PRELIMINARY OFFICIAL STATEMENT DATED MARCH 2, 2021

REFUNDING ISSUE — **SERIAL BOND**
MOODY'S: "A1" — **See "BOND RATING" herein**

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

The Bonds will be "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

$3,065,000*

BELLEVILLE HENDERSON CENTRAL SCHOOL DISTRICT

JEFFERSON COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE: 079084

$3,065,000* School District Refunding (Serial) Bonds, 2021

(the "Bonds")

Dated: Date of Delivery — **Due: June 15, 2021-2027**

MATURITIES*

Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP
2021	$ 5,000	%	%		2024	$ 535,000	%	%		2026	$ 465,000	%	%	
2022	505,000				2025	555,000				2027	480,000			
2023	520,000													

The Bonds are not subject to redemption prior to maturity. The Bonds will be general obligations of the Belleville Henderson Central School District, Jefferson County, New York and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District without limitation as to rate or amount. (See "TAX LEVY LIMITATION LAW" and "NATURE OF OBLIGATION" herein).

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM").

Interest on the Bonds will be payable on June 15, 2021, December 15, 2021, and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein.

The Bonds 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 Bonds of Trespasz & Marquardt, LLP, Syracuse, New York. Certain legal matters will be passed on for the Underwriter by its Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey on or about April 1, 2021.

ROOSEVELT & CROSS INCORPORATED

March ___, 2021

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* Preliminary, subject to change.

BELLEVILLE HENDERSON CENTRAL SCHOOL DISTRICT
JEFFERSON COUNTY, NEW YORK

DISTRICT OFFICIALS

2020-2021 BOARD OF EDUCATION

JOHN W. ALLEN
President

ADAM J. MINER
Vice President

ANTHONY J. BARNEY
DAVID P. BARTLETT
ROGER E. EASTMAN
KYLE E. GEHRKE
KRISTIN J. VAUGHN

* * * * *

JANE A. COLLINS
Superintendent of Schools

STEPHEN MAGOVNEY
Business Manager

MARISA K. RIORDAN
District Treasurer

SALLY A. KOHL
District Clerk / Secretary to the Superintendent

FERRARA FIORENZA PC
ATTORNEYS AND COUNSELORS AT LAW
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
School District Municipal Advisor

TRESPASZ & MARQUARDT, LLP
BOND COUNSEL

No person has been authorized by Belleville Henderson Central School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds 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 Belleville Henderson Central School District.

The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051
www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

BELLEVILLE HENDERSON CENTRAL SCHOOL DISTRICT
JEFFERSON COUNTY, NEW YORK

Relating To

$3,065,000* School District Refunding (Serial) Bonds, 2021

This Official Statement, which includes the cover page and appendices, has been prepared by the Belleville Henderson Central School District, Jefferson County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the School District of $3,065,000* principal amount of School District Refunding (Serial) Bonds, 2021 (the "Bonds").

The factors affecting the District's financial condition and the Bonds 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 Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

NATURE OF OBLIGATION

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

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

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

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limitation Law" or "Chapter 97") 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 Bonds 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:

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* Preliminary, subject to change.

> "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 BONDS

Description of the Bonds

The Bonds 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 Bonds as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount. (See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein).

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the cover page. The Bonds are not subject to redemption prior to maturity. The "Record Date" of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on June 15, 2021, December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

No Optional Redemption

The Bonds are not subject to redemption prior to maturity.

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds 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 bond certificate will be issued for each maturity of the Bonds.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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**.

Purchasers of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 the Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds 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 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 or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond 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, bond 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 BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, 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 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

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 Bonds

DTC may discontinue providing its services with respect to the Bonds 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 transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the District upon termination of the book-entry-only system. Interest on the Bonds will be payable on June 15, 2021, December 15, 2021, and semi-annually thereafter on June 15 and December 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

AUTHORIZATION AND PLAN OF REFUNDING

Authorization and Purposes

The Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly section 90.00 or 90.10 of the Local Finance Law, a refunding bond resolution adopted by the Board of Education on January 11, 2021 (the "Refunding Bond Resolution") and other proceedings and determinations related thereto. The Refunding Bond Resolution authorizes the refunding of all or a portion of the $3,695,000, outstanding principal balance of the School District (Serial) Bonds, 2013, dated June 27, 2013, originally issued by the School District in the aggregate principal amount of $7,013,500 ("Refunded Bonds") and authorizes issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were authorized by the Board of Education pursuant to a bond resolution adopted to provide funds for the following purposes and amounts:

$7,013,500 School District (Serial) Bonds, 2013 – June 27, 2013

Purpose	Amount Originally Issued
Improvements to District buildings and facilities	$ 7,013,500

The proceeds of the Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the "Government Obligations") and pay certain costs of issuance related to the Bonds. The principal of and investment income on the portfolio of Government Obligations together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined) are expected to be sufficient to pay the maturing principal of and interest on the Refunded Bonds.

The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the District's refunding financial plan (the "Refunding Financial Plan"). The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be applied to purchase a portfolio of U.S. Treasury securities (the "Government Obligations") with any remaining amount to be held un-invested in cash. The Government Obligations and un-invested cash are to be placed in an irrevocable escrow fund (the "Escrow Deposit Fund") with Manufacturers and Traders Trust Company, (the "Escrow Holder"), pursuant to the terms of an escrow contract (the "Escrow Contract") by and between the District and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations will mature in amounts and bear interest sufficient, together with any un-invested cash, to pay the accrued interest on, and the redemption price of the Refunded Bonds (being equal to 100% of the principal amount thereof) on June 15, 2021 (the "Redemption Date"). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to call the Refunded Bonds for redemption on the Redemption Date. The owners of the Refunded Bonds will have a first lien on all of the cash and Government Obligations necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the un-invested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The District is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the District and will continue to be payable from District sources legally available therefore until they are redeemed on June 15, 2021. However, inasmuch as the Government Obligations and cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all scheduled payments of interest on, and the redemption price of, the Refunded Bonds, it is not anticipated that such District sources of payment will be used. (See "Verification of Mathematical Computations" herein.)

The list of Refunded Bond maturities set forth on the following page, may be changed by the District in its sole discretion due to market or other factors considered relevant by the District at the time of pricing of the Bonds and no assurance can be given that any particular series of bonds listed or that any particular maturity thereof will be refunded.

$7,013,500 School District (Serial) Bonds, 2013 – June 27, 2013
CUSIP BASE: 079084

Due June 15th	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CSP
2022	$ 525,000	2.500%	6/15/2021	100.00%	CX5
2023	540,000	3.000	6/15/2021	100.00	CY3
2024	555,000	3.000	6/15/2021	100.00	CZ0
2025	575,000	3.000	6/15/2021	100.00	DA4
2026	485,000	3.125	6/15/2021	100.00	DB2
2027	500,000	3.250	6/15/2021	100.00	DC0
	$ 3,180,000				

The proceeds of the Refunded Bonds have been expended.

Verification of Mathematical Computations

Causey Demgen & Moore PC, a firm of independent public accountants, will deliver to the District, on or before the date of delivery of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the District and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the maturing principal of and interest on the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

The verification performed by Causey Demgen & Moore PC will be solely based upon data, information and documents provided to Causey Demgen & Moore PC by the District and its representatives. Causey Demgen & Moore PC reports of its verification will state Causey Demgen & Moore PC has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Par Amount of the Bonds		$
	Original Issue Premium (Discount)		
		Total	$
Uses:	Deposit to Escrow Fund		$
	Underwriter's Discount		
	Costs of Issuance and Contingency		
		Total	$

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THE SCHOOL DISTRICT

General Information

The District is located in Upstate New York, in the County of Jefferson. It is approximately 15 miles south of the City of Watertown and approximately 50 miles north of the City of Syracuse. With a land area of approximately 105 square miles, it is primarily residential and agricultural in nature, with its principal industry being dairy farming. Because of its location along the eastern shores of Lake Ontario, outdoor recreation is considered a strong secondary industry. The region abounds with summer and winter recreational activities, including camping, boating, hiking, golf, skiing and snowmobiling.

Major highways servicing the District include U.S. Expressway #81, U.S. Route #11 and State Highway #3 and #178. Air transportation is available to residents through the Watertown International Airport and the Syracuse Hancock International Airport.

Source: District officials.

Population

The current estimated population of the District is 3,438. (Source: 2019 U.S. Census Bureau.)

Larger Employers

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

Employer	Type	Number of Employees
Belleville Henderson Central School	Educational	146
Town of Ellisburg	Municipality	25
Ryan's Lookout	Restaurant	25
Town of Henderson	Municipality	25
Hi Hope Farm LLC	Farm	25
Butterville Farms	Farm	23
Cooper's Landing	Restaurant	18
Association Island	Recreational	10

Source: District officials.

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2015-2019	2000	2006-2010	2015-2019
Towns of:						
Adams	$ 17,707	$ 24,398	$ 26,483	$ 48,354	$ 61,154	$ 79,143
Ellisburg	17,102	19,239	30,301	40,903	45,000	66,215
Henderson	20,071	28,305	32,032	45,357	67,679	73,750
County of:						
Jefferson	16,202	21,823	26,194	39,296	51,834	62,510
State of:						
New York	23,389	30,948	39,326	51,691	67,405	84,385

Note: 2016-2020 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 2015-2019 American Community Survey data.

Unemployment Rate Statistics

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

Annual Average

	2013	2014	2015	2016	2017	2018	2019
Jefferson County	9.5%	7.6%	6.7%	6.2%	6.6%	5.6%	5.6%
New York State	7.7%	6.3%	5.3%	4.8%	4.7%	4.1%	4.0%

2020 Monthly Figures

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Jefferson County	17.2%	11.8%	11.2%	12.5%	9.1%	5.4%	5.7%	5.3%	6.3%	N/A	N/A	N/A
New York State	15.1%	14.2%	15.5%	16.0%	12.5%	9.3%	9.0%	8.1%	8.1%	N/A	N/A	N/A

Note: Unemployment rates for January, February and March 2021 are unavailable as of the date of this Official Statement. Due to the COVID-19 pandemic, unemployment rates are expected to remain substantially higher than prior periods.

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

Form of School Government

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

Budgetary Procedures

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

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

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

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

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

Recent Budget Vote Results

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019 by a vote of 174 to 33. The District's adopted budget for 2019-20 fiscal year exceed the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 3.79%, which is above the District tax levy limit of 1.36%.

The budget for the 2020-21 fiscal year was approved by the qualified voters on June 16, 2020 by a vote of 591 to 224. The District's adopted budget for 2020-21 fiscal year exceed the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 3.21%, which is equal to the District tax levy limit of 3.21%.

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) Savings Accounts, Now Accounts or Money Market Accounts of designated banks, (2) Certificates of Deposit issued by a bank or trust company authorized to do business in New York State, (3) Demand Deposit Accounts in a bank or trust company authorized to do business in New York State, (4) Obligations of New York State, (5) Obligations of the United States Government (U.S. Treasury Bills and Notes), (6) Repurchase Agreements involving the purchase and sale of direct obligations of the United States.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2020-2021 fiscal year, approximately 51.8% 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 outbreak and continuing effects of the COVID-19 health crisis in the State may have a significant, adverse effect on the State's financial condition, including reduction of State aid payable to School Districts.

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.

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically. (See "State Aid History" herein).

Potential reductions in Federal aid received by the State

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

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

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 the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid. In the event of a mid-year reduction in State aid, deficiency notes may issued under certain circumstances.

Building aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2020-2021 preliminary building aid ratios, the District expects to receive State building aid of approximately 71.4% 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

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, the COVID-19 outbreak has affected and is expected to continue to affect State aid to the District.

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also includes a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $1,641,691. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

School district fiscal year (2017-2018): The State 2017-18 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

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 included a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6 percent and provided 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 increased 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 increased the minimum community schools funding amount from $75,000 to $100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

School District Fiscal Year (2020-21): The 2020-21 Enacted Budget includes a year-to-year funding increase for State aid of $95.0 million of .035%. Foundation Aid to school districts is frozen at the same level as the 2019-2020 fiscal year; while other aids, calculated according to formulas in current law, are responsible for the increase. The State's 2020-2021 Enacted Budget includes $10 million in new funding for grants to school districts for student mental health services. It should be noted that there was an actual year-to-year decrease of State aid implemented through a reduction of each school district's State aid allocation form the 2019-2020 fiscal year. The reduction is being referred to as a "Pandemic Adjustment." However, the decrease in State aid id expected to be fully offset by an allocation received by the State of funds from the recently approved federal stimulus bill. Absent the federal stimulus funds, there would have been a $1.127 billion decrease in State aid from the 2019-2020 fiscal year. In addition, the State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% of estimates or If actual disbursements exceed 101% of estimates. See "State Aid" herein for a discussion of this provision set forth in the 2020-2021 Enacted Budget.

State Aid Litigation

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

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

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

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

State Aid Revenues

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

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2015-2016	$ 8,906,014	$ 4,397,962	49.38%
2016-2017	8,924,811	4,437,838	49.72
2017-2018	9,030,629	4,493,463	49.76
2018-2019	9,633,843	4,939,210	51.27
2019-2020	9,922,826	5,061,657	51.01
2020-2021 (Budgeted)	10,295,957	5,331,474	51.78

Source: 2015-2016 through and including the 2019-2020 Audited financial statement of the District and the budget of the District for the 2020-2021 fiscal year. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
Belleville Henderson Central School	Pre-K-12	700	1990, 2012

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2016-17	470	2021-22	490
2017-18	467	2022-23	490
2018-19	485	2023-24	490
2019-20	506	2024-25	490
2020-21	485	2025-26	490

Source: District officials.

Employees

The District provides services through approximately 146 employees. Information regarding the various bargaining units is as follows:

Members	Union Representation	Contract Expiration Date
46	Belleville Henderson Teachers' Association	June 30, 2025
37	Belleville Henderson Central School Support Association	June 30, 2023

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 current fiscal year are as follows:

Year	ERS	TRS
2015-2016	$ 161,894	$ 418,681
2016-2017	95,546	299,119
2017-2018	98,207	282,595
2018-2019	160,450	301,258
2019-2020	143,028	257,675
2020-2021 (Budgeted)	180,157	294,885

Source: District records.

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

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

A chart of average ERS and TRS rates as a percent of payroll (2017 to 2021) is shown below:

Year	ERS	TRS
2016-17	15.5%	11.72%
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53

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

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

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

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

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

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

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

Other Post-Employment Benefits

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

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

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

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

The District contracted with Aquarius Capital, an actuarial firm, to calculate its actuarial valuation under GASB 75.

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

Balance beginning at:	June 30, 2018	June 30, 2019
	$ 27,825,611	$ 28,179,126
Changes for the year:		
Service cost	1,031,095	1,017,703
Interest	1,015,628	874,654
Differences between expected and actual experience	-	-
Changes in assumptions or other inputs	(1,037,555)	1,500,149
Benefit payments	(655,653)	(647,782)
Net Changes	$ 353,515	$ 2,744,724
Balance ending at:	June 30, 2019	June 30, 2020
	$ 28,179,126	**$ 30,923,850**

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

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

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

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

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

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

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law. 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 Bonds 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 Bonds 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.

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, 2020 and is attached hereto as "APPENDIX – D". In addition, 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. 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 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 by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released an audit report of the District on October 11, 2019. The purpose of the audit was to Determine whether District officials ensured employees' personal, private, and sensitive information (PPSI) was adequately protected from unauthorized access, use and loss for the period July 1, 2017 through September 30, 2018 with information technology (IT) scans through November 1, 2018.

Key Findings:

- District officials did not provide IT security awareness training to all employees.
- District officials did not develop procedures for managing, limiting and monitoring user accounts and permissions and securing personal, private and sensitive information.
- The District did not have a disaster recovery plan.

Key Recommendations:

- Provide periodic IT security awareness training to all employees who use IT resources.
- Develop written procedures for managing access to the network and financial application.
- Develop and adopt a disaster recovery plan.

The District provided a complete response to the State Comptroller's office on October 5, 2019. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

The State Comptroller's office released an audit report of the District on May 27, 2016. The purpose of the audit was to review the District's financial condition for the period July 1, 2014 through September 30, 2015.

Key Findings:

- The Board adopted budgets which included appropriated fund balance that was not needed as a funding source because the Board and District officials overestimated appropriations when they prepared and adopted budgets for the last three fiscal years.
- The unassigned fund balance has exceeded legal limits all three years.
- For three of the four District reserves, the Board has not developed a written plan that communicates to taxpayers the optimal funding levels or conditions under which the reserves will be used.
- The District also maintained approximately $28,600 in its tax certiorari reserve fund with no plan for its use.

Key Recommendations:

- Discontinue the practice of adopting budgets with the appropriation of fund balance that will not be used.
- Ensure that the amount of the District's unassigned fund balance is in compliance with statutory limits.
- Develop a formal reserve fund plan that outlines targeted funding levels and the conditions under which the funds will be used.
- Return any excess funds in the tax certiorari reserve to the unrestricted fund balance in the general fund.

The District provided a complete response to the State Comptroller's office on April 24, 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 Comptrollers audits of the District that are currently in progress or pending release.

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

Fiscal Year Ending In	Stress Designation	Fiscal Score
2020	No Designation	6.7%
2019	No Designation	6.7%
2018	No Designation	6.7%

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Towns of:					
Adams	$ 8,382,322	$ 8,304,010	$ 8,317,874	$ 8,337,196	$ 8,531,512
Ellisburg	187,374,540	188,963,885	191,035,126	193,120,352	194,789,464
Henderson	322,279,566	323,952,985	324,841,134	327,208,029	325,660,966
Total Assessed Values	$ 518,036,428	$ 521,220,880	$ 524,194,134	$ 528,665,577	$ 528,981,942
State Equalization Rates					
Towns of:					
Adams	100.00%	100.00%	100.00%	100.00%	100.00%
Ellisburg	100.00%	100.00%	100.00%	100.00%	100.00%
Henderson	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	$ 518,036,428	$ 521,220,880	$ 524,194,134	$ 528,665,577	$ 528,981,942

Tax Rates Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Towns of:					
Adams	$ 8.14	$ 8.24	$ 8.53	$ 8.77	$ 9.05
Ellisburg	8.14	8.24	8.53	8.77	9.05
Henderson	8.14	8.24	8.53	8.77	9.05

Tax Collection Procedure

School taxes are due September 1, payable during the month of September without penalty. Payments during the month of October are subject to a 2% penalty. No payments are accepted after November 2. Uncollected school taxes are turned over to the Counties after November 2 for collection with a penalty and additional interest added. The Counties reimburse the School District in full for uncollected taxes before the end of the fiscal year for which the taxes were levied, thereby assuring the District of 100% tax collection annually.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Total Tax Levy	$ 4,213,539	$ 4,296,967	$ 4,468,935	$ 4,638,308	$ 4,787,183
Amount Uncollected (1)	272,239	361,183	253,872	256,422	276,272
% Uncollected	6.46%	8.41%	5.68%	5.53%	5.77%

(1) As of the end of the local collection period.

Note: The District is assured 100% of its collections annually. 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 last five completed fiscal years and budgeted new figures comprised of Real Property Taxes and Tax Items:

Fiscal Year	Total Revenues	Total Real Property Tax & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2015-2016	$ 8,906,014	$ 4,139,538	46.48%
2016-2017	8,924,811	4,219,608	47.28
2017-2018	9,030,629	4,306,108	47.68
2018-2019	9,633,843	4,476,994	46.47
2019-2020	9,922,826	4,634,623	46.71
2020-2021 (Budgeted)	10,295,957	4,790,183	46.52

Source: 2015-2016 through and including the 2019-2020 Audited financial statement of the District and the budget of the District for the 2020-2021 fiscal year. This table is not audited.

Larger Taxpayers 2020 for 2020-21 Tax Roll

Name	Type	Estimated Full Valuation
LJS Properties LLC	Campground	$ 4,626,700
National Grid	Utility	3,292,286
Bisbort, Curtis	Residence	1,783,600
Dresher, W.J.	Residence	1,700,000
Eastman, John	Farm	1,645,240
Doubledale Realty	Farm	1,539,984
ELL Roch Enterprises Inc	Undeveloped/Investment	1,475,500
Butterville Properties, LLC	Farm	1,435,855
Hillcrest Farm LLC	Farm	1,325,533
Sheeland Farms	Farm	1,288,043
	Total	$ 20,112,741

The ten larger taxpayers listed above have a total full valuation of $20,112,741 which represents 3.80% of the tax base of the District.

As of the date of this Official Statement, the District currently does not have any have any pending or outstanding tax certioraris that are known or reasonably expected to have a material 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. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of $86,300 or less for 2019 benefits and $88,050 or less for 2020 benefits, 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 $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A new homeowner may receive a new personal income tax credit in the form of a check. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared with a $500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of $250,000 or less have the option to select the credit or the exemption.

The below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Adams	$ 69,800	$ 30,000	4/10/2020
Ellisburg	69,800	30,000	4/10/2020
Henderson	69,800	30,000	4/10/2020

$306,870 the District's $4,638,308 school tax levy for the 2019-2020 fiscal year is expected to be exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2020.

Approximately $302,421 the District's $4,787,183 school tax levy for the 2020-2021 fiscal year is expected to be exempted by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State in January 2021.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-60%, Agricultural-30% and Commercial-10%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the District is approximately $1,900 including County, Town, School District and Fire District taxes.

TAX LEVY LIMITATION LAW

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

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

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020, however legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

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

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

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

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

Real Property Tax Rebate

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30:	2016	2017	2018	2019	2020
Bonds	$ 5,765,000	$ 7,275,000	$ 6,765,000	$ 6,165,000	$ 5,545,000
Bond Anticipation Notes	900,000	2,395,123	0	0	2,027,827
Other Debt [1]	115,195	0	0	0	0
Total Debt Outstanding	$ 6,780,195	$ 9,670,123	$ 6,765,000	$ 6,165,000	$ 7,572,827

[1] Represents Installment Purchase Debt.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of March 2, 2021.

Type of Indebtedness	Maturity	Amount
Bonds	2021-2032	$ 5,915,000
Bond Anticipation Notes		
Capital Project	July 23, 2021	1,800,000
	Total Indebtedness	$ 7,715,000

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of March 2, 2021:

Full Valuation of Taxable Real Property			$ 528,981,942
Debt Limit 10% thereof			52,898,194
Inclusions:			
Bonds	$ 5,915,000		
Bond Anticipation Notes	1,800,000		
Principal of this Issue	3,065,000 *		
Total Inclusions		$ 10,780,000	
Exclusions:			
State Building Aid (1)	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 10,780,000
Net Debt-Contracting Margin			$ 42,118,194
The percent of debt contracting power exhausted is			20.38%

(1) Based on preliminary 2021-2022 building aid estimates, the District anticipates State Building aid of 71.4% 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: $3,180,000 of the serial bonds listed above are expected to be refunded with the proceeds of the Bonds.

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

Bonded Debt Service

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

Cash Flow Borrowings

The District has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the past and has no future plans to do so.

* Preliminary, subject to change.

Capital Project Financing Plans

On December 7, 2017 the District voters approved a $2,750,000 capital project consisting of renovations and improvements to the District's pre K-12 building, bus garage and athletic fields with a portion being financed with capital reserve money and the rest issued through bond anticipation notes and serial bonds. The District issued $1,800,000 bond anticipation notes on July 24, 2019 as the first borrowing against the aforementioned project. The District issued $1,800,000 bond anticipation notes on July 23, 2020 to renew $1,800,000 bond anticipation notes that matured on July 24, 2020. Pending market conditions and project completion, the District anticipates issuing serial bonds to permanently finance the project in 2021.

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

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Jefferson	12/31/2018	$ 33,772,433	$ 5,242,433	$ 28,530,000	6.50%	$ 1,854,450
Town of:						
Adams	12/31/2018	1,043,350	280,050	763,300	2.73%	20,838
Ellisburg	12/31/2018	2,047,931	2,047,931	-	66.60%	-
Henderson	12/31/2018	-	-	-	96.87%	-
Village of:						
Ellisburg	5/31/2019	1,296,000	1,296,000	-	100.00%	-
					Total:	$ 1,875,288

(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 for the County and Towns above 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 and 2019.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of March 2, 2021:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 10,780,000	$ 3,135.54	2.04%
Net Indebtedness Plus Net Overlapping Indebtedness [d]...........	12,655,288	3,681.00	2.39

(a) The current estimated population of the District is 3,438. (See "THE SCHOOL DISTRICT - Population" herein.)
(b) The District's full value of taxable real estate for 2020-21 is $528,981,942. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" herein.
(d) Estimated net overlapping indebtedness is $1,875,288. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

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

MARKET AND RISK FACTORS

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

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

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

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the School District could have an impact upon the market price of the Bonds. See “TAX LEVY LIMITATION LAW” herein.

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

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. 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 and continues to take 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 have and are expected to continue 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 "State Aid" and "State Aid History" herein).

TAX MATTERS

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

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

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

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

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

LEGAL MATTERS

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

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

Certain legal matters will be passed upon for the underwriter by its Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

UNDERWRITING

The Bonds are being purchased by Roosevelt & Cross Incorporated (the "Underwriter") for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to $______________ (being the par amount of the Bonds plus a net original issue premium of $____________, less an underwriter's discount for the transaction of $___________). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

BOND RATING

Moody's Investors Service ("Moody's") has assigned its rating of "A1" to the Bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and 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”, “believe”, “intend”, “plan”, “foresee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases 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 Bonds.

Neither Trespasz & Marquardt LLP, Syracuse, New York, Bond Counsel to the District, nor Orrick, Herrington & Sutcliffe LLP, New York, New York Counsel to the Underwriter, express an opinion 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 Bonds, 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 Bonds, 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 limitation as to information in the Official Statement obtained from sources other than the District, as to which no representation can be made.

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

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 or hacking 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 will act as Paying Agent for the Bonds. The District's contact information is as follows: Stephen Magovney, School District Business Manager, Belleville Henderson Central School District, District Offices, 8372 County Route 75, PO Box 158, Adams, New York 13605, Phone: (315) 846-5826, Fax: (315) 846-5617, Email: smagovney@bhpanthers.org.

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

BELLEVILLE HENDERSON CENTRAL SCHOOL DISTRICT

Dated: March ____, 2021

/s/_______________
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2016	2017	2018	2019	2020
ASSETS					
Unrestricted Cash	$ 2,221,211	$ 2,087,241	$ 1,922,404	$ 1,676,396	$ 1,568,467
Restricted Cash	1,509,668	1,587,017	552,661	602,771	602,909
Accounts Receivable	-	-	15,599	10,624	7,480
State and Federal Aid Receivable	166,395	83,366	61,136	101,381	107,980
Due from Other Funds	165,947	100,070	175,979	241,937	333,476
Due from Other Governments	-	135,639	99,579	116,488	186,402
Due from Fiduciary Funds	128,757	106,524	-	344	66,090
Deferred Expenditures	12,721	-	-	-	-
TOTAL ASSETS	$ 4,204,699	$ 4,099,857	$ 2,827,358	$ 2,749,941	$ 2,872,804
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 96,240	$ 27,034	$ 39,657	$ 9,735	$ 42,722
Accrued Liabilities	17,376	20,053	14,289	16,769	21,905
Due to Other Funds	-	-	-	1,783	104,544
Due to Other Governments	-	-	-	-	-
Compensated Absences	217,785	246,977	275,533	24,661	27,722
Due to Teachers' Retirement System	411,199	325,273	279,491	283,713	272,621
Due to Employees' Retirement System	52,231	34,643	38,476	36,164	34,232
Due to Fiduciary Funds	-	-	47	-	-
Bond Anticipation Notes Payable	-	-	-	-	227,827
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	794,831	653,980	647,493	372,825	731,573
FUND EQUITY					
Reserved/Restricted	$ 1,522,389	$ 1,587,017	$ 552,661	$ 602,661	$ 860,288
Unreserved:					
Assigned	612,741	596,022	700,332	695,000	735,101
Unassigned	1,274,738	1,262,838	926,872	1,079,455	545,842
TOTAL FUND EQUITY	3,409,868	3,445,877	2,179,865	2,377,116	2,141,231
TOTAL LIABILITIES and FUND EQUITY	$ 4,204,699	$ 4,099,857	$ 2,827,358	$ 2,749,941	$ 2,872,804

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
REVENUES					
Real Property Taxes	$ 3,736,115	$ 3,813,557	$ 3,900,539	$ 3,983,389	$ 4,150,730
Other Tax Items	317,771	325,981	319,069	322,719	326,264
Charges for Services	4,653	3,763	4,231	17,641	6,130
Use of Money & Property	895	928	6,463	1,328	589
Sale of Property and Compensation for Loss	16,905	28,010	-	16,708	8,476
Miscellaneous	211,913	226,065	191,938	169,459	155,487
Revenues from State Sources	4,284,286	4,397,962	4,437,838	4,493,463	4,939,210
Revenues from Federal Sources	34,630	109,748	64,733	25,922	46,957
Total Revenues	$ 8,607,168	$ 8,906,014	$ 8,924,811	$ 9,030,629	$ 9,633,843
Other Sources:					
Interfund Transfers/Retirement and Unemployment Reserve Use	-	-	-	60,000	-
Total Revenues and Other Sources	8,607,168	8,906,014	8,924,811	9,090,629	9,633,843
EXPENDITURES					
General Support	$ 1,023,969	$ 1,110,422	$ 1,001,783	$ 1,184,533	$ 1,393,699
Instruction	4,095,146	4,299,951	4,379,596	4,585,656	4,537,106
Pupil Transportation	560,270	412,475	454,186	607,842	717,422
Community Services	-	-	-	-	-
Employee Benefits	2,012,592	1,965,448	2,149,084	2,093,301	2,144,928
Debt Service	753,431	875,781	878,310	780,007	826,506
Total Expenditures	$ 8,445,408	$ 8,664,077	$ 8,862,959	$ 9,251,339	$ 9,619,661
Other Uses:					
Interfund Transfers	707,819	33,937	25,843	1,105,302	100,000
Total Expenditures and Other Uses	9,153,227	8,698,014	8,888,802	10,356,641	9,719,661
Excess (Deficit) Revenues Over Expenditures	(546,059)	208,000	36,009	(1,266,012)	(85,818)
FUND BALANCE					
Fund Balance - Beginning of Year	3,747,927	3,201,868	3,409,868	3,445,877	2,179,865
Prior Period Adjustments (net)	-	-	-	-	283,069
Fund Balance - End of Year	$ 3,201,868	$ 3,409,868	$ 3,445,877	$ 2,179,865	$ 2,377,116

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2020 Adopted Budget	2020 Modified Budget	2020 Actual	2021 Adopted Budget
REVENUES				
Real Property Taxes	$ 4,638,308	$ 4,638,308	$ 4,326,613	$ 4,787,183
Other Tax Items	3,000	3,000	308,010	3,000
Charges for Services	-	4,000	3,616	-
Use of Money & Property	-	800	1,000	-
Sale of Property and Compensation for Loss	-	-	8,039	-
Miscellaneous	96,800	92,000	150,263	106,800
Revenues from State Sources	5,070,435	5,070,435	5,061,657	5,331,474
Revenues from Federal Sources	18,000	18,000	63,628	50,000
Total Revenues	$ 9,826,543	$ 9,826,543	$ 9,922,826	$ 10,278,457
Other Sources:				
Interfund Transfers/Retirement and Unemployment Reserve Use	-	-	-	17,500
Total Revenues and Other Sources	9,826,543	9,826,543	9,922,826	10,295,957
EXPENDITURES				
General Support	$ 1,537,340	$ 1,536,724	$ 1,744,900	$ 1,573,587
Instruction	4,852,524	4,904,965	4,722,020	4,924,254
Pupil Transportation	658,427	636,157	557,195	712,556
Community Services	-	-	-	-
Employee Benefits	2,585,962	2,556,408	2,144,595	2,611,577
Debt Service	832,182	832,181	832,181	1,042,047
Total Expenditures	$ 10,466,435	$ 10,466,435	$ 10,000,891	$ 10,864,021
Other Uses:				
Interfund Transfers	182,000	182,000	157,820	125,000
Total Expenditures and Other Uses	10,648,435	10,648,435	10,158,711	10,989,021
Excess (Deficit) Revenues Over Expenditures	(821,892)	(821,892)	(235,885)	(693,064)
FUND BALANCE				
Fund Balance - Beginning of Year	821,892	821,892	2,377,116	693,064
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 2,141,231	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	NOT INLUDING THE BONDS Principal	Interest	Total	REFUNDED BONDS DEBT SERVICE	REFUNDING BONDS Principal	Interest	Total	TOTAL NEW DEBT SERVICE
2021	$ 635,000	$ 196,218.75	$ 831,218.75	$ -	$ -	$ -	$ -	$ 831,218.75
2022	740,000	185,366.58	925,366.58	-	-	-	-	925,366.58
2023	760,000	163,596.25	923,596.25	-	-	-	-	923,596.25
2024	785,000	141,383.75	926,383.75	-	-	-	-	926,383.75
2025	810,000	116,582.50	926,582.50	-	-	-	-	926,582.50
2026	630,000	91,406.25	721,406.25	-	-	-	-	721,406.25
2027	655,000	69,000.00	724,000.00	-	-	-	-	724,000.00
2028	165,000	45,000.00	210,000.00	-	-	-	-	210,000.00
2029	170,000	36,750.00	206,750.00	-	-	-	-	206,750.00
2030	180,000	28,250.00	208,250.00	-	-	-	-	208,250.00
2031	190,000	19,250.00	209,250.00	-	-	-	-	209,250.00
2032	195,000	9,750.00	204,750.00	-	-	-	-	204,750.00
TOTALS	$ 5,915,000	$ 1,102,554.08	$ 7,017,554.08	$ -	$ -	$ -	$ -	7,017,554.08

CURRENT DEBT OUTSTANDING

Fiscal Year Ending June 30th	2013 Capital Project			2017 Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2021	$ 515,000	$ 106,218.75	$ 621,218.75	$ 120,000	$ 90,000.00	$ 210,000.00
2022	525,000	94,631.25	619,631.25	125,000	85,200.00	210,200.00
2023	540,000	81,506.25	621,506.25	130,000	78,950.00	208,950.00
2024	555,000	65,306.25	620,306.25	135,000	73,750.00	208,750.00
2025	575,000	48,656.25	623,656.25	140,000	67,000.00	207,000.00
2026	485,000	31,406.25	516,406.25	145,000	60,000.00	205,000.00
2027	500,000	16,250.00	516,250.00	155,000	52,750.00	207,750.00
2028	-	-	-	165,000	45,000.00	210,000.00
2029	-	-	-	170,000	36,750.00	206,750.00
2030	-	-	-	180,000	28,250.00	208,250.00
2031	-	-	-	190,000	19,250.00	209,250.00
2032	-	-	-	195,000	9,750.00	204,750.00
TOTALS	$ 3,695,000	$ 443,975.00	$ 4,138,975.00	$ 1,850,000	$ 646,650.00	$ 2,496,650.00

Fiscal Year Ending June 30th	2020 BOCES Project		
	Principal	Interest	Total
2021	$ -	$ -	$ -
2022	90,000	5,535.33	95,535.33
2023	90,000	3,140.00	93,140.00
2024	95,000	2,327.50	97,327.50
2025	95,000	926.25	95,926.25
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
TOTALS	$ 370,000	$ 11,929.08	$ 381,929.08

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the District has agreed to provide, or cause to be provided,

(i) In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the District has agreed to provide, or cause to be provided, to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Official Statement dated March ___, 2021 of the District relating to the Bonds under the headings “THE SCHOOL DISTRICT”, “TAX INFORMATION”, “STATUS OF INDEBTEDNESS”, “LITIGATION” and all Appendices (other than Appendix – C & E and other than any Appendix related to bond insurance), and (ii) a copy of the audited financial statements, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2021; such information, data, and audit will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if the audited financial statements are not available at that time, within sixty days following receipt by the District of its audited financial statements for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year;

(ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

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

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

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

(g) modifications to rights of securityholders, if material

(h) Bond calls, if material and tender offers

(i) defeasances

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

(k) rating changes

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

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

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

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

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

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

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

For the purposes of the event identified in (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for 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.

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

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

(iii) in a timely manner to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

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

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

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

BELLEVILLE HENDERSON CENTRAL SCHOOL DISTRICT

JEFFERSON COUNTY, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2020

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 Preliminary Official Statement.

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Comprehensive Annual Financial Report

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Crowley & Halloran, CPAs, P.C.
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Members of:
AICPA
NYSSCPA
Government Audit Quality Center
Employee Benefit Plan Audit Quality Center

Independent Auditors' Report

To the Board of Education
Belleville Henderson Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Belleville Henderson Central School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Independent Auditors' Report
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Belleville Henderson Central School District, as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the District's total OPEB liability and related ratios, the schedule of the local government's proportionate share of the net pension liability, and the schedule of the local government's share of contributions as listed in the table of contents 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 Belleville Henderson Central School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and The Real Property Tax Limit, - General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, and Net Investment in Capital Assets are presented for additional analysis and are not a required part of the basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and The Real Property Tax Limit, - General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, and Net Investment in Capital Assets 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.

Independent Auditors' Report
(Continued)

Other Information – continued

In our opinion, the Schedule of Change from Adopted Budget to Final Budget and The Real Property Tax Limit, - General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, and Net Investment in Capital Assets are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020, on our consideration of Belleville Henderson Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Belleville Henderson Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Belleville Henderson Central School District's internal control over financial reporting and compliance.

Crowley & Halloran, CPAs P.C.
Watertown, NY
October 23, 2020

BELLEVILLE HENDERSON CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The following is a discussion and analysis of the Belleville Henderson Central School District's financial performance for the fiscal year ended June 30, 2020. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed, as well as a comparative analysis to prior year information. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section. Responsibility for the completeness and fairness of the information contained rests with the School District.

Financial Highlights

The District's purpose is to educate all students to high levels of academic performance while fostering positive growth in social/emotional behaviors and attitudes. The Board of Education is the governing body elected by the residents of the District. Its mission is to maintain certain standards of excellence set by the New York State Board of Regents. This has to be accomplished with the least economic impact to the local taxpayer. The following financial highlights are the District's attempt at completing this mission.

For the year ending June 30, 2020, total general revenues of $9,919,522 was $280,760 greater than the $11,811,864 in net expenses.

The District's portion of Assigned General Fund Balance designated to reduce real estate taxes in 2020-21 is $695,000 or 32.46% of the General Fund Balances. The General Fund Unassigned Fund Balance is $545,842 or 4.97% of the 2020-21 budget.

The District employs about 130 full and part time employees. The district has two unions (Belleville Henderson Teachers Association and School Support Staff Association). The School Support Staff Association collective bargaining agreement will expire on June 30, 2023. The Belleville Henderson Teachers Association agreement was renewed and will now expire on June 30, 2025.

The District has maintained standards set by the New York State Education Department for the testing of their students to achieve mastery in certain core subjects at or above the levels set by the State Education Department for the year ending June 30, 2020.

The District closed to in person instruction on March 16, 2020, due to the COVID-19 pandemic and remained closed throughout the end of the school year. No employee were furloughed and all employees continued to get paid in the 2019-2020 school year. Although faculty taught lessons remotely, other support staff reported on limited basis to fulfill essential tasks. Administrative staff worked remotely the majority of the time. Cafeteria staff worked on site to provide meals throughout quarantine. Maintenance and Transportation staff also continued to work on-site. The District braces for longer-term economic pressures in light of the on-going COVID-19 pandemic.

Overview of Financial Statements

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

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

- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the District-wide statements.

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

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

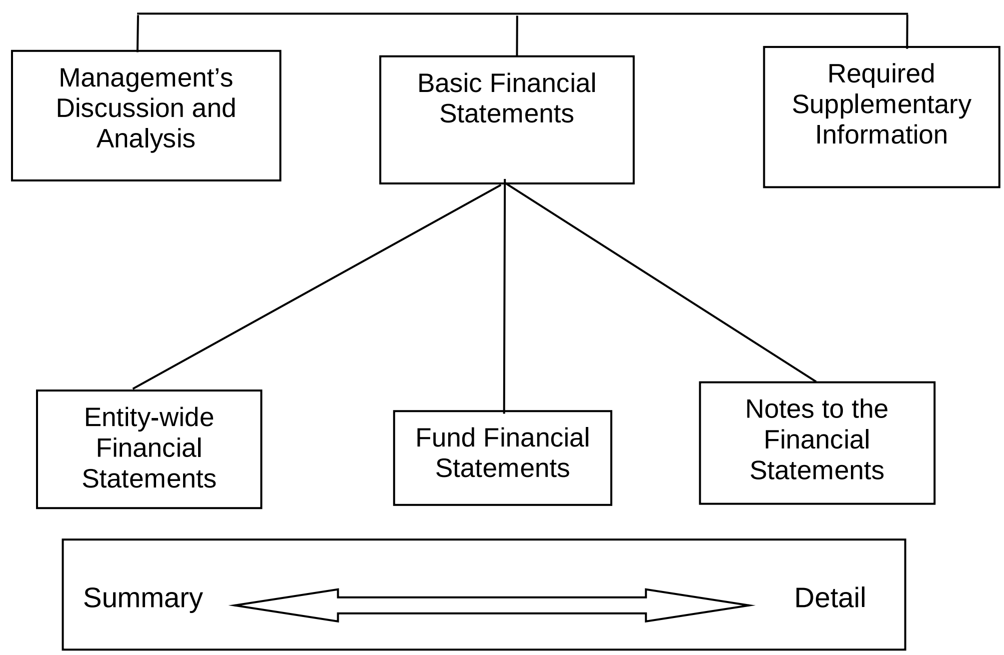
The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget and actual for the year.

Reclassifications

Certain accounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

The chart below shows how the various parts of this annual report are arranged and related to one another.

Organization of the District's Annual Financial Report



The chart on the following page summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

District-Wide		Fund Financial Statements	
		Governmental Funds	**Fiduciary Funds**
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance.	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/ Liability Information	All assets and liabilities, both financial and capital, short-term and long-term debt	Generally, assets expected to be used up and liabilities that come due during the year or soon after; 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 revenue and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The District has two kinds of funds:

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

- **Fiduciary Funds**: The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these assets to finance its operations.

Financial Analysis of the School District as a Whole

Net position may serve over time as a useful indicator of a government's financial position. In the District's case, liabilities and deferred inflows exceeded assets and deferred outflows by $16,675,035 at the close of the fiscal year. This represents a $1,892,342 decrease in net position for the year. The largest portion of the School District's net assets reflects its investment in capital assets, less any related outstanding debt used to acquire those assets.

The schedule below summarizes the School District's net position. The complete Statement of Net Position can be found in the School District's basic financial statements on page 19.

Condensed Statement of Net Position

	Governmental Activities and Total School District			
	2020	2019	$ Change	% Change
Current and Other Assets	$ 3,664,401	$ 3,954,609	$ (290,208)	(7.3%)
Capital & Pension Asset	19,722,750	18,345,847	1,376,903	7.5%
Total Assets	23,387,151	22,300,456	1,086,695	4.9%
Deferred Outflows of Resources	2,085,685	2,537,831	(452,146)	(17.8%)
Long-Term Liabilities	37,532,454	34,790,708	2,741,746	7.9%
Other Liabilities	2,747,849	1,180,417	1,567,432	132.8%
Total Liabilities	40,280,303	35,971,125	4,309,178	12.0%
Deferred Inflows of Resources	1,867,568	3,649,855	(1,782,287)	(48.8%)
Net Position				
Net Investment in Capital Assets	11,939,287	11,877,987	61,300	0.5%
Restricted	1,088,838	757,800	331,038	43.7%
Unrestricted	(29,703,160)	(27,418,480)	(2,284,680)	8.3%
Total Net Position (Deficit)	$ (16,675,035)	$(14,782,693)	$ (1,892,342)	12.8%

In general, current assets are those assets that are available to satisfy current obligations, and current liabilities are those liabilities that will be paid within one year. Current assets consist primarily of cash equivalents of $2,150,533, inventories of $16,388, and accounts receivable of $7,480, as well $473,763 due from state and federal, and due from other governments receivables of $186,402. The District has restricted cash in the amount of $763,745.

The deferred outflow of resources consists of the deferred charge on pension of $2,085,685.

Current liabilities consist principally of accounts payable totaling $42,913 and retainage held from the construction project of $16,429, as well as accrued expenses of $21,905, due to other governments of $18,987, and due to ERS and TRS retirement systems totaling $313,628, and the current portion of long-term debt totaling $635,000.

The deferred inflow of resources consists of the deferred charge on pension of $638,931 and OPEB of $1,228,637.

The Statement of Activities and Changes in Net Position show the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted state and federal aid must support the net cost of the District's programs.

The following schedule summarizes the District's activities. The complete Statement of Activities can be found in the District's basic financial statements on page 20.

Condensed Net Position from Operating Results

	Governmental Activities and Total School District			
	2020	2019	$ Change	% Change
Revenues				
Program Revenues				
Charges for Services	$ 50,949	$ 79,488	$ (28,539)	(35.9%)
Operating Grants and Contributions	674,133	709,823	(35,690)	(5.0%)
General Revenues				
Property Taxes and Other Tax Items	4,634,623	4,476,994	157,629	3.5%
State Formula Aid	5,061,657	4,939,210	122,447	2.5%
Federal Aid	63,628	46,957	16,671	35.5%
Interest Earnings	640	682	(42)	(6.2%)
Miscellaneous	158,974	174,919	(15,945)	(9.1%)
Total Revenues and Special Items	10,644,604	10,428,073	216,531	2.1%
Expenses				
General Support	2,813,992	2,157,970	656,022	30.4%
Instruction	8,410,905	7,032,852	1,378,053	19.6%
Transportation	937,741	861,061	76,680	8.9%
Debt Service - Interest	206,415	191,397	15,018	7.8%
Food Service	167,893	141,170	26,723	18.9%
Total Expenses	12,536,946	10,384,450	2,152,496	20.7%
Increase (Decrease) in Net Position	$ (1,892,342)	$ 43,623	$(1,935,965)	4437.9%

Governmental Activities

The following analysis compares the total cost of services provided by the District in relation to the net cost of providing the service after considering program service revenues generated and program operating grants.

Net Cost of Governmental Activities

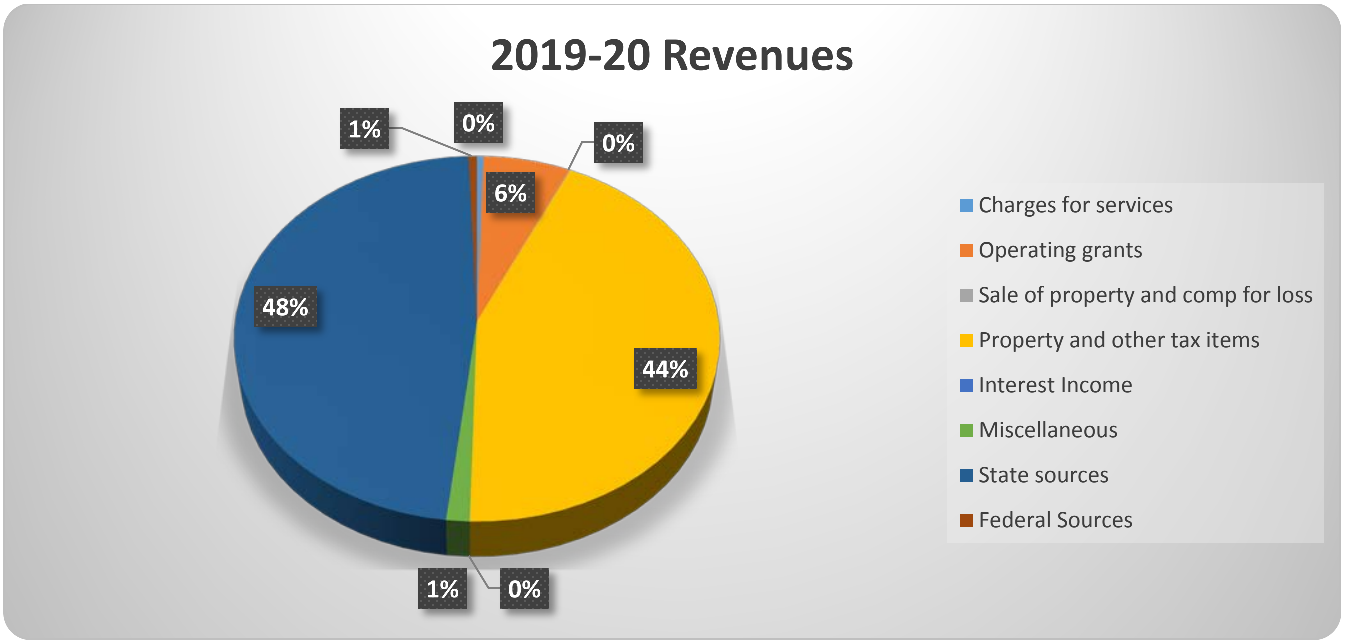
	Total Cost of Services		%	Net Cost of Services		%
	2020	2019	Change	2020	2019	Change
General Support	$ 2,813,992	$ 2,157,970	30.4%	$ 2,813,992	$ 2,157,970	30.4%
Instruction	8,410,905	7,032,852	19.6%	7,944,510	6,495,735	22.3%
Pupil Transportation	937,741	861,061	8.9%	937,741	861,061	8.9%
Debt Service - Interest	206,415	191,397	7.8%	206,415	191,397	7.8%
Food Service	167,893	141,170	18.9%	(90,794)	(111,024)	(18.2%)
Total	$ 12,536,946	$10,384,450	20.7%	$ 11,811,864	$ 9,595,139	23.1%

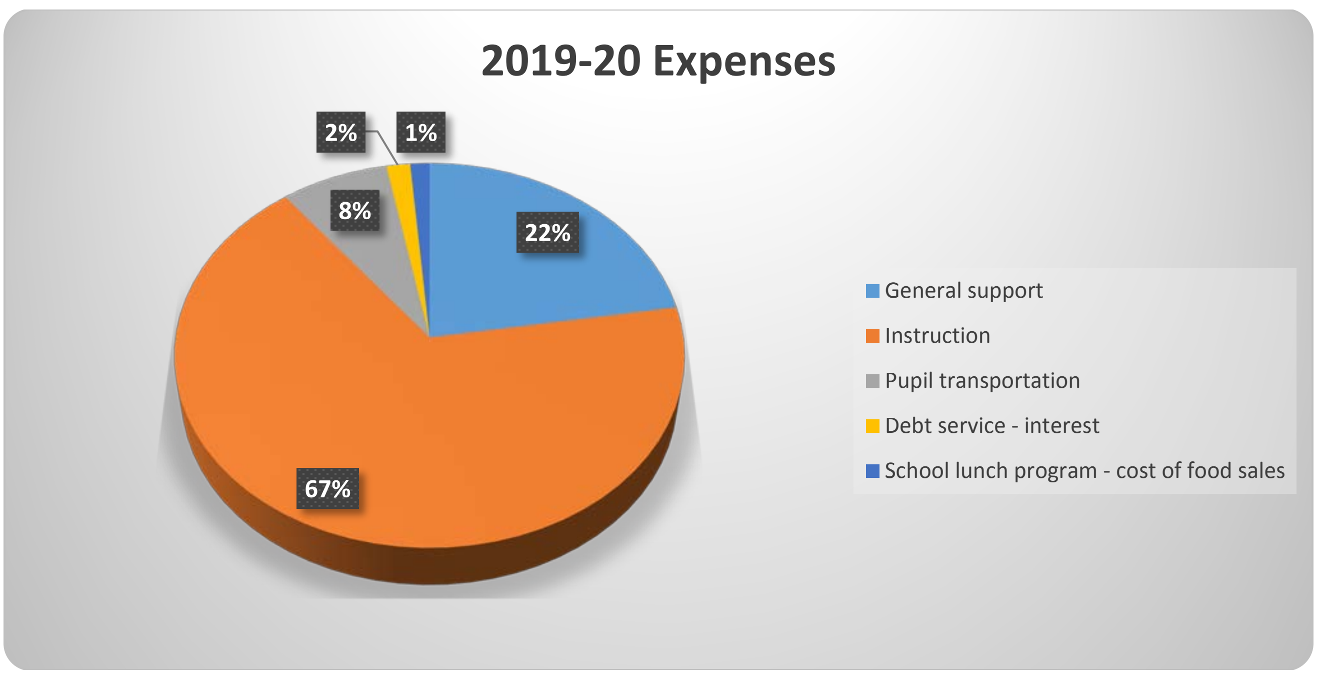
The District strives to control and reduce cost for our taxpayers, while maintaining program and staffing appropriate for current enrollment.

The District is heavily dependent on both property tax revenue and state and federal aid for its funding. State and federal sources and Operating grants combined account for 54.5% of total revenues. Property tax revenue accounted for 43.5% of total revenues received for the year. These two areas make up for 98% of total revenues received in the 2019-20 school year.

Instruction accounts for 67.1%, general support accounts for 22.4%, and pupil transportation is 7.5% of the total expenses of the District. Interest expense is 1.6% and the school lunch program is 1.3%. Expenses increased $2,152,496 overall. Instruction increased $1,378,053 from the prior year, pupil transportation increased $76,680, interest expense increased $15,018 and the school lunch program increased $26,723. General support increased $656,022.

The financial statements also include the activity of the Special Aid and School Lunch Funds, which are primarily funded by state and federal aid and food sales.


2019-20 Revenues
1%
0%
0%
6%
48%
44%
1%
0%
Charges for services
Operating grants
Sale of property and comp for loss
Property and other tax items
Interest Income
Miscellaneous
State sources
Federal Sources


2019-20 Expenses
2%
1%
8%
22%
67%
General support
Instruction
Pupil transportation
Debt service - interest
School lunch program - cost of food sales

General Fund Budgetary Highlights

The District's budget of $10,648,435 for 2019-20 was approved by voters. The District's total budget increase for 2019-20 was $290,424 or a 2.80% increase from the prior year budget.

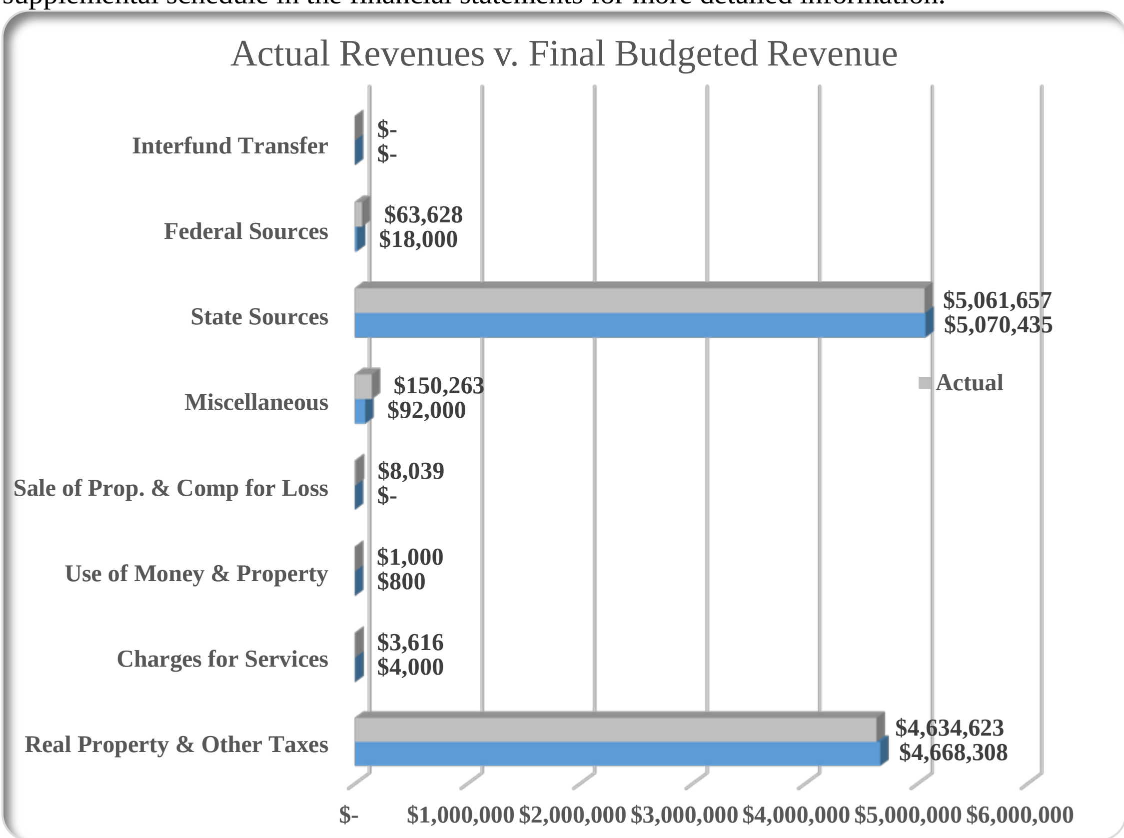
The District appropriated $695,000 of the fund balance; $600,000 was to reduce taxes for the year ending June 30, 2020 and $95,000 was to appropriate money to the ERS Reserve. Unspent appropriations provide cash flow at year-end when state aid is uncertain. Without this balance, the District would have to borrow funds at year-end to meet its obligations.

Revenues

Revenues from Local, State, and Federal Sources amounted to $96,283 more than final budget figures. The District also received $150,263 in miscellaneous revenues consisting mainly of refunds of prior year BOCES, and other prior year expenditures.

Actual general fund revenues, including transfers from other funds, were above budgeted amounts by $96,283 for the school year ending June 30, 2020.

The following graph depicts actual revenues in comparison with final budgeted revenues. Refer to supplemental schedule in the financial statements for more detailed information.



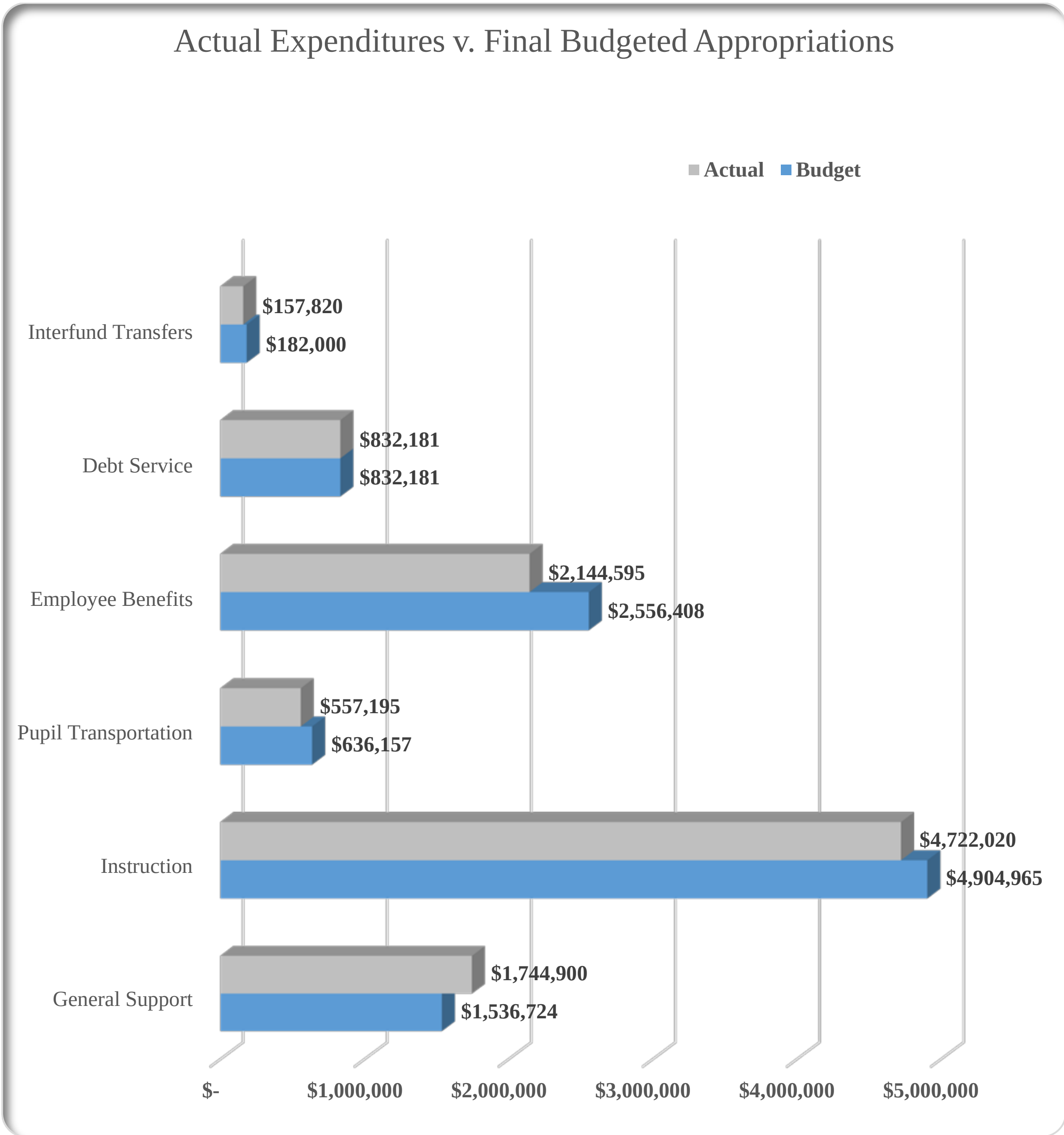
Expenditures

The District estimated budget appropriations varied from actual expenditures for the following reasons. Total General Support was overall $211,451 over the budgeted, due to District's share of the BOCES $20 million dollar capital project first installment payment of $227,827. Other overestimation budget appropriations of unforeseen price increases, and tighter control exercised over material, supply and contractual expenditures, other administrative costs were less than budgeted and some charges were reallocated. Total Instruction was $146,119 under budget due to reduction in salary costs (new staff hired at a rate lower than anticipated), allocation of costs to grants, lower BOCES costs and lower material supply expenses due to tighter control over expenditures.

Pupil transportation was $78,692 under budget as cost of fuel did not increase as much as budgeted, garage utilities did not increase as much as anticipated and bus repairs were an uncertainty when the budget was constructed. Tighter control was exercised over materials and supply expenditures. In addition material and supply expenditures were less due to the COVID-19 Pandemic. Employee benefits were $411,813 under budget due to decreased utilization during the school year in health insurance, fewer new staff taking health insurance than budgeted, and higher rates used for Employees' Retirement System (the higher Tier 4 rates are used for budgeting purposes, as opposed to those who are actually in a lower Tier 6).

The underestimated General Fund actual revenues of $96,283 and underspent budgeted appropriations of $449,623 are used to fund appropriations for the subsequent year. The District had appropriated $695,000 for the 2019-20 school year which was 6.3% of the budget. These appropriations are currently part of the Assigned Fund Balance of which the District anticipates using $600,000 of its fund balance for the 2020-21 school year to offset reductions in State Aid and increased expenses. This portion of the Assigned Fund Balance needs to be maintained to help the District with cash flow at the end of the school year. The only way Assigned Fund Balance can be lowered without raising the tax levy (which is now subject to restrictions on the maximum allowable tax levy) in the subsequent year is to increase other revenues such as State Aid or reduce appropriations.

The following graph depicts actual expenditures in comparison with the final budgeted appropriations. Refer to the supplemental schedules in the financial statements for more detailed information.

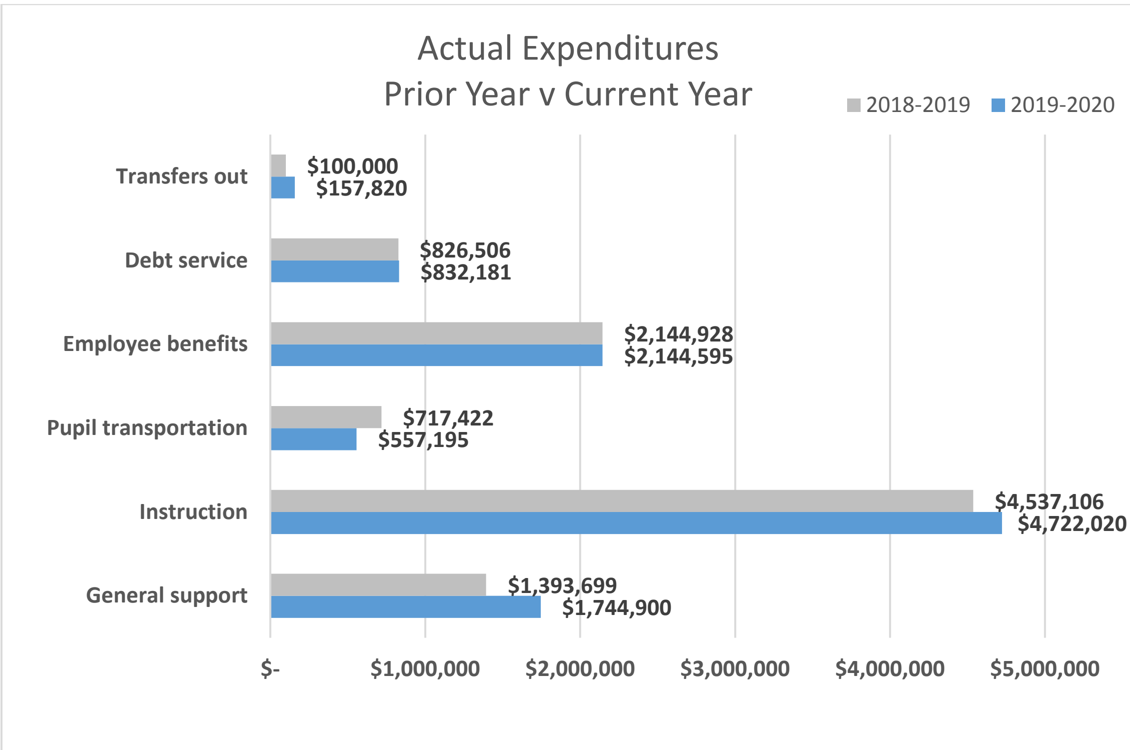

Actual Expenditures v. Final Budgeted Appropriations
Actual
Budget
Interfund Transfers
$157,820
$182,000
Debt Service
$832,181
$832,181
Employee Benefits
$2,144,595
$2,556,408
Pupil Transportation
$557,195
$636,157
Instruction
$4,722,020
$4,904,965
General Support
$1,744,900
$1,536,724
$-
$1,000,000
$2,000,000
$3,000,000
$4,000,000
$5,000,000

Analysis of the School District's Funds

General Fund

The General Fund is used to operate the school's daily educational and transportation programs and maintain the buildings and grounds of the facility for continued use. This is the only fund that relies on real property taxes for a portion of funding. Actual property taxes paid (less STAR Reimbursement) amounts to 43.6% of total General Fund.

The following graph depicts the actual general expenditures in the current year compared to the prior year.



Special Aid Fund

The District receives State and Federal grants, which fund specific academic activities. These grants are written for specific purposes and include reading improvement, staff development, technology improvements and needs related to students with disabilities.

Debt Service Fund

This fund is used to accumulate interest on capital fund proceeds earned during building projects. These funds have to be used to reduce the debt in the general fund in subsequent years. These funds will be transferred into the general fund in the future when needed.

School Lunch Fund

The School Lunch Program is under this category and is funded through State and Federal aid along with sale of lunch and breakfast items. The School Lunch Program showed a $11,686 surplus for the year ending June 30, 2020.

Capital Assets and Debt Administration

At the end of the fiscal year 2020, the School District had $19,284,287 invested in land, buildings, furniture and equipment, and vehicles. The following table compares fiscal 2020 balances to 2019.

Capital Assets

	Governmental Activities and Total School District			
	2020	2019	$ Change	% Change
Land	$ 138,065	$ 138,065	$ -	0.0%
Construction in Progress	2,584,822	796,739	1,788,083	224.4%
Buildings (net of depreciation)	15,699,385	16,191,136	(491,751)	(3.0%)
Vehicles, Equipment and Furniture (net of depreciation)	862,015	917,047	(55,032)	6.0%
Total	$ 19,284,287	$18,042,987	$ 1,241,300	6.9%

Capital Assets include depreciation expense of $681,776. Fully depreciated vehicles were disposed of totaling $40,899.

During fiscal year 2020, the District made a bus purchase and a salad bar unit. Additional expenditures were made on the capital projects of $1,788,083.

Long-Term Liabilities

	Governmental Activities and Total School District			
	2020	2019	$ Change	% Change
General Obligation Bonds	$ 5,545,000	$ 6,165,000	$ (620,000)	(10.1%)
Other Post-employment Benefits	30,923,880	28,179,126	2,744,754	9.7%
Compensated Absences	244,641	231,682	(9,918)	4.8%
Pension Liabilities	818,913	214,900	604,013	281.1%
Total	$ 37,532,454	$34,790,708	$ 2,741,746	7.9%

General Obligation Bonds: The District paid $620,000 in scheduled principal payments on the Serial Bonds.

Factors Bearing on the District's Future

With the following observations, the District can only project what future financial changes will be by how the history of budget and school operations have been in the District.

The contract for the Belleville Henderson Teachers Association expires June 30, 2025. This contract includes increases of 3.70% for 2020-21, 3.50% for 2021-22, 3.50% for 2022-23, 3.50% for 2023-24 and 3.30% for 2024-25.

The contract for the Belleville Henderson Support Staff expires June 30, 2023. This contract includes an increase of 3% annually for the length of the contract.

The contract increase in payroll will have a proportional increase in employee benefit costs for Social Security, Medicare and Teachers retirement (TRS) and employee (ERS) costs. Overall, the District's Medical insurance premiums have increased 1% for 2019-2020 and 1.75% for 2020-2021.

In the current year, State Aid provided 49% of the District's general revenues which was a slight increase from the previous year and was due to reinstatement of most of the remaining Gap elimination adjustment that reduced aid in prior years. This year, the Pre-K funding was the same for 2019-20 which put a further strain on the general fund to cover the costs to maintain the program for our students.

As technology continues to impact society, the curriculum must change so that students are prepared for a career and lifestyle beyond the public school setting and have the supports and services for this curriculum. These changes will require expenditures that will increase budgeted costs.

Contacting the School District's Financial Management

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

Mr. Stephen Magovney
School Business Manager
Belleville Henderson Central School District
8372 County Route 75
Adams, NY 13605

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Total Governmental Funds
ASSETS	
Unrestricted Cash	$ 2,150,533
Restricted Cash	763,745
Due from Fiduciary Funds	66,090
Due from Other Governments	186,402
Due from State and Federal	473,763
Other Receivables	7,480
Prepaid Expenditures	-
Inventories	16,388
Capital Assets, Net	19,284,287
Net Pension Asset-Proportionate Share	438,463
Total Assets	23,387,151
DEFERRED OUTFLOWS OF RESOURCES	
OPEB (GASB 75)	-
Pensions	2,085,685
Total Deferred Outflows of Resources	2,085,685
LIABILITIES	
Accounts Payable	42,913
Accrued Liabilities	21,905
Retainage	16,429
Due to Other Governments	18,987
Due to Teachers' Retirement System	276,208
Due to Employees' Retirement System	37,420
Bond Anticipation Notes Payable	2,027,827
Other Liabilities	306,160
Long-term Liabilities	
Due and Payable Within One Year	
Compensated Absences Payable	34,322
Bonds Payable and Other Debt	635,000
Due and Payable After One Year	
Compensated Absences Payable	210,339
Bonds Payable and Other Debt	4,910,000
Other Postemployment Benefits	30,923,880
Net Pension Liability - Proportionate Share	818,913
Total Liabilities	40,280,303
DEFERRED INFLOWS OF RESOURCES	
OPEB (GASB 75)	1,228,637
Pensions	638,931
Total Deferred Inflows of Resources	1,867,568
NET POSITION	
Net Investment in Capital Assets	11,939,287
Restricted	1,088,838
Unrestricted	(29,703,160)
Total Net Position	$ (16,675,035)

The accompanying notes are an integral part of these financial statements.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General Support	$ 2,813,992	$ -	$ -	$ (2,813,992)
Instruction	8,410,905	3,616	462,779	(7,944,510)
Pupil Transportation	937,741	-	-	(937,741)
Community Services	-	-	-	-
Interest Expense	206,415	-	-	(206,415)
School Lunch Program	167,893	47,333	211,354	90,794
Total Functions and Programs	$12,536,946	$ 50,949	$ 674,133	(11,811,864)
GENERAL REVENUES				
Real Property Taxes				4,326,613
Other Tax Items				308,010
Interest Income				640
Use of Money and Property				501
Sale of Property & Compensation for Loss				8,039
Miscellaneous				150,434
State Sources				5,061,657
Federal Sources				63,628
Total General Revenues and Special Items				9,919,522
Changes in Net Position				(1,892,342)
Net Position - Beginning of Year				(14,782,693)
Net Position - End of year				$(16,675,035)

The accompanying notes are an integral part of these financial statements.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	Governmental Fund Types						Total
	General	Special Aid	School Food Service	Debt Service	Capital	Other Non-major	Governmental Funds
ASSETS							
Unrestricted Cash	$ 1,568,467	$ -	$ 161,491	$ -	$ 420,575	$ -	$ 2,150,533
Restricted Cash	602,909	-	-	160,836	-	-	763,745
Due from Other Funds	333,476	479	956	188	103,241	-	438,340
Due from Fiduciary Funds	66,090	-	-			-	66,090
Due from Other Governments	186,402	-	-	-	-	-	186,402
Due from State and Federal	107,980	351,049	6,618	-	8,116	-	473,763
Other Receivables	7,480	-	-	-	-	-	7,480
Prepaid Expenditures	-	-	-	-	-	-	-
Inventories	-	-	16,388	-	-	-	16,388
Total Assets	2,872,804	351,528	185,453	161,024	531,932	-	4,102,741
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-	-	-	-
LIABILITIES AND FUND BALANCE							
Accounts Payable	42,722	-	191	-	-	-	42,913
Accrued Liabilities	21,905	-	-	-	-	-	21,905
Due to Other Funds	104,544	329,215	-	-	4,581	-	438,340
Due to Other Governments	-	18,726	261	-	-	-	18,987
Due to Teachers' Retirement System	272,621	3,587	-	-	-	-	276,208
Due to Employees' Retirement System	34,232	-	3,188	-	-	-	37,420
Bond Anticipation Notes Payable	227,827	-	-	-	1,800,000	-	2,027,827
Compensated Absences	27,722		-				27,722
Other Liabilities	-	-	3,358	-	-	-	3,358
Total Liabilities	731,573	351,528	6,998	-	1,804,581	-	2,894,680
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows of Resources	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
Fund Balance:							
Non-spendable	-	-	16,388	-	-	-	16,388
Restricted	860,288	-	-	161,024	67,526	-	1,088,838
Committed	-	-	-	-	-	-	-
Assigned	735,101	-	162,067	-	-	-	897,168
Unassigned	545,842	-	-	-	(1,340,175)	-	(794,333)
Total Fund Balance	2,141,231	-	178,455	161,024	(1,272,649)	-	1,208,061
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 2,872,804	$ 351,528	$ 185,453	$ 161,024	$ 531,932	$ -	$ 4,102,741

The accompanying notes are an integral part of these financial statements.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted Cash	$ 2,150,533	$ -	$ -	$ 2,150,533
Restricted Cash	763,745	-	-	763,745
Due from Other Funds	438,340	-	(438,340)	-
Due from Fiduciary Funds	66,090	-	-	66,090
Due from Other Governments	186,402	-	-	186,402
Due from State and Federal	473,763	-	-	473,763
Other Receivables	7,480	-	-	7,480
Prepaid Expenditures	-	-	-	-
Inventories	16,388	-	-	16,388
Capital Assets, Net	-	19,284,287	-	19,284,287
Net Pension Asset-Proportionate Share	-	438,463	-	438,463
Total Assets	4,102,741	19,722,750	(438,340)	23,387,151
DEFERRED OUTFLOWS OF RESOURCES				
OPEB (GASB 75)	-	-		-
Pensions	-	2,085,685	-	2,085,685
Total Deferred Outflows of Resources	-	2,085,685	-	2,085,685
LIABILITIES				
Accounts Payable	42,913	-	-	42,913
Accrued Liabilities	21,905	-	-	21,905
Retainage	-	16,429	-	16,429
Due to Other Funds	438,340	-	(438,340)	-
Due to Other Governments	18,987	-	-	18,987
Due to Teachers' Retirement System	276,208	-	-	276,208
Due to Employees' Retirement System	37,420	-	-	37,420
Bond Anticipation Notes Payable	2,027,827	-	-	2,027,827
Other Liabilities	3,358	302,802	-	306,160
Compensated Absences Payable Within One Year	27,722	6,600	-	34,322
Bonds Payable Due Within One Year	-	635,000	-	635,000
Compensated Absences Payable Due After One Year	-	210,339	-	210,339
Bonds Payable Due After One Year	-	4,910,000	-	4,910,000
Other Postemployment Benefits	-	30,923,880	-	30,923,880
Net Pension Liability - Proportionate Share	-	818,913	-	818,913
Total Liabilities	2,894,680	37,823,963	(438,340)	40,280,303
DEFERRED INFLOWS OF RESOURCES				
OPEB (GASB 75)	-	1,228,637		1,228,637
Pensions	-	638,931	-	638,931
Total Deferred Inflows of Resources	-	1,867,568	-	1,867,568
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	1,208,061	(17,883,096)	-	(16,675,035)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	$ 4,102,741	$ 21,808,435	$ (438,340)	$ 25,472,836

The accompanying notes are an integral part of these financial statements.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Fund Types						Total
	General	Special Aid	School Food Service	Debt Service	Capital	Other Non-major	Total Governmental Funds
REVENUES							
Real Property Taxes	$ 4,326,613	$ -	$ -	$ -	$ -	$ -	$ 4,326,613
Other Tax Items	308,010	-	-	-	-	-	308,010
Charges for Services	3,616	-	-	-	-	-	3,616
Use of Money and Property	1,000	-	-	5,885	-	-	6,885
Sale of Property and Compensation for Loss	8,039	-	-	-	-	-	8,039
Miscellaneous	150,263	-	171	-	-	-	150,434
State Sources	5,061,657	117,069	7,828	-	-	-	5,186,554
Federal Sources	63,628	345,710	188,619	-	-	-	597,957
Surplus Food	-	-	14,907	-	-	-	14,907
Sales	-	-	47,333	-	-	-	47,333
Total Revenues	9,922,826	462,779	258,858	5,885	-	-	10,650,348
EXPENDITURES							
General Support	1,744,900	-	105,959	-	-	-	1,850,859
Instruction	4,722,020	374,925	-	-	-	-	5,096,945
Pupil Transportation	557,195	-	-	-	-	-	557,195
Community Services	-	-	-	-	-	-	-
Employee Benefits	2,144,595	100,000	16,071	-	-	-	2,260,666
Debt Service	832,181	-	-	-	-	-	832,181
Cost of Sales	-	-	125,142	-	-	-	125,142
Capital Outlay	-	-	-	-	1,791,512	-	1,791,512
Total Expenditures	10,000,891	474,925	247,172	-	1,791,512	-	12,514,500
Excess (Deficit) Revenues Over Expenditures	(78,065)	(12,146)	11,686	5,885	(1,791,512)	-	(1,864,152)
OTHER FINANCING SOURCES AND USES							
Operating Transfers In	-	12,146	-	-	145,674	-	157,820
Operating Transfers (Out)	(157,820)	-	-	-	-	-	(157,820)
Total Other Sources (Uses)	(157,820)	12,146	-	-	145,674	-	-
Excess (Deficit) Revenues and Other Sources Over Expenditures and Other (Uses)	(235,885)	-	11,686	5,885	(1,645,838)	-	(1,864,152)
Fund Balance, Beginning of Year	2,377,116	-	166,769	155,139	373,189	-	3,072,213
Fund Balance, End of Year	$ 2,141,231	$ -	$ 178,455	$ 161,024	$ (1,272,649)	$ -	$ 1,208,061

The accompanying notes are an integral part of these financial statements.

BELLVILLE HENDERSON CSD
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Total Governmental Funds	Capital Related Items	Long-term Revenue, Expenses	Long-term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
REVENUES						
Real Property Taxes	$ 4,326,613	$ -	$ -	$ -	$ -	$ 4,326,613
Other Tax Items	308,010	-	-	-	-	308,010
Charges for Services	3,616	-	-	-	-	3,616
Use of Money and Property	6,885	-	-	(5,744)	-	1,141
Sale of Property and Compensation for Loss	8,039	-	-	-	-	8,039
Miscellaneous	150,434	-	-	-	-	150,434
State Sources	5,186,554	-	-	-	-	5,186,554
Federal Sources	597,957	-	-	-	-	597,957
Surplus Food	14,907	-	-	-	-	14,907
Sales	47,333	-	-	-	-	47,333
Total Revenues and Special Items	10,650,348	-	-	(5,744)	-	10,644,604
EXPENDITURES						
General Support	1,850,859	36,750	-	-	926,383	2,813,992
Instruction	5,096,945	455,261	-	-	2,858,699	8,410,905
Pupil Transportation	557,195	64,087	-	-	316,459	937,741
Community Services	-	-	-	-	-	-
Employee Benefits	2,260,666	-	1,892,941	-	(4,153,607)	-
Debt Service	832,181	-	-	(625,766)	-	206,415
Cost of Sales	125,142	(9,315)	-	-	52,066	167,893
Capital Outlay	1,791,512	(1,791,512)	-	-	-	-
Total Expenditures	12,514,500	(1,244,729)	1,892,941	(625,766)	-	12,536,946
Excess (Deficit) Revenues Over Expenditures	(1,864,152)	1,244,729	(1,892,941)	620,022	-	(1,892,342)
OTHER FINANCING SOURCES AND USES						
Proceeds (Uses) from Debt	-	-	-	-	-	-
Operating Transfers In (Out)	-	-	-	-	-	-
Total Other Sources (Uses)	-	-	-	-	-	-
Net Change for the Year	$ (1,864,152)	$ 1,244,729	$ (1,892,941)	$ 620,022	$ -	$ (1,892,342)

The accompanying notes are an integral part of these financial statements.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

Amounts reported for governmental activities in the statement of net position are different because:

Net Change in Fund Balances - Total Governmental Funds	$ (1,864,152)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities assets with an initial, individual cost of more than $5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period, net of related losses on disposal of capital assets	
Capital Outlays - Net	1,791,512
Depreciation Expense	(681,776)
Additions to Vehicles and Equipment	134,993
In the Statement of Activities, the gain/loss on the disposal of assets is reported as an increase/decrease in the financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed.	-
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period.	620,000
Proceeds from bond premiums are reported in governmental funds as revenues, however in the Statement of Activities, the unearned revenue is allocated over the life of the bonds as a reduction of interest expense. This is the amount that the current year premiums received exceeds the amortization in the period.	36,550
(Increases) decreases in accrued interest payable reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(36,528)
(Increases) decreases in accrued compensated absences reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.	(9,918)
On the Statement of Activities, the actual and projected long term expenditures for post employment benefits are reported, whereas, on the governmental funds only the actual expenditures are recorded for post employment benefits.	(1,504,079)
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds	
Teachers' Retirement System	(215,126)
Employees' Retirement System	(163,818)
Change in net position of governmental activities	$ (1,892,342)

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	Private Purpose Trusts	Agency
ASSETS		
Cash	$ 1,695	$ 159,337
Cash in Time Deposits	6,694	-
Due from Governmental Funds	-	-
Total Assets	$ 8,389	$ 159,337
LIABILITIES		
Extraclassroom Activity Balances	$ -	$ 46,459
Due to Other Funds	-	66,090
Due to Governmental Funds	-	-
Other Liabilities	-	46,788
Total Liabilities	-	159,337
NET POSITION		
Unrestricted	-	-
Restricted for Other Purposes	8,389	-
Total Net Position	8,389	-
Total Liabilities and Net Position	$ 8,389	$ 159,337

The accompanying notes are an integral part of these financial statements.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Private Purpose Trusts
ADDITIONS	
Contributions	$ 5,084
Investment Interest Earnings	-
Total Additions	5,084
DEDUCTIONS	
Scholarships and Awards	4,100
Total Deductions	4,100
Change in Net Position	984
Net Position - Beginning of year	7,405
Net Position - End of Year	$ 8,389

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District's financial reporting entity. The decision to include another organizational entity in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on application of these criteria, a brief description of Extraclassroom Activity Funds included in the District's reporting entity follows.

Extraclassroom Activity Funds

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

JOINT VENTURE

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

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
JOINT VENTURE (continued)

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

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

During the year, the District was billed $1,870,297 for BOCES administrative and program costs and $227,827 for capital costs. The District's share of BOCES aid amounted to $253,805. General purpose financial statements for the BOCES are available from the BOCES administrative office.

BASIS OF PRESENTATION

District-wide statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between 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.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
BASIS OF PRESENTATION (continued)

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. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

- **Special Revenue Funds -** these funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, school food service, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
    - **Special Aid Funds**: Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.
    - **School Food Service Fund**: Used to account for transactions of the lunch and breakfast programs.

- **Capital Projects Funds -** these funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

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

The District reports the following fiduciary funds:

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

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

    - **Private Purpose Trust Fund:** These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. A scholarship is an example of a Private-Purpose Trust Fund. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

CASH AND INVESTMENTS

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

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

Investments are stated at fair value.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY TAXES

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

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

ACCOUNTS RECEIVABLE

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

INVENTORIES AND PREPAID ITEMS

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

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

INTER-FUND TRANSACTIONS

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

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

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

INTER-FUND TRANSACTIONS (continued)

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

Refer to Note 7 for a detailed disclosure by individual fund for inter-fund receivables, payables, expenditures and revenues activity.

CAPITAL ASSETS

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1980. For assets acquired prior to June 30, 1980, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$ 25,000	straight-line	15-50 years
Machinery and Equipment	$ 5,000	straight-line	5-8 years
Vehicles	$ 5,000	straight-line	5-8 years

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (continued)

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

OTHER ASSETS/LIABILITIES

In the district-wide financial statements, bond discount (asset) and bond premium (liability), and any bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

UNEARNED REVENUES

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized. In the current year, $18,827 of unearned revenues was recorded as other liabilities in the governmental funds.

VESTED EMPLOYEE BENEFITS

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

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

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

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
VESTED EMPLOYEE BENEFITS (continued)

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

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

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

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

The School District follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 9 for additional information.

District employees may choose to participate in the District's elective deferred compensation plans established under 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 District has a fiduciary responsibility for funds withheld and remittances to trustees.

The District has established a reserve for employee benefit accrued liabilities which have been calculated at rates in effect as of the balance sheet date. The amount recognized at June 30, 2020 for the value of long-term employee benefits was $216,939 which is included in the District's net position at June 30, 2020.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

SHORT TERM DEBT

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

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

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

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

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

RESTRICTED RESOURCES

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

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

EQUITY CLASSIFICATIONS

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

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

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

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

Funds Statements
Below is the breakdown of fund balances for the fund basis statements:

	General Fund	Special Aid Fund	School Food Service Fund	Debt Service Fund	Capital Fund	Non-major Funds	Total
Non-spendable:							
Inventory	$ -	$ -	$ 16,388	$ -	$ -	$ -	$ 16,388
Restricted:							
Debt Service Reserve	-	-	-	161,024	-	-	161,024
Employee Benefits Accrued Liability	7,380	-	-	-	-	-	7,380
Retirement Contribution	509,353	-	-	-	-	-	509,353
Reserve for Teacher's Retirement	50,000						50,000
Tax Certiorari	15,008	-	-	-	-	-	15,008
Unemployment Insurance	28,537	-	-	-	-	-	28,537
Capital Reserve	250,010	-	-		-	-	250,010
Capital Outlay	-	-	-	-	67,526	-	67,526
Assigned:							
Central Services	3,275	-	-	-	-	-	3,275
Teaching-Regular School	36,826	-	-	-	-	-	36,826
Appropriated Fund Balance	695,000	-	162,067	-	-	-	857,067
Unassigned:	545,842	-	-	-	(1,340,175)	-	(794,333)
	$ 2,141,231	$ -	$ 178,455	$ 161,024	$ (1,272,649)	$ -	$ 1,208,061

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
EQUITY CLASSIFICATIONS (continued)
Funds Statements (continued)

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. See detail of balances in chart on previous page.

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

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

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

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

Liability Claims and Property Loss
According to Education Law §1709(8)(c), must be used to pay for liability claims and property loss incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
EQUITY CLASSIFICATIONS (continued)
Funds Statements (continued)

Insurance Reserve Fund
According to General Municipal Law §6-n, the Insurance Reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance).

The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

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

Retirement Contributions Reserve Fund
According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub- fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

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

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
EQUITY CLASSIFICATIONS (continued)
Funds Statements (continued)

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

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

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

Reserve for Insurance Recoveries
Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the general fund.

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

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
EQUITY CLASSIFICATIONS (continued)
Funds Statements (continued)

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has not committed fund balances as of June 30, 2020.

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted or committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. The School Food Service Fund also reports assigned fund balance. See Fund Balance breakdown above for details. The General Fund encumbrances $40,101 were classified as General Support $3,275 and Instruction $36,826.

Unassigned – Includes all other General Fund amounts that do not meet definition of the above four classifications and are deemed to be available for general use by the School District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amount had been restricted or assigned. In accordance with state guidelines, unassigned fund balance in the general fund includes the following reserve:

Reserve for Tax Reduction
Reserve for Tax Reduction ((Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in the mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the general fund.

Unassigned Fund Balance
NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school Year. Actions the District plans to pursue to address this issue include the development of a multi-year financial plan to estimate future fund balance over time and one-time expenditures to reduce fund balance.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
EQUITY CLASSIFICATIONS (continued)
Funds Statements (continued)

Order of Use of Fund Balance:

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:

- 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;
- 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;
- Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- Unassigned fund balance.

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

- General Fund

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

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

There is no budget and actual comparison for the Special Aid Fund because there is not a legally authorized (appropriated) budget.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

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

NEW ACCOUNTING STANDARDS

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable.

On May 8, 2020, the Government Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement was intended to provide relief to governments in light of the COVID-19 pandemic. The following Standards effective dates have been revised according:

GASB had issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019, certain provisions were extended to June 30, 2020.

GASB had issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for the year ending June 30, 2019, certain provisions were extended to June 30, 2020. This Statement improves the information disclosed in the notes to governmental financial statements related to debt including direct borrowings and direct placements.

FUTURE ACCOUNTING STANDARDS

GASB has issued Statement No. 84, *Fiduciary Activities* effective for the year ending June 30, 2021. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.

GASB has issued Statement No. 87, *Leases,* effective for the year ending June 30, 2022.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* effective for the year ending June 30, 2022.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB Statement No. 92, Omnibus, effective for the year ending June 30, 2022.

GASB Statement No. 93, Replacement of Interbank Offered Rates, effective for the year ending June 30, 2021.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Agreements, effective for the year ending June 30, 2023.

GASB Statement No. 96, Subscription-Based information Technology Agreements, effective for the year ending June 30, 2023.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
FUTURE ACCOUNTING STANDARDS (continued)

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, paragraphs 6-9 are effective for the year ending June 30, 2022.

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

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.

TOTAL OF GOVERNMENTAL FUND BALANCES VERSUS NET POSITION OF GOVERNMENTAL ACTIVITIES

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

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)
TOTAL OF GOVERNMENTAL FUND BALANCES VERSUS NET POSITION OF GOVERNMENTAL ACTIVITIES (continued)

Long-term Assets

The costs of building and acquiring capital assets (lands, buildings, and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	$	28,897,615
Accumulated depreciation		(9,613,328)
Net Capital Assets	$	19,284,287

Other Liabilities

Other liabilities such as retainage held in the capital construction project and the unamortized bond premium are reported in the Statement of Net Position but not in the governmental fund statements because they are included in carryover encumbrance. Balances at year end were:

Unamortized Bond Premium	$	(257,433)
Bond Interest Payable		(45,369)
Retainage		(16,429)
	$	(319,231)

Long-term Liabilities

Long-term liabilities are reported in the Statement of Net Position but not in the governmental fund statements because they are not due and payable in the current period. Balances at year end were:

Bonds Payable	$	(5,545,000)
Compensated Absences		(216,939)
Postemployment Benefits		(30,923,880)
	$	(36,685,819)

Pension

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 system:

Pension Asset	$	438,463
Pension Liability		(818,913)
	$	(380,450)

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

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of Net Position will sometimes report a separate section for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represent 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 separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Outflows and Inflows of resources were:

Deferred Outflow of Resources	$	2,085,685
Deferred Inflows of Resources		(1,867,568)
	$	218,117

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE VERSUS 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 on the following page represent:

Long-term revenue differences

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

Capital related differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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.

Long-term debt transaction differences

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

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

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities

Total revenues and other funding sources:	
Total revenues and other funding sources of governmental funds	$ 10,650,348
Reconciling items:	
Less premium in debt service fund	(5,744)
Total revenues from governmental activities - Statement of Activities	$ 10,644,604

Total expenditures/expenses:	
Total expenditures reported in governmental funds	$ 12,514,500
Reconciling items:	
Add depreciation expense	681,776
Add other postemployment benefits	1,504,079
Add change in long-term compensated absences	9,918
Less change in interest accrual & bond premium amortization	(5,766)
Less capital expenditures (capitalized in government-wide statement)	(1,926,505)
Add changes in retirement benefits	378,944
Less payment on long-term debt	(620,000)
Total expenses of governmental activities - Statement of Activities	$ 12,536,946

NOTE 3 - CASH AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District’s investment policies, as discussed previously in these Notes. Deposits are valued at cost, or cost plus interest, and are categorized as either:

A. Insured, invested in permitted securities or collateralized with securities held by the District or by its agent in the District’s name, or
B. Collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name, or
C. Uncollateralized.

Total financial institution bank balances at year-end, per the bank, are categorized as follows:

A.	$	250,000
B.	$	2,892,635
C.	$	-

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $763,745 in the Governmental Funds.

NOTE 3 - CASH AND INVESTMENTS (continued)

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Retirements Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 138,065	$ -	$ -	$ 138,065
Construction in Progress	796,739	1,788,083	-	2,584,822
Total cost non-depreciable assets	934,804	1,788,083	-	2,722,887
Capital assets that are depreciated:				
Buildings and Improvements	24,090,714	-	-	24,090,714
Equipment	433,659	9,315	-	442,974
Vehicles	1,556,261	125,678	(40,899)	1,641,040
Total cost depreciable assets	26,080,634	134,993	(40,899)	26,174,728
Less accumulated depreciation:				
Buildings and Improvements	(7,899,578)	(491,751)	-	(8,391,329)
Equipment	(144,980)	(40,803)	-	(185,783)
Vehicles	(927,893)	(149,222)	40,899	(1,036,216)
Total accumulated depreciation	(8,972,451)	(681,776)	40,899	(9,613,328)
Net capital assets	$ 18,042,987	$ 1,241,300	$ -	$ 19,284,287

Depreciation expense was charged to Governmental functions as follows:

General Support	$ 36,750
Instruction	455,261
Pupil Transportation	189,765
	$ 681,776

NOTE 5 - SHORT-TERM DEBT

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

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

	Beginning Balance	Issued	Redeemed/ Refunded	Ending Balance	Amounts Due Within One Year
Bond Anticipation Notes (BAN):					
2019 BAN, issued 7/24/20 maturity 7/24/20, at 2%	$ -	$ 1,800,000	$ -	$ 1,800,000	$ 1,800,000
2020 BAN, issued 2/20/20 maturity 8/14/20, at 1.45%	-	227,827	-	227,827	227,827
Total bonds payable	$ -	$ 2,027,827	$ -	$ 2,027,827	$ 2,027,827

NOTE 5 - SHORT-TERM DEBT

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

Interest paid	$ -
Less interest accrued in the prior year	-
Plus interest accrued in the current year	37,193
Less Bond premium recognized	(5,744)
Total Expense	$ 31,449

NOTE 6 - LONG-TERM DEBT

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

	Beginning Balance	Issued	Redeemed/ Refunded	Ending Balance	Amounts Due Within One Year
Government activities:					
2013 Serial Bonds, final maturity 6/15/27, interest ranging from 2.25% through 3.25% through final maturity	$ 4,200,000	$ -	$ 505,000	$3,695,000	$ 515,000
2017 Serial Bonds, final maturity 6/15/32, interest ranging from 3.0% through 5.0% through final maturity	1,965,000	-	115,000	1,850,000	120,000
Total bonds payable	$ 6,165,000	$ -	$ 620,000	$ 5,545,000	$ 635,000
Compensated Absence benefits	$ 231,682	$ 78,284	$ 65,305	$ 244,661	$ 34,322
Other Postemployment benefits	28,179,126	3,392,536	647,782	30,923,880	-
Net Pension Liabilities: ERS	214,900	604,013	-	818,913	-
Total long-term liabilities	$ 34,790,708	$ 4,074,833	$1,333,087	$37,532,454	$ 669,322

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

Interest paid	$ 212,181
Less interest accrued in the prior year	(8,841)
Plus interest accrued in the current year	8,176
Less Bond premium recognized	(36,550)
Total Expense	$ 174,966

NOTE 6 - LONG-TERM DEBT

The following is a summary of the maturity of long-term indebtedness:

	Principal	Interest	Total
Fiscal year ended June 30,			
2021	$ 635,000	196,219	831,219
2022	650,000	179,831	829,831
2023	670,000	160,456	830,456
2024	690,000	139,056	829,056
2025	715,000	115,656	830,656
2026-2030	1,800,000	270,407	2,070,407
2031-2035	385,000	29,000	414,000
	$ 5,545,000	$ 1,090,625	$ 6,635,625

NOTE 7 - INTERFUND BALANCES AND ACTIVITY

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 399,566	$ 104,544	$ -	$ 157,820
Special Aid Fund	479	329,215	12,146	-
School Food Service Fund	956	-	-	-
Debt Service Fund	188	-	-	-
Capital Fund	103,241	4,581	145,674	-
Total governmental activities	504,430	438,340	157,820	157,820
Fiduciary Agency Fund	-	66,090	-	-
Totals	$ 504,430	$ 504,430	$ 157,820	$ 157,820

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

The General Fund typically subsidizes the special aid funds for short falls in operating revenues and the local share for programs.

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

The General Fund transferred funds to the capital fund to be expended on authorized capital projects.

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

NOTE 8 - PENSION PLANS

PLAN DESCRIPTIONS AND BENEFITS PROVIDED

Teachers' Retirement Systems (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 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 NYSSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement Systems (ERS)

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

NOTE 8 - PENSION PLANS

PLAN DESCRIPTIONS AND BENEFITS PROVIDED (continued)

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.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	NYSTRS	NYSERS
2019-2020	$ 257,676	$ 135,985
2018-2019	$ 299,169	$ 160,450
2017-2018	$ 267,361	$ 111,318

Since 1989, The TRS' billings have been based on the Chapter 62 of the Laws of 1989 and the State of New York. This legislation requires participating employers to make payments on a current basis.

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

The State Legislature authorized local governments to make available retirement incentive programs with estimated total costs of $0 of which $0 was charged to expenditures in the Governmental Funds in the current fiscal year.

NOTE 8 - PENSION PLANS (continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2020, 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, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	31-Mar-20	30-Jun-19
Net pension asset/(liability)	$ (818,913)	$ 438,463
District's portion of the Plan's total net pension asset/(liability)	0.0030925%	0.016877%
Change in proportion since the prior Measurement date	(0.0000595%)	(0.000128%)

For the year ended June 30, 2020, the District recognized pension expense of $298,554 for ERS and the actuarial value of $546,438 for TRS. At June 30, 2020 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	$ 48,196	$ 297,135	$ -	$ 32,605
Changes of assumptions	$ 16,489	$ 828,315	$ 14,238	$ 201,967
Net difference between projected and actual earnings on pension plan investments	$ 419,814	$ -	$ -	$ 351,625
Changes in proportion and differences between the District's contributions and proportionate share of contributions	$ 70,004	$ 69,143	$ 438	$ 38,058
District's contributions subsequent to the measurement date	$ 37,420	$ 299,169	$ -	$ -
Total	$ 591,923	$ 1,493,762	$ 14,676	$ 624,255

NOTE 8 - PENSION PLANS (continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

	ERS	TRS
Fiscal year ended June 30,		
2021	$ 103,706	$ 202,568
2022	140,002	16,790
2023	170,334	201,851
2024	125,785	139,735
2025	-	24,165
Thereafter	-	(14,770)

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Actuarial Valuation Date	April 1, 2019	June 30, 2018
Investment Rate of Return	6.8%	7.10%
Salary Scale	4.2%, indexed by Service	1.90% - 4.72%
Projected COLAs	1.3%	1.3%
Decrement Tables	April 1, 2010-March 31, 2015 System's Experience	July 1, 2009-June 30, 2014 System's Experience
Inflation Rate	2.50%	2.20%

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-2018. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

For ERS, the actuarial assumptions used in the April 1, 2019 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, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

NOTE 8 - PENSION PLANS (continued)
Actuarial Assumptions (continued)

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

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:

	ERS	
Measurement Date	March 31, 2020	
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36%	4.05%
International Equity	14	6.15
Private Equity	10	6.75
Real Estate	10	4.95
Absolute Return Strategies	2	3.25
Opportunistic Portfolio	3	4.65
Real Asset	3	5.95
Bonds and Mortgages	17	0.75
Cash	1	0.00
Inflation Indexed Bonds	4	0.50
	100%	

*Real rates of return are net of a long-term inflation assumption of 2.5%.

NOTE 8 - PENSION PLANS (continued)
Actuarial Assumptions (continued)

	TRS	
Measurement Date	June 30, 2019	
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	33%	6.3%
International Equity	16	7.8
Global Equity	4	7.2
Real Estate Equity	11	4.6
Private Equity	8	9.9
Domestic Fixed Income	16	1.3
Global Bonds	2	0.9
High-Yield Bonds	1	3.6
Private Debt	1	6.5
Real Estate Debt	7	2.9
Cash Equivalents	1	0.3
Total	100%	

*Real rates of return are net of a long-term inflation assumption of 2.2% for 2019.

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 - PENSION PLANS (continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8% for ERS and 7.1% 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 (5.8% for ERS and 6.1% for TRS) or 1-percentage-point higher (7.8% for ERS and 8.1% for TRS) than the current rate :

ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension asset (liability)	$ (1,502,936)	$ (818,913)	$ 188,924

TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
Employer's proportionate share of the net pension asset (liability)	$ (1,979,177)	$ 438,463	$ 2,456,590

PENSION PLAN FIDUCIARY NET POSITION

The components of the collective net pension liability of ERS as of March 31, 2020 measurement date were as follows:

Total pension liability	$ 194,596,261,000
ERS fiduciary net position	(168,115,682,000)
Employers' net pension liability	$ 26,480,579,000
ERS fiduciary net position as a Percentage of total pension liability	86.39%

The components of the collective net pension liability of TRS as of June 30, 2019 measurement date were as follows:

Total pension liability	$ 119,879,473,882
TRS fiduciary net position	(122,477,480,654)
Employers' net pension liability (asset)	$ (2,598,006,772)
TRS fiduciary net position as a Percentage of total pension liability	102.17%

NOTE 8 - PENSION PLANS (continued)

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

	ERS	TRS	Total
Measurement Date	March 31, 2020	June 30, 2019	
Employers' total pension liability	$ 6,017,889	$ 20,232,059	$ 26,249,948
Plan Net Position	(5,198,976)	(20,670,522)	(25,869,498)
Employers' net pension (asset) liability	$ 818,913	$ (438,463)	$ 380,450
Ration of plan net position to the Employers' total net pension asset/(liability)	86.39%	102.17%	98.55%

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, 2020 represent the projected employer contributions for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to $37,420.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October, and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 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, 2020 amounted to $276,208.

NOTE 9 - POST-EMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description

The District provides post employment medical benefits to retired employees in accordance with the provisions of various employment contracts that the school district has in place with different classifications of employment. The benefit levels, employee contributions, and employer contributions are governed by the District's contractual agreements. The specifics of each contract are on file at the District offices and are available upon request. The plan is a single employer, defined benefit plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided

The District provides healthcare for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under and required age and service terms. The specifics of each contract are on file at the District's offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	61
Active Plan Members	91
Total	152

NOTE 9 - POST-EMPLOYMENT BENEFITS (continued)
GENERAL INFORMATION ABOUT THE OPEB PLAN (continued)

Total OPEB Liability

The District's total OPEB liability of $30,923,880 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs – The total OPEB liability at the June 30, 2020 reporting date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate	3.14%
Single Discount Rate	3.14%
Salary Scale	3.0%
Rate of Inflation	2.5%
Marital Assumption	50.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	7.0% scaling down to 4.5% to ultimate trend rate in 2031 & later

The long-term bond rate is based on an average of three 20-Year bond indices (the Bond Buyer 20-Year Bond GO Index, S&P Municipal Bond 20 Year High Grade Rate Index, and Fidelity GA AA 20 Years Index) as of the measurement date (or the nearest business day thereto).

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male & Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

Rates of turnover and retirement rates are based on the experience under the New York State Employees' Retirement System (ERS) and the New York state Teachers' Retirement System (TRS). The ERS rates are based on the April 1, 2010-March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience with adjustments for morality improvements based on Society of Actuaries' Scale MP-2018, applied on a generational basis.

Election percentage: It was assumed that 100% of future retirees eligible for coverage will elect retiree group benefits.

Spousal Coverage: It was assumed that 50% of future retirees will elect spousal coverage upon retirement.

.

NOTE 9 - POST-EMPLOYMENT BENEFITS (continued)
GENERAL INFORMATION ABOUT THE OPEB PLAN (continued)

Total OPEB Liability (continued)
The annual rate of increase in healthcare costs developed based on a review of published National trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Long Term Healthcare Cost Trend Models v2018_c (the Getzen model).

The actuarial assumptions used in the July 1, 2019 valuation were consistent with the requirements of GASB Statement No. 75 and the Actuarial Standards of Practice (ASOPs)

CHANGES IN THE TOTAL OPEB LIABILITY FOR THE PERIOD ENDING JUNE 30, 2020

	Total OPEB Liability
Balance at June 30, 2019	$ 28,179,126
Changes for the year:	
Service cost	1,017,703
Interest cost	874,654
Changes in assumptions or other inputs	1,500,179
Benefit payments	(647,782)
Net change in Total OPEB Liability	2,744,754
Balance at June 30, 2020	$ 30,923,880

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 (2.14%) or 1-percentage point higher (4.14%) than the current discount rate:

	1% Decrease (2.14%)	Discount Rate (3.14%)	1% Increase (4.14%)
Total OPEB liability	$37,556,803	$30,923,880	$25,834,119

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB liability	$25,402,309	$30,923,880	$38,294,761

NOTE 9 - POST-EMPLOYMENT BENEFITS (continued)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of $1,461,615.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions or other inputs	$ -	$(1,228,637)
Benefit payments subsequent to measurement date	-	-
Total	$ -	$(1,228,637)

Fiscal year ended June 30,	Amount
2021	$ (430,742)
2022	(430,742)
2023	(430,742)
2024	(249,190)
2025	118,998
Thereafter	193,781

NOTE 10 - RISK MANAGEMENT

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

NOTE 10 - RISK MANAGEMENT (continued)

The District participates in the Jefferson-Lewis Et. Al. School Employees' Healthcare Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 16 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members up to $750,000 per insured event. The pool obtains independent coverage for insured events in excess of the $750,000 limit, and the District has essentially transferred all related risk to the pool.

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

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. The balance of the fund at June 30, 2020 was $28,537 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2020, no loss contingencies existed or were considered probable or estimated for incurred but not reported claims payable.

NOTE 11 - FUND BALANCES

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Funds Balance Sheet.

NOTE 12 - DONOR-RESTRICTED ENDOWMENTS

The District administers an endowment fund, which is restricted by the donor. Donor-restricted endowments are reported at fair value. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

Construction Contracts
The District has remaining commitments in the amount of $36,350 to various contractors for the current capital project outstanding contracts totaling $709,247 at June 30, 2020.

NOTE 13 - COMMITMENTS AND CONTINGENCIES (continued)

BOCES Capital Project

The District is committed to the Jefferson-Lewis-Hamilton-Herkimer-Oneida Counties BOCES capital project in the amount of $415,287. During the current year ended June 30, 2020 the District made the first required installment in the amount of $227,827, the final installment $187,460 is due August 13, 2020 and was paid accordingly.

Other Items

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a respiratory disease, to be a pandemic. It is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future operations. The District's operations are heavily dependent on real property taxes and state aid. Additionally, access to grants, funding and contracts from federal, state and local governments may decrease or may not be available depending on appropriations. The outbreak will likely have a continued material adverse impact on the economy and cost of education.

NOTE 14 - USE OF ESTIMATES

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

NOTE 15 - SUBSEQUENT EVENTS

The District has evaluated events and transactions that occurred between June 30, 2020 and October 23, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

On July 23, 2020, the District issued a Bond Anticipation Note (BAN) in the amount of $1,800,000 maturing July 23, 2021, in payment of a maturing BAN due on that date.

On August 13, 2020, the District issued 2020 Serial Bonds in the amount of $370,000 at an interest rate of 3%, in payment of a BAN maturing on August 14, 2020 in the amount of $227,827 and to provide cash resources for the BOCES capital project commitment (detailed above) in the $142,173 plus general fund cash of $45,287.

The COVID-19 outbreak has caused a severe impact to the United States economy. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and spread. Therefore, while the District expects this matter to negatively impact its operating results and financial condition, the related financial impact and duration cannot be reasonably estimated at this time.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		$ 10,648,435
Add: Prior Year's Encumbrances		-
Original Budget		10,648,435
Budget Adjustments		
Final Budget		$ 10,648,435
Next year's budget is a voter-approved budget of:	$ 10,989,021	

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 Voter-approved Expenditure Budget		
Maximum Allowed 4% of 2020-2021 Budget		$ 10,989,021
General Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Committed Fund Balance	-	
Assigned Fund Balance	735,101	
Unassigned Fund Balance	545,842	
Total Unrestricted Fund Balance	$ 1,280,943	
Less:		
Appropriated Fund Balance	695,000	
Insurance Recovery Reserve	-	
Tax Reduction Reserve	-	
Encumbrances Included in Committed and Assigned Fund Balance	40,101	
Total Adjustments	$ 735,101	
General Fund Balance Subject to Section 1318 Real Property Tax Law		$ 545,842
Actual Percentage		4.97%

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) BASIS AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local Sources:				
Real Property Taxes	$ 4,638,308	$ 4,638,308	$ 4,326,613	$ (311,695)
Other Tax Items	3,000	3,000	308,010	305,010
Charge for Services	4,000	4,000	3,616	(384)
Use of Money and Property	800	800	1,000	200
Sale of Property and Compensation for Loss	-	-	8,039	8,039
Miscellaneous	92,000	92,000	150,263	58,263
Total Local Sources	4,738,108	4,738,108	4,797,541	59,433
State Sources	5,070,435	5,070,435	5,061,657	(8,778)
Federal Sources	18,000	18,000	63,628	45,628
Total Revenues	9,826,543	9,826,543	9,922,826	96,283
OTHER FINANCING SOURCES				
Transfers from Other Funds	-	-	-	-
Appropriated Fund Balance	821,892	821,892	-	(821,892)
Total Revenues and Other Financing Sources	$ 10,648,435	$ 10,648,435	$ 9,922,826	$ (725,609)

See paragraph on supplementary schedules included in auditors' report.

BELLVILLE HENDERSON CSD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) BASIS AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support:					
Board of Education	$ 29,660	$ 30,763	$ 25,755	$ -	$ 5,008
Central Administration	154,910	153,959	151,626	-	2,333
Finance	182,174	180,200	179,748	-	452
Staff	42,685	46,459	59,157	-	(12,698)
Central Services	815,029	971,191	946,717	3,275	21,199
Special Items	184,314	154,152	381,897	-	(227,745)
Total General Support	1,408,772	1,536,724	1,744,900	3,275	(211,451)
Instruction:					
Instruction - Administration & Improvement	128,569	213,830	208,537	-	5,293
Teaching - Regular School	2,644,018	2,620,667	2,524,904	36,826	58,937
Programs for Students with Disabilities	1,193,294	1,091,757	1,024,193	-	67,564
Occupational Education	486,117	444,639	444,639	-	-
Teaching - Special Schools	-	-	-	-	-
Instructional Media	158,348	156,317	153,448	-	2,869
Pupil Services	370,747	377,755	366,299	-	11,456
Total Instruction	4,981,093	4,904,965	4,722,020	36,826	146,119
Pupil Transportation	658,427	636,157	557,195	-	78,962
Community Services	-	-	-	-	-
Employee Benefits	2,585,962	2,556,408	2,144,595	-	411,813
Debt Service	832,181	832,181	832,181	-	-
Total Expenditures	10,466,435	10,466,435	10,000,891	40,101	425,443
OTHER FINANCING USES					
Transfers To Other Funds	182,000	182,000	157,820	-	24,180
Total Expenditures and Other Uses	$ 10,648,435	$ 10,648,435	$ 10,158,711	$ 40,101	$ 449,623
Excess Revenue and Other Sources over Expenditures and Other Uses			(235,885)		
Fund Balance - Beginning of Year			2,377,116		
Fund Balance - End of Year			$ 2,141,231		

See paragraph on supplementary schedules included in auditors' report.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2020

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date: Prior Year	Expenditures to Date: Current Year	Expenditures to Date: Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Fund Balance June 30, 2020
2017 Building Improvements	$ 2,750,000	$ 2,750,000	$ 679,272	$ 1,791,512	$ 2,470,784	$ 279,216	$ 1,800,000	$ -	$ 1,195,072	$ 2,995,072	$ 524,288
2018 Emergency Project	100,000	100,000	74,882	-	74,882	25,118	-	-	74,882	74,882	-
Smart Schools Tech Plan	378,728	378,728	335,106	-	335,106	43,622	-	335,106		335,106	-
2018 Capital Outlay	100,000	100,000	96,937	-	96,937	3,063	-	-	100,000	100,000	3,063
Total	$ 3,328,728	$ 3,328,728	$ 1,186,197	$ 1,791,512	$ 2,977,709	$ 351,019	$ 1,800,000	$ 335,106	$ 1,369,954	$ 3,505,060	527,351
Less Bond Anticipation Notes outstanding at June 30, 2020											(1,800,000)
Unassigned Fund Deficit as of June 30, 2020											$ (1,272,649)

See paragraph on supplementary schedules included in auditors' report.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets, Net		$ 19,284,287
Deduct:		
Bond Anticipation Notes	1,800,000	
Short-term portion of bonds payable	635,000	
Long-Term portion of bonds payable	4,910,000	
		7,345,000
Net Investment in Capital Assets		$ 11,939,287

See paragraph on supplementary schedules included in auditors' report.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2020	**2019**	**2018**
Measurement Date	June 30, 2020	June 30, 2018	June 30, 2017
Total OPEB Liability			
Service cost	$ 1,017,703	$ 1,031,095	$ 1,202,755
Interest	874,654	1,015,628	890,616
Changes in benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	-	-	-
Changes of assumptions or other inputs	1,500,179	(1,037,555)	(3,262,483)
Benefit payments	(647,782)	(655,653)	(606,151)
Net change in total OPEB liability	2,744,754	353,515	(1,775,263)
Total OPEB liability - beginning	28,179,126	27,825,611	29,600,874
Total OPEB liability - ending	$ 30,923,880	$ 28,179,126	$ 27,825,611
Covered payroll	$ 4,066,447	$ 3,844,109	$ 3,896,481
Total OPEB liability as a percentage of covered payroll	760.46%	733.05%	714.12%

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect at the current measurement date is 3.14%.

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

(1) Data not available prior to fiscal year 2018 implementation of Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

* Ratios not provided

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS

New York State Teachers Retirement System (TRS)

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.016877%	0.016749%	0.017843%	0.018161%	0.017616%	0.016786%
District's proportionate share of the net pension liability (asset)	$ (438,463)	$ (302,860)	$ (135,627)	$ 194,516	$ (1,829,737)	$ (1,869,910)
District's covered-employee payroll	$ 2,817,030	$ 2,927,848	$ 2,964,967	$ 2,592,127	$ 2,794,470	$ 2,495,705
District's proportionate share of the net pension liability (asset)as a percentage of its covered-employee payroll	-15.56%	-10.34%	-4.57%	(7.50%)	(65.48%)	(74.93%)
Plan fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

Note - amounts presented for each fiscal year were determined as of the June 30th measurement date as of the prior fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* .

New York State Employees Retirement System (ERS)

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0030925%	0.0030330%	0.0024249%	0.0024119%	0.0024657%	0.0029508%
District's proportionate share of the net pension liability (asset)	$ 818,913	$ 214,900	$ 78,262	$ 226,624	$ 395,752	$ 99,686
District's covered-employee payroll	$ 979,108	$ 935,894	$ 1,115,940	$ 817,242	$ 720,294	$ 841,357
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.64%	22.96%	7.01%	27.73%	54.94%	11.85%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

Note - amounts presented for each fiscal year were determined as of the March 31st measurement date as of the current fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* .

See paragraph on supplementary schedules included in auditors' report.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

New York State Teachers Retirement System (TRS)

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 299,169	$ 267,361	$ 351,911	$ 389,913	$ 463,871	$ 402,939
Contributions in relation to the contractually required contribution	299,169	267,361	351,911	389,913	463,871	402,939
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 2,817,030	$ 2,927,848	$ 2,964,967	$ 2,592,127	$ 2,794,470	$ 2,495,705
Contributions as a percentage of covered employee payroll	10.62%	9.13%	11.87%	15.04%	16.60%	16.15%

Note - amounts presented for each fiscal year were determined as of the June 30th measurement date as of the prior fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* .

New York State Employees Retirement System (ERS)

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 135,994	$ 160,450	$ 111,318	$ 111,058	$ 98,692	$ 158,549
Contributions in relation to the contractually required contribution	135,994	160,450	111,318	111,058	98,692	158,549
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 979,108	$ 935,894	$ 1,115,940	$ 817,242	$ 720,294	$ 841,357
Contributions as a percentage of covered employee payroll	13.89%	17.14%	9.98%	13.59%	13.70%	18.84%

Note - amounts presented for each fiscal year were determined as of the June 30th measurement date as of the prior fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* .

See paragraph on supplementary schedules included in auditors' report.

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Employee Benefit Plan Audit Quality Center

INDEPENDENT AUDITORS' 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 Board of Education
Belleville Henderson Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Belleville Henderson Central School District, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Belleville Henderson Central School District's basic financial statements and have issued our report thereon dated October 23, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2020-001 that we consider to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Belleville Henderson Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses, as item 2020-002.

Belleville Henderson Central School District's Response to Findings

The Belleville Henderson Central School District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Belleville Henderson Central School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Crowley & Halloran CPAs P.C.
Watertown, NY
October 23, 2020

Financial Statement Audit – Findings

The following deficiency has been determined to be a material weaknesses over financial reporting:

Financial Statement Audit – Findings

2020-001: Adjusting journal entries and required disclosures to the financial statements

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 notes to the financial statements were related to recording retirement accruals, capital project funds, and converting to the full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Cause and Effect: AU-C Section 265 entitled 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 statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming to generally accepted accounting principles.

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 financial statement note disclosures, along with the draft financial statements.

Management's response: *The District has received, reviewed, and approved all journal entries, note disclosures and draft financial statements proposed for the current year 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.*

BELLEVILLE HENDERSON CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2020

COMPLIANCE AND OTHER MATTERS

The following is considered an instance of non-compliance:

2020-002: Fund Balance: Real Property Tax Law

Condition and Criteria: The District's unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

Cause: Fund balance was not monitored to ensure unassigned fund balance did not exceed the limit imposed by New York State Real Property Tax Law.

Effect: The unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit.

Recommendation: We recommend that the district adhere to the 4% rule when preparing upcoming school year's budget by continually monitoring its fund balance to determine projected fund balance excesses before determining tax increases for the following year. The District should continue to utilize all reserves allowed by law to decrease excess fund balance. Fund balance should be managed starting in January and updated monthly throughout the rest of the fiscal year in order to project the unassigned portion and comply with NYS Real Property Tax Law §1318.

Management's Response: *The District will take steps to manage fund balance to comply with the 4% rule for unassigned fund balance.*

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INDEPENDENT AUDITORS' REPORT ON THE EXTRACLASSROOM ACTIVITY FUND

To the Board of Education
Belleville Henderson Central School District

We have audited the accompanying Statement of Assets, Liabilities and Fund Balance - Cash Basis and the Statement of Cash Receipts and Disbursements of the Extraclassroom Activity Fund of Belleville Henderson Central School District as of and for the year ended June 30, 2020, and the related note to the financial statements, as shown on pages 80-81.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America as 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 error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion 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. 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.

INDEPENDENT AUDITORS' REPORT ON THE EXTRACLASSROOM ACTIVITY FUND (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Fund of Belleville Henderson Central School District as of June 30, 2020, and its cash receipts and cash disbursements – cash basis for the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

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

Crowley & Halloran CPAs P.C.

Watertown, NY
October 23, 2020

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND -
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2020

ASSETS	
Cash	$ 47,725
Total Assets	$ 47,725
LIABILITIES AND FUND BALANCE	
Liabilities	
Activity Accounts	$ 46,459
Due to Other Funds	1,266
Total Liabilities	47,725
Total Liabilities and Fund Balance	$ 47,725

The accompanying notes are an integral part of these financial statements.

BELLVILLE HENDERSON CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND -
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	Cash Balances June 30, 2019	Receipts	Disbursements	Cash Balances June 30, 2020
Class of 2019	$ 35	$ -	$ 35	$ -
Class of 2020	12,413	21,425	33,838	-
Class of 2021	3,356	3,641	870	6,127
Class of 2022	3,251	1,672	132	4,791
Class of 2023	-	1,747	-	1,747
Art Club	293	3,915	2,204	2,004
Business Technology	108	-	-	108
FFA Club	7,102	48,144	42,256	12,990
Foreign Language Club	541	2,321	1,255	1,607
Library Club	1,142	2,115	2,270	987
Music Club	7,536	5,306	7,675	5,167
Junior Honor Society	2,902	1,500	869	3,533
Senior Honor Society	1,023	-	250	773
Student Council	4,386	924	1,275	4,035
Trap Shooting	1,846	-	229	1,617
Outdoor Club	1,120	-	-	1,120
Due to NYS Sales Tax	966	153	1,266	(147)
Totals	$ 48,020	$ 92,863	$ 94,424	$ 46,459

The accompanying notes are an integral part of these financial statements.

BELLEVILLE HENDERSON CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered a part of the reporting entity of Belleville Henderson Central School District. The transactions for the year are not included in the combined financial statements of the School District, however the June 30, 2020 cash balances are included in the Trust and Agency Fund.

The books and records of Belleville Henderson Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

The School District's management requires that all activities included in the Extraclassroom Activity Fund meet the criteria for student activities as established by the New York State Education Department.

FORM OF OPINION OF BOND COUNSEL

April 1, 2021

Belleville Henderson Central School District
8372 County Route 75
PO Box 158
Adams, New York 13605

Re: Belleville Henderson Central School District, Jefferson County, New York
$3,065,000* School District Refunding (Serial) Bonds, 2021 CUSIP No:

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $3,065,000* School District (Serial) Bonds, 2021 (the "Bonds"), of the Belleville Henderson Central School District, County of Jefferson, State of New York (the "District"). The Bonds are dated April 1, 2021 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, a resolution of the District in respect of the School District Refunding (Serial) Bonds, 2021, and a Certificate of Determination dated on or before April 1, 2021 of the President of the Board of Education relative to the form and terms of the Bonds.

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

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. The President of the Board of Education of the District, in executing the Arbitrage and Use of Proceeds Certificate, has certified to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Bonds is excluded from gross income under Section 103 of the Code. We have examined such Arbitrage and Use of Proceeds Certificate of the District delivered concurrently with the delivery of the Bonds, and, in our opinion, such certificate contains provisions and procedures under which such requirements can be met.

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

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

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* Preliminary, subject to change.

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

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

Very truly yours,

TRESPASZ & MARQUARDT, LLP