$	27,911
	Unemployment reserve		22,504
	Reserve for retirement system contributions		134,115
	Teachers' Retirement Reserve		20,000
	Repair reserve		30,008
	Employee benefits reserve		221,697
		$	456,235
Debt Service	Reserve for debt service	$	335,780
Private Purpose	Reserve for endowment scholarships	$	9,327
Assigned:			
General	Appropriated fund balance	$	182,000
	Reserve for encumbrances		55,202
		$	237,202
Public Library	Fund equity	$	62,697

C. District-wide Net Position

Net position of the District include restricted net position of $ 792,015 which represent restricted amounts in the general and debt service funds as presented above.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

The ***Belfast Central School District*** is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

2. Risk Sharing Pools

For its employee health and accident coverage, ***Belfast Central School District*** is a participant in the Cattaraugus-Allegany Regional Medical Plan, a public entity risk pool operated for the benefit of 22 individual governmental units located within Allegany and Cattaraugus Counties. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to $100,000 per insured event. The Cattaraugus-Allegany Regional Medical Plan obtains independent coverage for insured events in excess of this amount.

The ***Belfast Central School District*** also participates in a risk sharing pool, Cattaraugus-Allegany BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies (continued)

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds.

Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

C. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately $268,000 as of June 30, 2019 for accumulating non-vesting sick leave.

D. Contingencies

The District, in the normal course of its operations, is involved in various other litigation and arbitration cases. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

NOTE 4 - CAPITAL PROJECTS

In 2016, ***Belfast Central School District*** voters of the District approved a $1.7 million renovation to the athletic facility. The District had expenditures related to the capital project in the amount of $386,886 during the year ended June 30, 2019.

On October 23, 2018, voters of the District approved a $5.2 million renovation project, of which $350,000 is to be funded with local funds. During the year, the District transferred the $350,000 from the general fund to the capital projects fund and had expenditures related to the renovation project in the amount of $256,723.

The District has also been allocated $559,939 of funding from the Smart Schools Bond Act. During the current year, expenditures in the amount of $158,064 were incurred related to this project.

NOTE 5 – BUS LEASE

In September 2016, the District has entered into a bus lease for one 66 passenger buses for the period 2017-2022. Lease payments are being recorded principal ($15,898) and interest ($2,350) expenditures in the General Fund for the year ended June 30, 2019 and the District will receive State Aid.

	Bus Lease 2017			
Year		**Principal**		**Interest**
2020	$	16,369	$	1,879
2021		16,855		1,393
2022 *		30,107		3,893
Total	$	63,331	$	7,165

NOTE 6 – PRIOR PERIOD ADJUSTMENTS

For the fiscal year ended June 30, 2018, the District recorded a prior period adjustment in the district-wide financial statements in the amount of $362,604 related to compensated absences. The impact of the adjustment was a reduction in the compensated absences liability and an increase in net position. In the current year, the liability reflects only those employees who have vested sick leave and have reached age 55.

For the year ended June 30, 2018, the District also recorded a prior period adjustment in the district-wide and general fund in the amount of $85,612 related to health insurance. The adjustment was to reflect a prepaid expense for health insurance in a prior period and resulted in an increase in beginning of the year net position and fund equity.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 10, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BELFAST CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	$ 1,805,004	$ 1,805,004	$ 1,804,887	$ (117)
Real property tax items	5,000	5,000	6,942	1,942
Charges for services	2,000	2,000	2,295	295
Use of money and property	1,750	1,750	4,117	2,367
Sale of property and compensation for loss	100	100	52,981	52,881
Miscellaneous	10,000	10,000	250,286	240,286
State Sources:				
Basic formula	5,289,214	5,289,214	5,290,941	1,727
BOCES	1,026,994	1,026,994	954,447	(72,547)
Textbooks	29,091	29,091	35,257	6,166
All other aid	1,541,323	1,541,323	1,544,143	2,820
Federal Sources:				
Medicaid reimbursement	25,000	25,000	32,440	7,440
E-rate	-	-	14,274	14,274
Total revenue	9,735,476	9,735,476	9,993,010	257,534
Other Sources				
Operating transfer in	-	-	17,868	17,868
Total revenue and other sources	9,735,476	9,735,476	$ 10,010,878	$ 275,402
Appropriated fund equity - use of reserves	150,000	150,000		
Appropriated fund equity and carryover encumbrances	146,825	216,431		
Supplemental appropriations - transfer to capital project	-	350,000		
Total revenue, other sources and appropriated fund equity	$ 10,032,301	$ 10,451,907		

Expenditures	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
General Support:					
Board of education	$ 23,265	$ 21,066	$ 18,856	$ -	$ 2,210
Central administration	161,097	172,685	172,238	1,065	(618)
Finance	220,949	226,390	225,519	-	871
Staff	143,378	140,259	141,562	-	(1,303)
Central services	733,875	846,688	775,937	22,804	47,947
Special items	139,828	128,530	128,445	-	85
Instructional:					
Instruction, administration and improvement	252,508	262,489	243,756	1,010	17,723
Teaching - regular school	2,552,231	2,504,383	2,458,450	15,436	30,497
Programs for children with handicapping conditions	975,734	1,076,102	1,037,265	153	38,684
Teaching - special schools	6,925	9,020	9,020	-	-
Occupational education	227,155	201,098	200,610	-	488
Instructional media	171,840	193,816	187,474	4,213	2,129
Pupil services	338,453	422,881	400,857	8,158	13,866
Pupil Transportation	600,676	576,548	558,093	-	18,455
Employee Benefits	1,765,794	1,600,059	1,512,882	2,363	84,814
Debt Service:					
Debt service principal	155,282	1,281,232	1,251,032	-	30,200
Debt service interest	1,488,311	363,661	393,859	-	(30,198)
Total expenditures	9,957,301	10,026,907	9,715,855	55,202	255,850
Other Uses:					
Transfer to other funds	75,000	425,000	425,000	-	-
Total other uses	75,000	425,000	425,000	-	-
Total expenditures and other uses	$ 10,032,301	$ 10,451,907	10,140,855	$ 55,202	$ 255,850
Excess (deficiency) of revenue and other sources over expenditures and other uses			$ (129,977)		

COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
Interest income	$ 10	$ 5	$ (5)
State sources	9,460	5,898	(3,562)
Federal sources	249,083	200,590	(48,493)
Sales	62,547	41,797	(20,750)
Surplus food	15,300	16,564	1,264
Total revenue	336,400	264,854	(71,546)
Expenditures			
General support	138,952	135,886	3,066
Employee benefits	123,600	115,161	8,439
Cost of sales	153,500	150,436	3,064
Total expenditures	416,052	401,483	14,569
Deficiency of revenue over expenditures	(79,652)	(136,629)	(56,977)
Other sources (uses)			
Transfer from general fund	75,000	75,000	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	$ (4,652)	(61,629)	$ (56,977)
Fund deficit, beginning of year		(50,239)	
Fund deficit, end of year		$ (111,868)	

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2019

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	$ 10,032,301
Additions:	
Prior year encumbrances	69,606
Original Budget	10,101,907
Budget Revisions:	
Supplemental appropriations	350,000
Final budget	$ 10,451,907

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-20 voter-approved expenditure budget	**$ 9,998,151**
Maximum allowed (4% of 2019-20 budget)	**$ 399,926**
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Committed fund balance	$ -
Assigned fund balance	237,202
Unassigned fund balance	438,927
Total unrestricted fund balance	676,129
Less:	
Appropriated fund balance	182,000
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	55,202
Total adjustments	237,202
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	**$ 438,927**
Actual percentage	**4.4%**

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

SCHEDULE OF PROJECTS EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

			Expenditures				Unexpended	Methods of financing				Fund
Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Interfund Transfer	Total	(Overexpended) Balance	Proceeds of Obligations	State Sources	Local Sources	Total	Balance June 30, 2019
EXCEL	$ 9,977,550	$ 10,127,550	$ 10,175,474	$ -	$ -	$ 10,175,474	$ (47,924)	$ 10,000,000	$ 332,299	$ 92,337	$ 10,424,636	$ 249,162
Steel Building	18,750	18,750	19,894	-	-	19,894	(1,144)	-	-	-	-	(19,894)
Bus Garage	2,530,896	3,383,040	3,187,065	-	-	3,187,065	195,975	3,000,000	-	-	3,000,000	(187,065)
Athletic Project	1,700,000	1,700,000	1,313,116	386,884	-	1,700,000	-	1,700,000	-	-	1,700,000	-
Emergency Project - PA System	50,000	50,000	14,358	-	-	14,358	35,642	-	-	-	-	(14,358)
Construction Improvement Project	5,188,035	5,188,035	-	256,723	-	256,723	4,931,312	-	-	350,000	350,000	93,277
Smart School Bond Act	559,939	559,939	-	158,064	-	158,064	401,875	-	-	-	-	(158,064)
Prior projects	-	-	-	-	-	-	-	-	-	-	-	(22,707)
	$ 20,025,170	$ 21,027,314	$ 14,709,907	$ 801,671	$ -	$ 15,511,578	$ 5,515,736	$ 14,700,000	$ 332,299	$ 442,337	$ 15,474,636	(59,649)
								Less: Bond anticipation notes outstanding				(2,184,760)
								Ending fund equity (deficit) balance as of June 30, 2019				$ (2,244,409)

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school	N/A	2019	$ 25,162	$ 25,162	$ 25,162
Teachers of Tomorrow grant	0644-19-0034	2019	40,800	32,172	32,172
Universal Pre-kindergarten	0409-19-7042	2019	105,638	105,638	105,638
Elementary grant	N/A	2019	25,800	25,800	25,800
Equipment grant	0005-18-0046	2019	8,624	8,624	8,624
School breakfast programs	N/A	2019	2,727	2,727	2,727
School lunch programs	N/A	2019	3,171	3,171	3,171
			$ 211,922	$ 203,294	$ 203,294

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the ***Belfast Central School District*** and is presented on the modified accrual basis of accounting. The information in the schedule 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 of Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - **Non-monetary Federal Program**

The accompanying ***Belfast Central School District*** is the recipient of a non-monetary federal award program. During the year ended June 30, 2019, the District reported in the Schedule of Federal Awards $16,564 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year.

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
U.S. Department of Education:					
Passed through NYS					
Department of Education:					
Title I	84.010A	0021-19-0090	$ 191,837	$ 191,837	$ 191,837
Title II, Part A	84.367A	0147-19-0090	23,982	1,147	1,147
Title II, Part A	84.367A	0147-18-0090	10,291	10,291	10,291
Title IV	84.424A	0204-19-0090	9,690	7,965	7,965
Title V - Part B - Rural and Low Income Schools	84.358B	0006-19-0090	14,673	11,675	11,675
Title V - Part B - Rural and Low Income Schools	84.358B	0006-18-0090	15,058	13,745	13,745
IDEA Part B, Section 611 *	84.027A	0032-19-0038	95,968	95,968	95,968
IDEA Part B, Section 619 *	84.173A	0033-19-0038	3,548	3,548	3,548
Total U.S. Department of Education				336,176	336,176
U.S. Department of Agriculture:					
Passed through NYS					
Department of Education:					
National School Breakfast Program **	10.553	N/A	N/A	59,503	59,503
National School Lunch Program **	10.555	N/A	N/A	136,557	136,557
National Summer Food Program **	10.559	N/A	N/A	4,530	4,530
Passed through NYS Office of General Services (Division of Donated Foods):					
National School Lunch Program					
Non-Cash Assistance (commodities) **	10.555	N/A	N/A	16,564	16,564
Total U.S. Department of Agriculture				217,154	217,154
Total expenditures and revenue				$ 553,330	$ 553,330

*	Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of	99,516
**	Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of	217,154

Total Federal expenditures did not exceed $750,000 and therefore the District was not subjected to a single audit in accordance with the Uniform Guidance

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2019

Capital Assets	$	16,516,848
Less:		
Serial bonds		(6,809,642)
Energy performance contract		(450,000)
Bond anticipation notes		(2,184,760)
Net investment in capital assets	$	7,072,446

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2019

As of the measurement date of July 1,	2018	2017	2016
Total OPEB Liability			
Service cost	$ 26,876	$ 30,257	$ 29,777
Interest	19,804	17,963	16,072
Differences between expected and actual experience	4,766	(60,964)	(33,449)
Changes in assumptions	(18,425)	(23,465)	47,396
Benefit payments	(19,615)	(19,029)	(31,471)
Net change in total OPEB liability	13,406	(55,238)	28,325
Total OPEB liability - beginning	539,134	594,372	289,578
Prior period adjustment	-	-	276,469
Total OPEB liability - ending	$ 552,540	$ 539,134	$ 594,372
Plan fiduciary net position			
Contributions - employer	$ 19,615	$ 19,029	$ 31,471
Net investment income	-	-	-
Benefit payments	(19,615)	(19,029)	(31,471)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	$ -	$ -	$ -
District's net OPEB liability	$ 552,540	$ 539,134	$ 594,372
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	$ 3,381,293	$ 2,903,204	$ 2,865,947
District's net OPEB liability as a percentage of covered-employee payroll	16.34%	18.57%	20.74%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate from 3.56% as of 7/1/17 to 3.87% as of 7/1/18.

Payroll growth rate for non-teachers is based on NYERS valuations as of 6/30/17 and teachers and administrators' payroll growth based on the NYSTRS valuation as of 6/30/17.

Inflation rate from 1.3% as of 7/1/17 to 2.5% as of 7/1/18.

Health care trend rates from 8.5% through 5.0% as of 7/1/17 to 8.0% to 4.5% as 7/1/18.

Mortality rates based on RPH-2018 total dataset mortality table fully generational using Scale MP- 2018 and RPH 2014 total dataset mortality table with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using Scale MP-2018 improvement.

SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2019

For the year ended June 30,	2019	2018	2017
Actuarially determined contributions	$ 19,615	$ 19,029	$ 31,471
Contributions in relation to the actuarially determined contribution	(19,615)	(19,029)	(31,471)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 3,381,293	$ 2,903,204	$ 2,865,947
Contributions as a percentage of District's covered-employee payroll	0.58%	0.66%	1.10%

Notes to Schedule:

Valuation date: 07/01/18

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	3.87% as of July 1, 2018
Inflation	2.5% per year
Healthcare cost trend rates	2019 - 8.0%. Rates expected to decrease 0.5% each year thereafter with an ultimate rate of 4.5% after 2026.
Salary increases	Based on NYSERS and NYSTRS valuation as of June 30, 2017.
Mortality	RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018
Retiree Cost Sharing	Most retiress are responsible for the entire premium rate. Certain current retirees are receiving free sibsidized coverage. All future retirees are required to pay the full cost of
Participants	80 Active and 19 Retirees

See accompanying independent auditor's report.

New York State Teachers' Retirement System

For the year ended June 30,	2019	2018	2017	2016	2015
Contractually required contributions	$ 283,995	$ 263,334	$ 309,535	$ 350,848	$ 446,015
Contributions in relation to the contractually required contribution	(283,995)	(263,334)	(309,535)	(350,848)	(446,015)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,674,153	$ 2,687,082	$ 2,641,084	$ 2,645,913	$ 2,544,295
Contributions as a percentage of District's covered-employee payroll	10.62%	9.80%	11.72%	13.26%	17.53%

New York State Local Employees' Retirement System

For the year ended March 31,	2019	2018	2017	2016	2015
Contractually required contributions	$ 120,277	$ 122,247	$ 127,155	$ 138,613	$ 135,219
Contributions in relation to the contractually required contribution	(120,277)	(122,247)	(127,155)	(138,613)	(135,219)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 882,940	$ 835,494	$ 831,866	$ 852,272	$ 994,897
Contributions as a percentage of District's covered-employee payroll	13.62%	14.63%	15.29%	16.26%	13.59%

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY – NYSTRS AND DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSLERS
FOR THE YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2019

New York State Teachers' Retirement System - Net Pension Asset (Liability)

As of the measurement date of June 30,	2019	2018	2017	2016	2015
District's proportion of the net pension liability or asset	n/a	0.016496%	0.016666%	0.017147%	0.016938%
District's proportionate share of the net pension asset (liability)	n/a	$ 298,299	$ 126,682	$ (183,649)	$ 1,759,304
District's covered-employee payroll	n/a	$ 2,687,082	$ 2,641,084	$ 2,645,913	$ 2,544,295
District's proportionate share of the net pension liability or asset as a percentage of its covered employee payroll	n/a	11.10%	4.80%	-6.94%	-69.15%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	101.53%	100.66%	99.01%	110.46%

New York State Local Employees' Retirement System - Net Pension (Liability)

As of the measurement date of March 31,	2019	2018	2017	2016	2015
District's proportion of the net pension (liability)	0.0025410%	0.0024336%	0.0025679%	0.0027063%	0.0029017%
District's proportionate share of the net pension (liability)	$ (180,036)	$ (78,544)	$ (241,364)	$ (434,361)	$ (98,027)
District's covered-employee payroll	$ 882,940	$ 835,494	$ 831,866	$ 852,272	$ 994,897
District's proportionate share of the net pension (liability) as a percentage of its covered employee payroll	-20.39%	-9.40%	-29.01%	-50.97%	-9.85%
Plan fiduciary net position as a percentage of the total pension (liability)	96.27%	98.24%	94.70%	90.70%	97.90%

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

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

To the President and
Members of the Board of Education
Belfast Central School District
Belfast, New York

We have audited 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, the financial statements of the governmental activities and each major fund of ***Belfast Central School District*** as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise ***Belfast Central School District's*** basic financial statements and have issued our report thereon dated September 10, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as discussed below, we identified two deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in the District's internal control described in the accompanying schedule of findings and questioned costs as items II.A.2019-001 and II.A.2019-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ***Belfast Central School's*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2019-003.

Belfast Central School District's Responses to Findings

Belfast Central School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. ***Belfast Central School's*** responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of that testing, and not provided 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 10, 2019

I. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of ***Belfast Central School District***.

2. Two material weaknesses relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "*Governmental Auditing Standards*". These material weaknesses are reported in the accompanying schedule of findings and questioned costs as items II.A.2019-001 and II.A.2019-002.

3. There was one instance of noncompliance material to the financial statements of ***Belfast Central School District*** reported in the 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*". This instance of noncompliance is reported in the accompanying schedule of finding and questioned costs as item II.B. 2019-003

4. A single audit in accordance with Uniform Guidance was not required during the fiscal year ended June 30, 2019, as the District's expenditures of Federal Awards were below $750,000.

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2019-001 **Adjusting Journal Entries and Required Disclosures to the Financial Statements**

Year ended June 30, 2019

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to health insurance, interfund transactions, classification of debt payments and converting to the full accrual method for GASB 34 purposes. In addition, a draft of the financial statements was prepared by the auditors.

Cause and Effect: AU-C Section 265 entitles Communicating Internal Control related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statement to be indicative of an internal controls deficiency. Without assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Auditor's Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

School District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

2019-002 **Capital Assets**

Year ended June 30, 2019

Condition and Criteria: Under the governmental financial reporting model of GASB No. 34, capital assets of the District are to be reported in the government-wide financial statements at historical cost. The District had not updated its schedule of capital assets acquisition, historical cost, depreciation, or disposal since 2014-15. During the current year, an appraisal was conducted by an independent appraisal company, however, the District has not reviewed its accuracy and reconciled assets to its records.

Effect: The District has been required to report capital assets based upon updates of amounts reported in previous year's financial statements.

Auditor's Recommendation: The District should review the results of its new independent appraisal and reconcile balances to its prior report. Those differences that are deemed significant should be reviewed and compared to records of the District, such as prior bond documents for building renovations. In addition, annual updates of the appraisal should be performed to account for additions, disposals, and annual depreciation expense.

School District's Response: The District will look to develop a system whereby capital assets balances are maintained and updated throughout the year.

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

B. COMPLIANCE AND OTHER MATTERS

2019-003 Unassigned Fund Balance

Year ended June 30, 2019

Conditions and criteria: ***Belfast Central School District's*** unassigned fund balance in the general fund as of June 30, 2019 amounted to $438,927. This amount constitutes approximately 4.4% of the 2019-2020 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

In addition, dollar amounts of certain reserves were not substantiated.

Auditor's Recommendation: ***Belfast Central School District*** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance. We recommend that the District ensure that as reserves are established and utilized, New York State required procedures are closely followed. Further, for existing and future reserves we recommend that the District document its rationale to support the purpose and dollar level of reserves.

School District's Response: The District has and will continue to closely monitor fund equity in the future and will review all options with regards to reservation and designation of fund balance. In addition, the District will review each of its reserves and document the rationale for their levels.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2018-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2018

Summary of Prior Year Finding: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to recording receivables and payables, and converting to the full accrual method for GASB 34 purposes. In addition, the draft of the financial statements was prepared by the auditors and accepted by the District. The American Institute of Certified Public Accountants (AICPA) issued AU-C Section 265 entitled Communicating Internal Control Related Matters in an Audit. This standard considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2019 and identified as finding 2019-001.

2018-002 Capital Assets

Year ended June 30, 2018

Summary of Prior Year Finding: Under the governmental financial reporting model of GASB No. 34, capital assets of the District are to be reported in the government-wide financial statements at historical cost. The District has not updated its schedule of capital assets acquisition, historical cost, depreciation, or disposal since 2014-15. Without detailed records of capital assets, the District has been required to report capital assets based upon updates of amounts reported in previous year's financial statements.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2019 and identified as finding 2019-002.

B. COMPLIANCE AND OTHER MATTERS

2018-003 Unassigned Fund Balance

Year Ended June 30, 2018

Summary of Prior Year Finding: ***Belfast Central School District's*** unassigned fund balance as of June 30, 2018 amounted to approximately 5.9% of the 2018-19 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance is being reported upon during the year ended June 30, 2019 and identified as finding 2019-003.

B·W·B

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

To the President and Members of the
Board of Education
and School Administration
Belfast Central School District
Belfast, New York

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2019 of the District's financial statements and have issued our reports thereon dated September 10, 2019. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the ***Belfast Central School District*** for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2015 through June 30, 2019. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. ***Belfast Central School*** has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 10, 2019

	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Revenue and other sources					
Property taxes	$ 1,812	$ 1,842	$ 1,804	$ 1,764	$ 1,721
State aid	7,825	7,393	7,148	7,142	6,764
All other	374	231	147	226	249
	10,011	9,466	9,099	9,132	8,734
Expenditures and other uses					
General support	1,463	1,380	1,275	1,229	1,293
Instruction	4,537	4,541	4,313	3,802	3,951
Transportation	558	557	518	515	455
Benefits	1,513	1,488	1,476	1,471	1,586
Debt	1,645	1,510	1,483	1,438	1,438
Transfers	425	280	50	50	15
	10,141	9,756	9,115	8,505	8,738
Excess (deficiency) of revenue over expenditures	(130)	(290)	(16)	627	(4)
Fund equity					
Beginning of year	1,262	1,466	1,482	855	859
Prior period adjustment	-	86	-	-	-
End of year	$ 1,132	$ 1,262	$ 1,466	$ 1,482	$ 855
Analysis of fund equity					
Restricted					
Reserve for repairs	$ 30	$ 22	$ 30	$ -	$ -
Employee benefit reserve	222	264	437	400	235
Teachers' retirement reserve	20	-	-	-	-
Reserve for retirement system	134	134	190	-	-
Reserve for unemployment insurance	23	23	23	-	-
Reserve for workers' compensation	28	9	38	-	-
Assigned					
Reserve for encumbrances	55	70	-	-	-
Next year's budget	182	147	319	125	202
Unassigned	438	593	429	957	418
	$ 1,132	$ 1,262	$ 1,466	$ 1,482	$ 855

* 2015-2017 were audited by other auditors

Food Service Fund

During the fiscal year ended June 30, 2019, the District's Food Service Fund has an accumulated deficit of approximately $112,000 at year end. The District should continue to evaluate this deficit and develop an approach to alleviate this deficit in the future. The District will be required to transfer additional funds from the General Fund to the Food Service Fund in future years.

During the initial year of enrollment Community Eligibility Provision, the Federal government assigns a reimbursement percentage based on the number of students who are directly certified by New York State. Although the reimbursement rate established in the initial year is valid for four years, the District would be eligible to have the rate increased if the percentage of students who are directly certified increases. This would also require the District to re-enroll for 4 years. We recommend that the District consider re-evaluating the direct certification percentage on an annual basis, which is based on April 1 data.

District response: The District has been working on a multiple year plan whereas the School Lunch Fund Balance is addressed over time so it doesn't hit the taxpayers all at once. With the introduction of the Community Eligibility Provision, our plan was set back but we have readjusted our plan and are still working to address this in the near future. The District was aware of the ability to reapply for the CEP grant allowing a change in the percentage, but we were aware that the direct certification percentage dropped so we decided not to waste taxpayer money to have someone do the data information needed to do the process.

Capital Projects Fund

We recommend the District complete a reconciliation of its capital project fund equity on an annual basis. This reconciliation will allow the District to monitor the status of ongoing capital projects. In addition, as projects are completed and final cost reports are submitted, the District should transfer remaining funds to the debt service fund to be utilized to pay down future debt service costs.

District response: The District will work on preparing this information more thoroughly in the future. With multiple projects ending all at once and a change within the business office structure, we were unable to keep up with the additional workload required to do this.

Debt Service Fund

The District has accumulated funds in the debt service fund that are required to be utilized in the future towards debt service principal and interest payments. We recommend that the District consider developing worksheet which outlines a plan for when the funds will be transferred to the general fund in future years to be applied against debt service. This plan should also consider the impact transfers will have on the District's real property tax cap.

District response: The District was unaware that there would be funds left over from a recently finished project until it was completed. Now that it has been completed, the District will develop a plan to use those funds.

Internalizing Functions-Segregation of Duties

For the upcoming 2019-20 school year the District has left BOCES and has internalized the Business Manager position. Due to the increase of in-house responsibilities, we recommend that the District evaluate the segregation and duties and insure that there are proper checks and balances in place.

District response: The District is working on a plan to help segregate the duties as much as possible with a more limited staff than they had within the central business office structure.

Fund Balance Reserves

The 2018-19 budget included line items for the use of $150,000 of the reserve for retirement systems contributions. Based on current year financial results, the District did not deem the use of these reserves as necessary and did not transfer the reserve funds. In the future it is recommended that the District transfer reserves in accordance with the voter approved budget and if deemed reasonable replenish the reserves via board approval.

District response: The District paid the retirement incentives in the prior year after the current year's budget had already been developed. The District should have used the retirement reserve money in the 2017-18 school year but neglected to do so. We will be more careful of this in the future.

School Funding Transparency Reporting

In 2018, New York State passed a law requiring New York Schools to annually report a detailed statement of total funding allocation for each school in the District. A School Funding Transparency Form was created by New York State to capture this information. Beginning in 2020, the District will be required to submit this form annually to the Division of the Budget and State Education Department. As part of a Federal mandate, school districts will be required to report per-pupil expenditure data at the school level as mandated by the Every Student Succeeds Act (ESSA) during 2019. The new ESSA financial requirements include reporting money spent on staff compared with other expenses at the school and the levels of federal, state, and local funding provided to each school building. We recommend that the District continue to review any new guidance issued by New York State and seek opportunities to attend future educational seminars if they arise related to these reporting models.

District response: The District is aware of this new law and has been working with other districts in our region who were required to submit this reporting prior to 2020.

Interfund Receivable and Payable

During the fiscal year, many transactions require an initial use of interfund loans. Such transactions include but are not limited to: State and Federal aid directly wired to the District's General Fund checking account related to basic state aid, Federal and State grants recorded in the Special Aid fund and free and reduced breakfast and lunch reimbursements recorded in the Food Service Fund; salaries and fringe benefits paid for through the General Fund related to the Food Service Fund and Special Aid Fund; Debt Service Fund transfers to and from the General Fund; and interest earned on cash and investments balances in the capital projects related to serial bonds issues and bond anticipation notes which must be utilized for future debt service and therefore, accumulated in the Debt Service Fund. As a result of these circumstances, large due to and due from balances may exist at certain times during the year in the General Fund, Special Aid Fund, Food Service Fund, Capital Projects Fund and Debt Service Fund. We recommend that the District closely monitor these outstanding interfund loan balances on a regular basis and where appropriate pay down these loan balances.

District response: With the changes in the business office this year, we will be able to monitor that in-house. We will keep a close eye on that and take care of the transfers in a timelier manner.

Future Governmental Accounting Standards

GASB 87- Accounting for Leases

In 2017, the Governmental Accounting Standards Board issued Statement No. 87, Accounting for Leases, which for school districts will be effective for the fiscal year ending June 30, 2021. The primary objective of this is new standard is to bring most leases onto the balance sheet. The goal is to determine if any operating leases contain a right-to-use asset and record an asset and liability related to that lease. Also under the new standard there will be changes in the terms used for the two classifications, operating leases and finance leases (previously capital leases). We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new lease standard, which may include continuing education, webinars and further training.

GASB 84 – Fiduciary Activities

In 2017, the Governmental Accounting Standards Board issued Statement No. 84, Fiduciary Activities, which will be effective for the fiscal year ending June 30, 2020. This guidance provides a clearer definition of what constitutes fiduciary activity for school districts. It also includes a new type of fiduciary activities which they define as custodial funds. Districts will need to perform an evaluation of funds they have stored in the agency fund to determine if it qualifies as a fiduciary activity or needs to be moved to either the general fund or special revenue fund. The change also affects how extraclassroom and trust and agency funds are reported by requiring additions and subtractions to be reported on the Statement of Changes in Fiduciary Net Position. We recommend the District review the new fiduciary activity standard to ensure proper adherence.

District response: The District is aware of these new pronouncements and has been working with other districts in our region to develop a plan on how to best meet these requirements.

BELFAST CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

BELFAST CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the President and
Members of the Board of Education
Belfast Central School District
Belfast, New York

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the ***Belfast Central School District*** for the year ended June 30, 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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 statements 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 the standards applicable to financial audits contained in the *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 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.

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

Basis for Qualified Opinion

The records of the Extraclassroom funds of the ***Belfast Central School District*** were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Qualified Opinion

In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the basis for qualified opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of the ***Belfast Central School District*** for the year ended June 30, 2019 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 10, 2019

	Balances July 1, 2018	Total Receipts 2018-19	Total Receipts & Balances	Total Payments 2018-19	Balances June 30, 2019
Class of 2019	$ 15,994	$ 1,710	$ 17,704	$ 16,365	$ 1,339
Class of 2020	4,531	5,543	10,074	1,442	8,632
Class of 2021	3,616	9,593	13,209	5,589	7,620
Class of 2022	-	8,133	8,133	2,285	5,848
Woody's Supper Club	1,299	184	1,483	1,483	-
Yearbook	715	7,405	8,120	7,451	669
Choir	4,746	-	4,746	1,364	3,382
Band	3,899	106	4,005	3,063	942
Middle School	27,039	27,005	54,044	15,900	38,144
National Honor Society	1,286	-	1,286	618	668
Student Council	3,801	5,640	9,441	6,767	2,674
	$ 66,926	$ 65,319	$ 132,245	$ 62,327	$ 69,918

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of ***Belfast Central School District***. Consequently, such transactions are not included in the financial statements of the School District.

The accounts of the Extraclassroom Activity Fund of ***Belfast 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.

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

To the President and Members of the
Board of Education
and School Administration
Belfast Central School District
Belfast, New York

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of ***Belfast Central School District*** as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered ***Belfast Central School District***'s internal control over financial reporting (internal control) as a basis for designing 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 ***Belfast Central School District***'s internal control. Accordingly, we do not express an opinion on the effectiveness of ***Belfast Central School District***'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be material weaknesses:

Point of Sale Records

We noted several instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. Due to the lack of point of sale records, cash receipts are not adequate to permit the application of the necessary auditing procedures to indicate whether receipts were recorded. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer or teacher advisor, and be verified or reviewed by the central treasurer.

District's response: The District does have various forms available for the advisors to use for this particular issue. We will work with the advisors through further training to get them to use the appropriate forms when necessary.

Gross Margin Analysis

At the conclusion of the fundraiser, the activity is expected to compare the actual revenue and expenditures to the expected results. We recommend that going forward a gross margin analysis be completed for each individual fundraiser. Further, we recommend that the analysis be reviewed by someone in an oversight role to ensure that fundraisers meet budgeted expectations and achieve appropriate margins.

District's response: The District has a form already in use that approves fundraisers but it does not include the expected revenues and expenditures which we will add to the form.

Timely Deposits

During our testing, we noted certain cash receipts that were not deposited in a timely manner. We recommend that the District strive for depositing cash received within 4 business days.

District's response: With the Business Office not being on site, this has been a challenging feat. We will work on getting those deposits to the bank on a more frequent basis.

Additional Comments

The following is an additional comment for consideration.

Comptroller Audits

The New York State Comptroller's Office has increased its scrutiny over student activity clubs as evidenced by recent audits. Areas of emphasis of these audits include cash receipts and disbursements, as well as recordkeeping and internal controls. The District should consider formal training opportunities for advisors and central treasurers.

District response: The District is aware of this increased scrutiny and has put additional plans in place. As in prior years, we still use BOCES for similar duties that were performed by the internal auditor when the position was required of all districts. We also hold annual trainings to prepare the club advisors for their responsibilities as an advisor and more importantly, the responsibilities of their student treasurers.

This communication is intended solely for the information and use of management, Board of Education, and others within ***Belfast Central School District***, and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 10 2019

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

September 10, 2019

To the Audit Committee
and Board of Education
Belfast Central School District
Belfast, New York

We have audited the financial statements of Belfast Central School District as of and for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing standards and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 11, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Belfast Central School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

Management's estimate of depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension asset (TRS), a net pension liability (ERS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3 to the financial statements, due to their significance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 10, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, including combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board and management of Belfast Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.