**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 10, 2021**

**NEW/RENEWAL ISSUE** **BOND ANTICIPATION NOTES**

*In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel, under existing law (1) interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes and is not an "item of tax preference" for purposes of the individual alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"), except that the School District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof, and (2) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See the caption "TAX MATTERS" herein.*

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

# $26,960,000

# CATSKILL CENTRAL SCHOOL DISTRICT

## GREENE COUNTY, NEW YORK

### GENERAL OBLIGATIONS

### $26,960,000 Bond Anticipation Notes, 2021

**(the "Notes")**

**Dated: June 29, 2021** **Due: June 29, 2022**

The Notes will constitute general obligations of the Catskill Central School District, Greene County, New York (the "District"), will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes and will be payable from ad valorem taxes, which may be levied upon all the taxable real property within the School District, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

At the option of the purchaser(s), the Notes will be issued as registered notes registered in the name of the purchaser or in book-entry-only form. If such Notes are issued as registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the offices of the School District. The purchaser(s) shall have the right to designate a bank or banks located and authorized to do business in the State of New York as the place or places for the payment of the principal and interest on the Notes. Any related bank fees, if any, are to be paid by the purchaser. A single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to each purchaser at such interest rate.

If the purchaser(s) notifies Bond Counsel by 3:00 P.M., prevailing time on the date of sale, such Notes may be issued in the form of book-entry-only notes, in denominations corresponding to the aggregate principal amount for each Note bearing the same rate of interest and CUSIP number. In the event that the purchaser(s) choose(s) book-entry-only notes, as a condition to delivery of the Notes, the successful bidder(s) will be required to cause such note certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the Notes. Individual purchases of beneficial ownership interests in the Notes may only be made through book entries (without certificates issued by the School District) made on the books and records of DTC (or a successor depository) and its participants, in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable by the School District by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The School District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Barclay Damon LLP, Bond Counsel, Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon with the purchaser(s) on or about June 29, 2021.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on June 15, 2021 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.**

June ___, 2021

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – MATERIAL EVENT NOTICES" HEREIN.

# CATSKILL CENTRAL SCHOOL DISTRICT

# GREENE COUNTY, NEW YORK

## 2020-2021 BOARD OF EDUCATION

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President

JEREMY ENGELIN
Vice President

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Superintendent of Schools

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School Business Administrator

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Interim Treasurer

Hogan, Sarzynski, Lynch, DeWind & Gregory LLP
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

BARCLAY DAMON LLP
Bond Counsel

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

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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
http://www.fiscaladvisors.com

**OFFICIAL STATEMENT**

**of the**

# CATSKILL CENTRAL SCHOOL DISTRICT
# GREENE COUNTY, NEW YORK

**Relating To**

## $26,960,000 Bond Anticipation Notes, 2021

This Official Statement, which includes the cover page and appendices, has been prepared by the Catskill Central School District, Greene County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $26,960,000 principal amount of Bond Anticipation Notes, 2021 (the "Notes").

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

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

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "THE SCHOOL DISTRICT-State Aid" and "MARKET AND RISK FACTORS" herein.

## NATURE OF OBLIGATION

The Notes when duly issued and paid for will constitute a contract between the School District and the holder thereof.

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

The Notes will be general obligations of the School District and will contain a pledge of the faith and credit of the School 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 School District has power and statutory authorization to levy ad valorem taxes on all real property within the School District subject to such taxation by the School District, without limitation as to rate or amount.

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

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

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

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

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

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

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

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

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

## THE NOTES

### Description of the Notes

The Notes will be general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon 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 School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes will be dated June 29, 2021 and mature, without option of prior redemption, on June 29, 2022. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

If the Notes are issued registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the office of the School District. In such case, the Notes will be registered in the name of the purchaser and a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the purchaser notifies Bond Counsel by 3:00 P.M., prevailing time on the date of sale, such Notes may be issued in the form of book-entry-only notes, in denominations corresponding to the aggregate principal amount for each Note bearing the same rate of interest and CUSIP number. In the event that the purchaser choose book-entry-only notes, as a condition to delivery of the Notes, the successful bidder will be required to cause such note certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the Notes. Individual purchases of beneficial ownership interests in the Notes may only be made through book entries (without certificates issued by the School District) made on the books and records of DTC (or a successor depository) and its participants, in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable by the School District by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The School District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

### No Optional Redemption

The Notes are not subject to redemption prior to maturity.

### Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among other things, the Education Law, the Local Finance Law, and a bond resolution adopted by the Board of Education on December 16, 2020 authorizing a $40,795,000 capital project to be financed by the issuance of $36,795,000 bonds and notes and the expenditure of $4,000,000 capital reserve monies for improvements to District buildings and facilities. On January 7, 2021, the District issued $10,000,000 bond anticipation notes as the initial borrowing for the project. The proceeds of the Notes will fully redeem and renew the currently outstanding bond anticipation notes maturing June 30, 2021 and provide $16,960,000 for the above-mentioned purpose.

## BOOK-ENTRY-ONLY SYSTEM

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

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

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

Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

**Certificated Notes**

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

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

## THE SCHOOL DISTRICT

**General Information**

The District is located in the Towns of Catskill, Athens and Cairo in Greene County. The District covers approximately 15 square miles.

The District is the largest of the six public school districts located in Greene County. It is located in eastern New York State on the west side of the Hudson River approximately 30 miles south of the City of Albany and approximately 23 miles north of the City of Kingston.

The District is primarily rural and residential in nature with commercial, industrial and resort businesses which include two shopping centers, Lowe's, Wal-Mart, Home Depot, one cement plant and several resorts.

Many District residents work and commute to the Capital District Region and the City of Kingston area by way of the New York State Thruway and U.S. Route 9W where there are a wide range of employment opportunities. Passenger rail service is available at an Amtrak Station located in the City of Hudson, approximately 12 miles to the east over the Rip Van Winkle Bridge.

Source: District officials.

**Population**

The current estimated population of the District is 12,065. (Source: 2019 U.S. Census Bureau estimate)

**Major Employers**

| Name | Type | Employees |
|---|---|---|
| Catskill Central School District | Public Education | 328 |
| Wal-Mart | Retail Store | 325 |
| Lowes | Retail Store | 225 |
| Eden Park Nursing Home | Nursing Home | 150 |
| Price Chopper Supermarket | Supermarket | 135 |
| Home Depot | Retail Store | 120 |

Note: The employment figures above represent employment before the COVID-19 pandemic. Employment figures may vary due to the COVID-19 pandemic.

**Selected Wealth and Income Indicators**

Per capita income and median family income statistics are not available for the School District as such. The smallest areas for which such statistics are available, which includes the School District, are the Towns of Catskill, Athens and Cairo (collectively, the "Towns") and the County of Greene. The figures set below with respect to such Towns and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the County are necessarily representative of the School District, or vice versa.

| | Per Capita Income | | | Median Family Income | | |
|---|---|---|---|---|---|---|
| | 2000 | 2006-2010 | 2015-2019 | 2000 | 2006-2010 | 2015-2019 |
| Towns of: | | | | | | |
| Catskill | $ 18,563 | $ 25,741 | $ 27,124 | $ 42,807 | $ 48,543 | $ 60,900 |
| Athens | 20,910 | 28,016 | 30,533 | 43,672 | 66,357 | 72,386 |
| Cairo | 19,407 | 25,385 | 28,288 | 41,820 | 49,083 | 70,584 |
| County of: | | | | | | |
| Greene | 18,931 | 23,461 | 28,433 | 43,854 | 55,260 | 71,097 |
| 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 School District) is Greene County. The information set forth below with respect to the County and the State of New York is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County or State is necessarily representative of the District, or vice versa.

**Annual Average**

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|
| Greene County | 8.6% | 6.7% | 5.7% | 5.0% | 5.2% | 4.5% | 4.5% | 8.3% |
| New York State | 7.7 | 6.3 | 5.3 | 4.8 | 4.7 | 4.1 | 4.0 | 10.0 |

**2021 Monthly Figures**

| | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|
| Greene County | 6.7% | 7.3% | 6.5% | 6.0% | N/A | N/A |
| New York State | 9.4 | 9.7 | 8.4 | 7.8 | N/A | N/A |

Note: Unemployment rates for the month of May 2021 are not available as of the date of this Official Statement. Beginning in March 2020, unemployment rates increased as a result of the COVID-19 pandemic.

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

**Form of School Government**

The Board of Education is the governing body of the School District. The nine-members of the Board volunteer their services without pay for three-year terms. Members are elected at-large by school district voters at the annual election held by New York State law on the third Tuesday of May. The Board President and Vice President are elected by the members of the Board at the first Board meeting of the fiscal year in July. The President of the Board is the chief fiscal officer of the School District.

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**Budgetary Procedures**

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

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

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

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

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

*Recent Budget Vote Results*

The budget for the 2019-20 fiscal year was approved by the qualified voters of the District on May 21, 2019 by a vote of 468 to 240. The District's adopted budget for 2019-20 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

The budget for the 2020-21 fiscal year was approved by the qualified voters of the District on June 16, 2020 by a vote of 1,116 to 669. The District's budget for 2020-21 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 3.63%, which was within the District tax levy limit of 3.63%.

The budget for the 2021-22 fiscal year was approved qualified voters of the District on May 18, 2021 by a vote of 346 yes to 245 no. The District's budget for 2021-22 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 1.97%, which is within the District tax levy limit of 4.15%.

**Investment Policy**

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

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) Savings Accounts or Money Market Accounts of designated banks authorized to do business in New York State, (2) Certificates of Deposit issued by a bank or trust company authorized to do business in New York State, (3) Demand Deposits in a bank or trust company located in and authorized to do business in New York State, (4) direct obligations of New York State, (5) Repurchase Agreements involving the purchase and sale of direct obligations of the United States (Direct Treasury Obligations only: T-Bills, Notes or Bonds) and (6) bond anticipation notes or tax anticipation notes of other school districts (with the approval of the State Comptroller).

**State Aid**

The District receives financial assistance from the State. In its adopted budget for the 2021-2022 fiscal year, approximately 43.36% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

*Federal aid received by the State*.

President Biden has signed into law the American Rescue Plan, a $1.9 trillion COVID-19 relief package that includes $350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional $1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The State receives a substantial amount of federal aid for other health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

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.

*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 2021-22 preliminary building aid ratios, the District expects to receive State building aid of approximately 69.5% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

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

*School district fiscal year (2016-2017):* The 2016-2017 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District was part of the Community Schools Grant Initiative (CSGI) received $75,000 in grant monies from the State.

*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 $9,283,370. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

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

*School district fiscal year (2018-2019):* The State 2018-19 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at $26.03 billion statewide, a 3.4% increase over the last year. The State 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 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase was “set aside” for certain school districts to fund community schools. The State 2018-19 Enacted Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve 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 2018-19. The State 2018-19 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected.

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

*School district fiscal year (2020-2021):* Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget is 3.7 percent lower than in the State's 2019-2020 Enacted Budget but is offset in part with increased Federal support. This reduction in State Operating Funds support will be offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 is expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continues prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provides over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorizes the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by $1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled $27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately $100 million or 0.4 percent from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State is expected to release all of the withheld funds prior to June 30, 2021.

*School district fiscal year (2021-2022)*: The State's 2021-22 Budget included $29.5 billion in state aid to school districts, and significantly increased funding for schools and local governments, including a $1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget includes the use of $13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which includes, in part, the allocation of $629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, $105 million of federal funds are to be allocated to expand full-day kindergarten programs. Under the budget, school districts are to be reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year.

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

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

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

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

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

**State Aid Revenues**

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years, unaudited estimates for the fiscal year 2020-2021 and budgeted figures for the fiscal year 2021-2022 comprised of State aid.

| Fiscal Year | Total Revenues | Total State Aid | Percentage of Total Revenues Consisting of State Aid |
|---|---|---|---|
| 2015-2016 | $ 38,974,400 | $ 17,291,159 | 44.37% |
| 2016-2017 | 39,700,357 | 17,883,357 | 45.05 |
| 2017-2018 | 39,737,132 | 17,934,359 | 45.13 |
| 2018-2019 | 41,251,655 | 18,108,572 | 43.90 |
| 2019-2020 | 40,830,389 | 17,567,857 | 43.03 |
| 2020-2021 (Unaudited) | 42,253,618 | 17,686,017 | 41.90 |
| 2021-2022 (Budgeted) | 46,052,273 | 18,550,242 | 40.28 |

Source: 2015-2016 through and including the 2019-2020 audited financial statement of the District, unaudited estimates of the District for fiscal year ending 2020-2021 and the budget of the District for the 2021-2022 fiscal year. This table is not audited.

**District Facilities**

| Name | Grade | Capacity | Construction/Additions Date |
|---|---|---|---|
| Catskill Elementary School | Pre-K-5 | 1,250 | 2001, '07 |
| Catskill Middle School | 6-8 | 450 | 1937, 2003, '05, '07 |
| Catskill High School | 9-12 | 700 | 1967, 2003, '05, '07, '09, '10 |

Source: District officials.

**Enrollment Trends**

| School Year | Actual Enrollment | School Year | Projected Enrollment |
|---|---|---|---|
| 2016-17 | 1,531 | 2021-22 | 1,355 |
| 2017-18 | 1,447 | 2022-23 | 1,350 |
| 2018-19 | 1,400 | 2023-24 | 1,345 |
| 2019-20 | 1,380 | 2024-25 | 1,340 |
| 2020-21 | 1,360 | 2025-26 | 1,335 |

Source: District officials.

**Employees**

The District currently employs 275 full-time and 53 part-time persons are represented by the following bargaining agents:

| Employees | Association | Contract Period |
|---|---|---|
| 165 | Catskill Teachers' Association | June 30, 2022 |
| 150 | Catskill School Unit CSEA | June 30, 2022 |
| 7 | Catskill Administrators' Association | June 30, 2023 |
| 1 | Superintendent | 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, the unaudited estimates of the District for the fiscal year 2020-2021 and budgeted figures for the 2021-2022 fiscal year are as follows:

| Year | ERS | TRS |
|---|---|---|
| 2015-2016 | $ 341,633 | $ 1,741,954 |
| 2016-2017 | 275,631 | 1,631,123 |
| 2017-2018 | 361,565 | 1,303,749 |
| 2018-2019 | 371,630 | 1,335,346 |
| 2019-2020 | 341,839 | 1,283,171 |
| 2020-2021 (Unaudited) | 383,007 | 1,263,233 |
| 2021-2022 (Budgeted) | 481,725 | 1,504,006 |

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 has offered retirement incentives over the past 3 fiscal years which has generated an immaterial amount of savings to the District.

*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 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 a TRS reserve fund.

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.

**Other Post Employee Benefits**

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

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

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

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

The District contracted with Questar III BOCES, who provides actuarial services, 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 at: | June 30, 2018 | June 30, 2019 |
|---|---|---|
| | $ 53,489,029 | $ 44,790,522 |
| Changes for the year: | | |
| Service cost | 2,450,277 | 1,879,530 |
| Interest | 1,665,817 | 1,618,380 |
| Differences between expected and actual experience | 602,065 | - |
| Changes in Benefit Terms | (266,993) | (1,172,479) |
| Changes in assumptions or other inputs | (12,319,383) | 8,511,747 |
| Benefit payments | (830,290) | (868,742) |
| Net Changes | $ (8,698,507) | $ 9,968,436 |
| Balance at: | June 30, 2019 | June 30, 2020 |
| | $ 44,790,522 | $ 54,758,958 |

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.

**Other Information**

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

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the 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.

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

**Financial Statements**

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2020 and is attached hereto as “APPENDIX – D”. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

*Unaudited Results for Fiscal Year Ending June 30, 2021:*

The District expects to end the fiscal year ending June 30, 2021 with an unappropriated unreserved fund balance of $4,754,153 Summary unaudited information for the General Fund for the period ending June 30, 2021 is as follows:

| | |
|---|---|
| Revenues: | $ 41,234,088 |
| Expenditures: | $ 41,000,000 |
| Excess (Deficit) Revenues Over Expenditures: | $ 234,008 |
| Total Fund Balance at June 30, 2020: | $ 5,327,162 |
| Total Fund Balance at June 30, 2021: | $ 4,564,153 |

**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 September 29, 2017. The purpose of the audit was to review the District’s financial management practices for the period July 1, 2015 through March 28, 2017.

Key Findings:

- Budget appropriations were overestimated by nearly $11 million over the past five years (2011-12 through 2015-16).
- Unrestricted fund balance totaled $5.5 million as of June 30, 2016 and was 14 percent of 2016-17 budgeted appropriations, exceeding the statutory limit by $3.9 million (10 percentage points).

Key Recommendations:

- Ensure budgets include realistic estimates of appropriations based on actual needs to avoid levying taxes at a level greater than needed.
- Maintain unrestricted fund balance within the statutory limit and develop a plan to reduce unrestricted fund balance in a manner that benefits District residents.

The District provided a complete response to the State Comptroller’s office on September 13, 2017. 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 | 0.0 |
| 2019 | No Designation | 0.0 |
| 2018 | No Designation | 0.0 |

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

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

## TAX INFORMATION

**Taxable Assessed Valuations**

| Fiscal Year Ending June 30: | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Towns of: | | | | | |
| Catskill | $ 557,605,405 | $ 556,141,544 | $ 556,490,586 | $ 554,879,678 | $ 560,329,278 |
| Athens | 135,991,754 | 143,891,726 | 144,475,851 | 150,106,468 | 150,337,002 |
| Cairo | 106,388 | 106,388 | 106,357 | 106,307 | 106,258 |
| Total Assessed Values | $ 693,703,547 | $ 700,139,658 | $ 701,072,794 | $ 705,092,453 | $ 710,772,538 |
| State Equalization Rates | | | | | |
| Towns of: | | | | | |
| Catskill | 61.00% | 60.00% | 58.00% | 56.50% | 52.25% |
| Athens | 100.00% | 100.00% | 100.00% | 97.00% | 63.00% |
| Cairo | 68.00% | 68.00% | 68.00% | 68.00% | 95.00% |
| Total Taxable Full Valuation | $ 1,050,255,428 | $ 1,070,950,752 | $ 1,104,098,786 | $ 1,136,993,196 | $ 1,311,142,544 |

**Tax Rate Per $1,000 (Assessed)**

| Fiscal Year Ending June 30: | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Towns of: | | | | | |
| Catskill | $ 27.43 | $ 27.59 | $ 28.54 | $ 29.39 | $ 30.43 |
| Athens | 16.73 | 16.59 | 16.55 | 17.12 | 16.73 |
| Cairo | 24.60 | 24.35 | 24.34 | 24.42 | 25.24 |

**Tax Collection Procedure**

School taxes are collected from September through the first business day of November. If paid by the first business day of October, no penalty is imposed. There is a 2% penalty if paid by the first business day of November. On November 15, a list of all unpaid taxes is given to the County for re-levy on County/Town tax rolls. The School District is reimbursed by the County for all unpaid taxes before the end of the District's fiscal year and is thus assured of 100% collection of its annual levy.

**Tax Levy and Tax Collection Record**

| Fiscal Year Ending June 30: | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Total Tax Levy | $ 17,571,236 | $ 17,734,357 | $ 18,277,315 | $ 18,881,674 | $ 19,570,312 |
| Amount Uncollected [(1)] | 1,643,460 | 1,872,995 | 1,965,123 | 2,003,355 | 2,131,511 |
| % Uncollected | 9.35% | 10.56% | 10.75% | 10.61% | 10.89% |

(1) See "Tax Collection Procedure" herein.

**Real Property Tax Revenues**

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years, unaudited estimates of the District for the fiscal year 2020-2021 and budgeted figures for the fiscal year 2021-2022 comprised of Real Property Taxes.

| Fiscal Year | Total Revenues | Total Real Property Taxes & Tax Items | Percentage of Total Revenues Consisting of State Aid |
|---|---|---|---|
| 2015-2016 | $ 38,974,400 | $ 20,980,522 | 53.83% |
| 2016-2017 | 39,700,357 | 21,016,774 | 52.94 |
| 2017-2018 | 39,737,132 | 21,174,112 | 53.29 |
| 2018-2019 | 41,251,655 | 21,824,542 | 52.91 |
| 2019-2020 | 40,830,389 | 22,418,227 | 54.91 |
| 2020-2021 (Unaudited) | 42,253,618 | 23,099,540 | 45.66 |
| 2021-2022 (Budgeted) | 46,052,273 | 22,066,785 | 60.61 |

Source: 2015-2016 through and including the 2019-2020 audited financial statement of the District, the unaudited estimates of the District for the 2020-2021 fiscal year and the budget of the District for the 2021-2022 fiscal year. This table is not audited.

**Larger Taxpayers 2020 for 2020-2021 Tax Rolls**

| Name | Type | Taxable Full Valuation |
|---|---|---|
| Niagara Mohawk Power Corp (National Grid) | Utility | $ 36,557,305 |
| Central Hudson Gas & Electric Corporation | Utility | 22,981,498 |
| Catskill Commons Assoc., LLC | Shopping Mall | 18,750,780 |
| Glens Falls Lehigh Cement | Manufacturer | 12,079,600 |
| Iroquois Gas Trans System | Utility | 10,094,820 |
| NY Central Lines LLC | Railroad | 6,500,000 |
| Catskill Partners LP | Realty | 5,496,200 |
| HD Development of Maryland Inc. | Retail | 4,898,980 |
| EP Catskill Realty, LLC | Retail | 3,567,700 |
| 161 South Jefferson Ave, LLC | Residential Health Care | 3,540,000 |

The ten larger taxpayers listed above have a total taxable assessed valuation of $124,466,883 which represents 9.49% of the tax base of the District.

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris that, if decided adversely to the District, would have a material adverse 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.

STAR – School Tax Exemption. The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $88,050 or less in 2020-21 and $90,550 or less in 2021-22, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $68,700 for the 2020-21 school year and $70,700 for the 2021-22 school year (adjusted annually). 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:

| Town of | Enhanced Exemption | Basic Exemption | Date Certified |
|---|---|---|---|
| Catskill | $ 36,940 | $ 15,680 | 4/9/2021 |
| Athens | 67,170 | 28,500 | 4/9/2021 |
| Cairo | 44,540 | 18,900 | 4/9/2021 |

$1,399,460 of the District's $19,570,312 school tax levy for 2020-21 was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2021

Approximately $1,397,599 the District's $19,965,702 school tax levy for the 2021-2022 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 2022.

**Additional Tax Information**

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

Veterans' exemptions from District taxes are offered.

The assessment roll of the District is constituted approximately as follows: 25% residential, 66% commercial/industrial, 2% vacant and 7% other.

The total property tax bill of a typical residence with a market value of $100,000 is estimated to be $3,105 including County, Town and 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. 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 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.

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 and Local Finance Law limit the power of the School District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations in summary form, and as generally applicable to the School District and the Notes, include the following:

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

The School District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of the 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. The School 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 School District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

Debt Limit. The School District has the power to contract indebtedness for any school 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 School District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional method for determining average full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization ratio) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services.

The School 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 Notes. No down payment is required in connection with the issuance of District obligations.

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

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

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

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations

and an action contesting such validity, is commenced within twenty days after the date of such publication or,

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

The School District has not complied with this estoppel procedure in connection with the Notes.

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

The School 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 School 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 | $ 31,025,000 | $ 28,175,000 | $ 24,635,000 | $ 21,575,000 | $ 18,445,000 |
| Bond Anticipation Notes | 0 | 0 | 0 | 0 | 0 |
| Total Debt Outstanding | $ 31,025,000 | $ 28,175,000 | $ 24,635,000 | $ 21,575,000 | $ 18,445,000 |

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 10, 2021.

| Type of Indebtedness | Maturity | | Amount |
|---|---|---|---|
| Bonds | 2021-2032 | | $ 17,460,000 |
| Bond Anticipation Notes | June 30, 2021 | | 10,000,000 [1] |
| | | Total Indebtedness | $ 27,460,000 |

[1] To be renewed at maturity with the proceeds of the Notes

**Debt Statement Summary**

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 10, 2021:

| | | | |
|---|---|---|---|
| Full Valuation of Taxable Real Property | | | $ 1,311,142,544 |
| Debt Limit 10% thereof | | | 131,114,254 |
| Inclusions: | | | |
| Bonds | $ 17,460,000 | | |
| Bond Anticipation Notes | 10,000,000 | | |
| Principal of this Issue | 26,960,000 | | |
| Total Inclusions | | $ 54,420,000 | |
| Exclusions: | | | |
| State Building Aid [1] | $ 0 | | |
| Total Exclusions | | $ 0 | |
| Total Net Indebtedness | | | $ 54,420,000 |
| Net Debt-Contracting Margin | | | $ 76,694,254 |
| The percent of debt contracting power exhausted is | | | 41.51% |

Note: The issuance of the Notes will increase Net Indebtedness by $16,960,000

[1] Based on preliminary 2021-2022 building aid estimates, the District anticipates receiving State Building aid of 69.5% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

**Bonded Debt Service**

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

**Capital Project Plans**

In February 2019, the District voters approved a $40,795,000 capital project for various reconstruction and improvements to the District's buildings, academic programs, classrooms, security controls, roadways, parking lots, and athletic fields. Construction began in November 2020. On January 7, 2021, the District issued $10,000,000 bond anticipation notes as the initial borrowing for the project. The proceeds of the Notes will fully redeem and renew the currently outstanding bond anticipation notes maturing June 30, 2021 and provide $16,960,000 for the above mentioned purpose.

There are no other capital projects authorized and no other bonds or notes authorized and unissued by the District at this time.

**Cash Flow Borrowings**

The District, historically, does not issue tax and/or revenue anticipation notes and does not anticipate to in the foreseeable future.

**Estimated Overlapping Indebtedness**

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

| Municipality | Status of Debt as of | Gross Indebtedness (1) | Exclusions (2) | Net Indebtedness | District Share | Applicable Indebtedness |
|---|---|---|---|---|---|---|
| County of: | | | | | | |
| Greene | 12/31/2019 | $ 53,277,972 | $ 217,972 | $ 53,060,000 | 21.85% | $ 11,596,109 |
| Town of: | | | | | | |
| Catskill | 12/31/2019 | 11,116,581 | 221,896 | 10,894,685 | 98.77% | 10,760,680 |
| Athens | 12/31/2019 | 710,331 | - | 710,331 | 27.94% | 198,466 |
| Cairo | 12/31/2019 | - | - | - | 0.03% | - |
| Village of: | | | | | | |
| Catskill | 5/31/2020 | - | - | - | 100.00% | - |
| Athens | 5/31/2020 | 6,024,770 | 1,367,649 | 4,657,121 | 100.00% | 4,657,121 |
| | | | | | Total: | $ 27,212,377 |

(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 are currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2019 and 2020.

**Debt Ratios**

The following table sets forth certain ratios relating to the District's indebtedness as of June 10, 2021:

| | Amount | Per Capita [a] | Percentage of Full Value [b] |
|---|---|---|---|
| Net Indebtedness [c] | $ 54,420,000 | $ 4,510.57 | 3.39% |
| Net Indebtedness Plus Net Overlapping Indebtedness [d] | 81,632,377 | 6,766.05 | 6.23 |

(a) The current estimated population of the District is 12,065. (See “THE SCHOOL DISTRICT - Population” herein.)
(b) The District's full value of taxable real estate for the 2020-2021 fiscal year is $1,311,142,544. (See “TAX INFORMATION – Taxable Assessed Valuations” herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $27,212,377. (See "Estimated Overlapping Indebtedness" herein.)

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

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district’s contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the Notes 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 Notes 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 Bond when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

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

**Authority to File For Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as 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 District indebtedness is past due. The District has never defaulted in the payment of the principal of and interest on any indebtedness.

## MARKET AND RISK FACTORS

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

The financial condition of the School District as well as the market for the Notes 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 Notes. 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 Notes, 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").

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 Notes. See "TAX INFORMATION – Tax Levy Limitation Law" herein.

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

**Cybersecurity**

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

**COVID-19**

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State also declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for a period. Schools and non-essential businesses have been allowed to reopen under strict State guidelines. In recent weeks the State has begun to loosen these guidelines. The outbreak of COVID-19 and the dramatic steps taken by the State to address may 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. It is impossible to predict the long-term impact of the COVID-19 pandemic 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", "State Aid History" and "State Aid - School District Fiscal Year (2020-2021)" herein).

## TAX MATTERS

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel, under existing law, (1) interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes and is not an "item of tax preference" for purposes of the individual alternative minimum tax imposed by the Code, except that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to Federal income taxation from the date of issuance thereof, and (2) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Notes from gross income for Federal income tax purposes is dependent, among other things, on compliance with the applicable requirements of the Code that must be met subsequent to the issuance and delivery of the Notes for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Non-compliance with such requirements could cause the interest on the Notes to be included in gross income retroactive to the date of issuance of the Notes. Those requirements include, but are not limited to, provisions that prescribe yield and other limits within which the proceeds of the Notes are to be invested and require, under certain circumstances, that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States of America. The District will covenant in the Tax Certificates as to Arbitrage and Use of Proceeds and Instructions as to Compliance with Provisions of Section 103(a) of the Code, that, to maintain the exclusion of interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code, and for no other purpose, the District shall comply with each applicable provision of the Code.

The Tax Increase Prevention and Reconciliation Act of 2005, enacted on May 17, 2006, contains a provision under which interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although the new reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Notes to be subject to backup withholding if such interest is paid to registered owners who either (a) fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner or (b) have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Bond Counsel also has advised that (1) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, the Code provides that such insurance company’s deduction for loss is reduced by 15% of the sum of certain items, including interest on the Notes; (2) interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (3) passive investment income, including interest on the Notes, may be subject to Federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; (4) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Notes; and (5) under Section 32 (i) of the Code, receipt of investment income, including interest on the Notes, may disqualify the recipient thereof from obtaining the earned income credit.

A Noteholder’s federal, state and local tax liability may otherwise be affected by the ownership or disposition of the Notes. The nature and extent of these other consequences will depend upon the Noteholder’s other items of income or deduction. Bond Counsel has expressed no opinion regarding any such other tax consequences. Each purchaser of the Notes should consult its tax advisor regarding the impact of the foregoing and other provisions of the Code on its individual tax position.

The Notes will NOT be designated or deemed designated by the District as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinion of Bond Counsel set forth above with respect to the Federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law and could affect the market price for, or the marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisers regarding the foregoing matters. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes.

## LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, Bond Counsel, Albany, New York to the effect that the Notes are valid and legally binding obligations of the District, that all the taxable real property therein will be subject to the levy of ad valorem taxes to pay the Notes and the interest thereon without limitation as to rate or amount, that interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District will covenant to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Such opinion also will state that: (a) the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to their attention or any changes in law that may occur thereafter.

## 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, if decided adversely to the District, are likely to have a material adverse effect on the financial condition of the District.

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

## CONTINUING DISCLOSURE

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

### Historical Compliance

The District is in compliance, in all material respects, with all prior undertakings pursuant to the Rule for the past five years.

## MUNICIPAL ADVISOR

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

## CUSIP IDENTIFICATION NUMBERS

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

## RATING

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

Moody's Investors Service ("Moody's") has assigned its underlying rating of "A1" to the District's outstanding bonds. The rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's, 7 World Trade Center, 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 outstanding bonds may have an adverse effect on the market price of the Notes.

## MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Mrs Lissa Jilek, Business Official, 347 West Main Street, Catskill, New York 12414 telephone (518) 943-2300 x 1414, fax (518) 943-7108, email ljilek@catskillcsd.org.

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

**CATSKILL CENTRAL SCHOOL DISTRICT**

**Dated: June __, 2021**

**DEBORAH JOHNSON**
**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 | $ 7,565,472 | $ 8,099,285 | $ 7,179,718 | $ 6,983,404 | $ 8,504,243 |
| Restricted Cash | 3,684,429 | 3,532,100 | 6,131,439 | 4,860,007 | 5,106,010 |
| State and Federal Aid Receivable | 1,042,568 | 407,117 | 575,059 | 1,047,070 | 799,702 |
| Due from Other Funds | 366,662 | 1,060,909 | 780,001 | 821,705 | 2,830,596 |
| Due from Fiduciary Funds | - | - | - | - | - |
| Due from Other Governments | 49,912 | 848,216 | 507,431 | 448 | 8,510 |
| Prepaid Expenditures | - | - | - | - | - |
| Other Receivables | 67,580 | 109,206 | 81,823 | 55,977 | 2,849 |
| TOTAL ASSETS | $ 12,776,623 | $ 14,056,833 | $ 15,255,471 | $ 13,768,610 | $ 17,251,911 |
| LIABILITIES AND FUND EQUITY | | | | | |
| Accounts Payable | $ 1,332,709 | $ 946,791 | $ 598,451 | $ 431,404 | $ 1,473,905 |
| Accrued Liabilities | 11,027 | 6,522 | 57,880 | 11,810 | - |
| Due to Fiduciary Funds | - | - | - | - | - |
| Due to Other Funds | 87,643 | 189,987 | - | 129,951 | 1,164,299 |
| Due to Other Governments | - | - | - | - | - |
| Due to State Teachers' Retirement System | 1,819,279 | 1,617,452 | 1,397,300 | 1,446,839 | 1,209,542 |
| Due to Employees' Retirement System | 147,181 | 95,553 | 98,645 | 114,106 | 127,558 |
| Deferred Revenue | - | 9,000 | - | - | - |
| TOTAL LIABILITIES | $ 3,397,839 | $ 2,865,305 | $ 2,152,276 | $ 2,134,110 | $ 3,975,304 |
| FUND EQUITY | | | | | |
| Nonspendable | $ - | $ - | $ - | $ - | $ - |
| Restricted | 3,684,428 | 3,532,100 | 6,131,439 | 4,860,007 | 5,106,010 |
| Assigned | 193,021 | 422,842 | 1,028,122 | 1,049,237 | 739,148 |
| Unassigned | 5,501,335 | 7,236,585 | 5,943,634 | 5,725,256 | 7,431,449 |
| TOTAL FUND EQUITY | $ 9,378,784 | $ 11,191,527 | $ 13,103,195 | $ 11,634,500 | $ 13,276,607 |
| TOTAL LIABILITIES and FUND EQUITY | $ 12,776,623 | $ 14,056,832 | $ 15,255,471 | $ 13,768,610 | $ 17,251,911 |

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 and Other Tax Items | $ 20,625,070 | $ 20,980,522 | $ 21,016,774 | $ 21,174,112 | $ 21,792,444 |
| Charges for Services | 305,719 | 61,944 | 165,161 | 7,778 | 32,098 |
| Use of Money & Property | 121,950 | 138,769 | 155,794 | 155,005 | 190,740 |
| Sale of Property and Compensation for Loss | 7,827 | 1,343 | (110) | 92,916 | 181,910 |
| Miscellaneous | 821,298 | 324,313 | 479,381 | 278,323 | 692,953 |
| Revenues from State Sources | 16,089,800 | 17,291,159 | 17,883,357 | 17,934,359 | 18,108,572 |
| Revenues from Federal Sources | 50,950 | 176,350 | - | 94,639 | 252,938 |
| Total Revenues | $ 38,022,614 | $ 38,974,400 | $ 39,700,357 | $ 39,737,132 | $ 41,251,655 |
| Other Sources: | | | | | |
| Interfund Transfers | - | - | - | - | - |
| Total Revenues and Other Sources | $ 38,022,614 | $ 38,974,400 | $ 39,700,357 | $ 39,737,132 | $ 41,251,655 |
| EXPENDITURES | | | | | |
| General Support | $ 3,791,806 | $ 3,896,488 | $ 3,442,948 | $ 4,535,165 | $ 3,600,750 |
| Instruction | 19,888,865 | 19,854,363 | 19,771,044 | 18,523,950 | 19,858,958 |
| Pupil Transportation | 2,385,389 | 2,379,799 | 2,221,671 | 2,494,800 | 2,551,568 |
| Community Services | 15,326 | 3,908 | - | - | - |
| Employee Benefits | 8,377,797 | 8,022,672 | 8,226,197 | 8,049,564 | 8,582,896 |
| Debt Service | 4,172,470 | 4,174,605 | 4,180,667 | 4,132,593 | 4,049,995 |
| Total Expenditures | $ 38,631,653 | $ 38,331,835 | $ 37,842,527 | $ 37,736,072 | $ 38,644,168 |
| Other Uses: | | | | | |
| Interfund Transfers | 73,000 | 85,465 | 45,086 | 89,392 | 4,076,181 |
| Total Expenditures and Other Uses | $ 38,704,653 | $ 38,417,300 | $ 37,887,613 | $ 37,825,464 | $ 42,720,349 |
| Excess (Deficit) Revenues Over Expenditures | (682,039) | 557,100 | 1,812,744 | 1,911,668 | (1,468,694) |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | 9,486,731 | 8,821,684 | 9,378,784 | 11,191,527 | 13,103,194 |
| Prior Period Adjustments (net) | 7,787 | - | - | - | - |
| Fund Balance - End of Year | $ 8,812,479 | $ 9,378,784 | $ 11,191,528 | $ 13,103,195 | $ 11,634,500 |

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 | 2022 Adopted Budget |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Real Property Taxes and Other Tax Items | $ 22,350,754 | $ 22,400,754 | $ 22,418,227 | $ 23,035,952 | $ 23,482,245 |
| Charges for Services | - | 6,000 | 145,188 | - | 6,500 |
| Use of Money & Property | - | 191,500 | 196,344 | - | 191,500 |
| Sale of Property and Compensation for Loss | - | 111,600 | 175,973 | - | 111,600 |
| Miscellaneous | 803,000 | 343,900 | 197,140 | 803,000 | 343,400 |
| Revenues from State Sources | 18,571,845 | 18,571,845 | 17,567,857 | 18,414,666 | 18,550,242 |
| Revenues from Federal Sources | - | 100,000 | 129,659 | - | 100,000 |
| Total Revenues | $ 41,725,599 | $ 41,725,599 | $ 40,830,389 | $ 42,253,618 | $ 42,785,487 |
| Other Sources: | | | | | |
| Interfund Transfers | - | - | - | - | 589,491 |
| Total Revenues and Other Sources | $ 41,725,599 | $ 41,725,599 | $ 40,830,389 | $ 42,253,618 | $ 43,374,978 |
| EXPENDITURES | | | | | |
| General Support | $ 4,166,458 | $ 4,072,049 | $ 3,458,951 | $ 4,054,842 | $ 4,363,883 |
| Instruction | 22,273,727 | 22,504,649 | 21,021,416 | 22,631,306 | 23,874,388 |
| Pupil Transportation | 2,787,921 | 2,776,597 | 2,150,808 | 2,840,867 | 3,093,403 |
| Community Services | - | - | - | - | - |
| Employee Benefits | 9,338,165 | 9,346,885 | 8,685,619 | 9,207,676 | 9,993,254 |
| Debt Service | 4,041,658 | 4,041,658 | 4,031,462 | 4,146,520 | 4,602,345 |
| Total Expenditures | $ 42,607,929 | $ 42,741,837 | $ 39,348,256 | $ 42,881,212 | $ 45,927,273 |
| Other Uses: | | | | | |
| Interfund Transfers | 33,000 | 33,000 | 40,150 | - | 125,000 |
| Total Expenditures and Other Uses | $ 42,640,929 | $ 42,774,837 | $ 39,388,406 | $ 42,881,212 | $ 46,052,273 |
| Excess (Deficit) Revenues Over Expenditures | (915,330) | (1,049,239) | 1,441,983 | (627,594) | (2,677,295) |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | 915,330 | 1,049,239 | 11,834,624 | 627,594 | 2,677,295 |
| Prior Period Adjustments (net) | - | - | - | - | - |
| Fund Balance - End of Year | $ - | $ - | $ 13,276,607 | $ - | $ - |

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

## BONDED DEBT SERVICE

| Fiscal Year Ending June 30th | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 3,245,000 | $ 801,520.00 | $ 4,046,520.00 |
| 2022 | 3,360,000 | 677,945.00 | 4,037,945.00 |
| 2023 | 1,950,000 | 548,045.00 | 2,498,045.00 |
| 2024 | 1,930,000 | 450,545.00 | 2,380,545.00 |
| 2025 | 1,290,000 | 354,045.00 | 1,644,045.00 |
| 2026 | 1,310,000 | 289,545.00 | 1,599,545.00 |
| 2027 | 1,230,000 | 226,745.00 | 1,456,745.00 |
| 2028 | 1,290,000 | 165,245.00 | 1,455,245.00 |
| 2029 | 1,355,000 | 100,745.00 | 1,455,745.00 |
| 2030 | 1,175,000 | 51,995.00 | 1,226,995.00 |
| 2031 | 150,000 | 12,300.00 | 162,300.00 |
| 2032 | 160,000 | 4,800.00 | 164,800.00 |
| TOTALS | $ 18,445,000 | $ 3,683,475.00 | $ 22,128,475.00 |

## CURRENT BONDS OUTSTANDING

| Fiscal Year Ending June 30th | 2012 Refunding of 2003 Serial Bonds Principal | Interest | Total | 2012 DASNY - Construction Principal | Interest | Total |
|---|---|---|---|---|---|---|
| 2021 | $ 410,000 | $ 24,900.00 | $ 434,900.00 | $ 110,000 | $ 34,050.00 | $ 144,050.00 |
| 2022 | 420,000 | 12,600.00 | 432,600.00 | 115,000 | 28,550.00 | 143,550.00 |
| 2023 | - | - | - | 120,000 | 22,800.00 | 142,800.00 |
| 2024 | - | - | - | 125,000 | 16,800.00 | 141,800.00 |
| 2025 | - | - | - | 130,000 | 10,550.00 | 140,550.00 |
| 2026 | - | - | - | 135,000 | 4,050.00 | 139,050.00 |
| 2027 | - | - | - | - | - | - |
| 2028 | - | - | - | - | - | - |
| 2029 | - | - | - | - | - | - |
| 2030 | - | - | - | - | - | - |
| 2031 | - | - | - | - | - | - |
| 2032 | - | - | - | - | - | - |
| TOTALS | $ 830,000 | $ 37,500.00 | $ 867,500.00 | $ 735,000 | $ 116,800.00 | $ 851,800.00 |

| Fiscal Year Ending June 30th | 2012 DASNY - Refunding of 2002 Serial Bonds Principal | Interest | Total | 2014 Refunding of 2007 Bonds Principal | Interest | Total |
|---|---|---|---|---|---|---|
| 2021 | $ 680,000 | $ 386,945.00 | $ 1,066,945.00 | $ 1,060,000 | $ 46,825.00 | $ 1,106,825.00 |
| 2022 | 710,000 | 352,945.00 | 1,062,945.00 | 1,080,000 | 24,300.00 | 1,104,300.00 |
| 2023 | 745,000 | 317,445.00 | 1,062,445.00 | - | - | - |
| 2024 | 785,000 | 280,195.00 | 1,065,195.00 | - | - | - |
| 2025 | 825,000 | 240,945.00 | 1,065,945.00 | - | - | - |
| 2026 | 865,000 | 199,695.00 | 1,064,695.00 | - | - | - |
| 2027 | 905,000 | 156,445.00 | 1,061,445.00 | - | - | - |
| 2028 | 955,000 | 111,195.00 | 1,066,195.00 | - | - | - |
| 2029 | 1,000,000 | 63,445.00 | 1,063,445.00 | - | - | - |
| 2030 | 1,030,000 | 32,445.00 | 1,062,445.00 | - | - | - |
| TOTALS | $ 8,500,000 | $ 2,141,700.00 | $ 10,641,700.00 | $ 2,140,000 | $ 71,125.00 | $ 2,211,125.00 |

| Fiscal Year Ending June 30th | 2017 DASNY Refunding of 2011E DASNY Bonds Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 985,000 | $ 308,800.00 | $ 1,293,800.00 |
| 2022 | 1,035,000 | 259,550.00 | 1,294,550.00 |
| 2023 | 1,085,000 | 207,800.00 | 1,292,800.00 |
| 2024 | 1,020,000 | 153,550.00 | 1,173,550.00 |
| 2025 | 335,000 | 102,550.00 | 437,550.00 |
| 2026 | 310,000 | 85,800.00 | 395,800.00 |
| 2027 | 325,000 | 70,300.00 | 395,300.00 |
| 2028 | 335,000 | 54,050.00 | 389,050.00 |
| 2029 | 355,000 | 37,300.00 | 392,300.00 |
| 2030 | 145,000 | 19,550.00 | 164,550.00 |
| 2031 | 150,000 | 12,300.00 | 162,300.00 |
| 2032 | 160,000 | 4,800.00 | 164,800.00 |
| TOTALS | $ 6,240,000 | $ 1,316,350.00 | $ 7,556,350.00 |

## MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

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

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

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

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

(h) note calls, if material and tender offers

(i) defeasances

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

(k) rating changes

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

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

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

(o) incurrence of a "financial obligation" (as defined by the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect noteholders, if material; and

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

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

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

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

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

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

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

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# CATSKILL CENTRAL SCHOOL DISTRICT
## GREENE 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 Official Statement.**

CATSKILL CENTRAL SCHOOL DISTRICT

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CATSKILL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

This section of the District's annual financial report presents its discussion and analysis of the District's performance during the fiscal year ending June 30, 2020. The section is a summary of the 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 in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction. It should be read in conjunction with the District's financial statements, which immediately follow this section.

## Financial Highlights

- District voters approved a $42,881,212 budget for the 2020-2021 school year. This budget represented a 0.56% increase from the prior year's budget of $42,640,929.

- The District's operating budget, financed primarily by school property taxes, is recorded in its General Fund. During the fiscal year ended June 30, 2020 the District's General Fund recorded total revenues of $40,830,389 and total expenses of $39,388,406, resulting in a net increase in fund balance of $1,441,983. As of June 30, 2020 total general fund balance was $13,276,607.

- Of the $13 million in general fund balance at year-end, $5,106,010 million has been set aside in various reserve accounts. These reserves were created and funded at the District's discretion to fund estimated future expenditures such as employee benefits, tax refunds, and insurance claims. Year-end fund balance also includes $111,554 reserved to pay open encumbrances (purchase orders) as of June 30, and $627,594 designated to reduce the 2020-2021 school tax levy. After deducting these amounts, the amount of "Undesignated" Fund Balance as of June 30, 2020 was $7.541 million, or 17.59% of the next fiscal year's budget.

- The District will continue to analyze year over budget to actual variances to ensure the reasonableness of budget estimates for the inclusion in the 2020-2021 budget to prevent future significant growth of fund balance. The district received authorization from the voters to create a capital reserve fund in May 2017, which can be funded up to a maximum of 10 million dollars. The district has already committed 2 million dollars to the capital reserve in May of 2018, and committed another 2 million to the capital reserve in October 2018. The district sought approval for a 40.795 million dollar capital project through a public referendum on February 12, 2019 which was successfully passed. At the same time the public authorized the use of 4 million dollars from the capital reserve to support the capital project. The District will consider committing more of the undesignated fund balance to the capital reserve in 2021. The 10 million dollar limit, of which 6 million still remains, for the current capital reserve could easily accommodate the entire amount of undesignated fund balance above the 4% limit set by the Real Property Tax Law.

## Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

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

**Figure A-1**

**Major Features of the District-Wide and Fund Financial Statements**

| | District-Wide Statements | Fund Financial Statements | |
|---|---|---|---|
| | | Governmental Funds | Fiduciary Funds |
| Scope | Entire district (except fiduciary funds) | The activities of the District that are not proprietary or fiduciary, such as special education, cafeteria and transportation expenses. | Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies |
| Required financial statements | Statement of Net Position<br>Statement of Activities | Balance Sheet<br>Statement of Revenues, Expenditures, and Changes in Fund Balances | Statement of Fiduciary Net Position<br>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/deferred outflows of resources/liability /deferred inflows of resources information | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term | Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included | All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All additions and deductions during the year, regardless of when cash is received or paid |

### *District-Wide Statements*

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

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

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

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

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

### *Fund Financial Statements*

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

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

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

## Financial Analysis of the District as a Whole

### *Net Position*

The following schedule shows the Net Position for the District as of June 30, 2020 and 2019:

***Figure A-2***

***Condensed Statement of Net Position (in thousands of dollars)***

| | Governmental and Total School District Activities | | |
|---|---|---|---|
| | 2020 | 2019 | Variance Increase (Decrease) |
| **Assets** | | | |
| Current and Other Assets | $ 19,876 | $ 17,972 | $ 1,904 |
| Capital Assets | 41,756 | 42,859 | (1,103) |
| Net Pension Asset-Proportionate Share | 2,175 | 1,499 | 676 |
| **Total Assets** | $ 63,807 | $ 62,330 | $ 1,477 |
| Deferred Outflow of Resources | $ 14,087 | $ 7,536 | $ 6,551 |
| **Liabilities** | | | |
| Payables | $ 1,482 | $ 431 | $ 1,051 |
| BANS Payable | - | - | - |
| Long-Term Debt - Payable in One Year | 3,245 | 3,130 | 115 |
| Long-Term Debt - Payable after One Year | 70,694 | 63,558 | 7,136 |
| Other Liabilities | 1,490 | 1,744 | (254) |
| Net Pension Liability-Proportionate Share | 2,530 | 713 | 1,817 |
| **Total Liabilities** | $ 79,441 | $ 69,576 | $ 9,865 |
| Deferred Inflow of Resources | $ 10,801 | $ 12,372 | $ (1,571) |
| **Net Position** | | | |
| Invested in Capital Assets, Net of Related Debt | $ 22,768 | $ 20,716 | $ 2,052 |
| Restricted | 5,388 | 5,125 | 263 |
| Unrestricted | (40,504) | (37,924) | (2,580) |
| **Total Net Position** | $ (12,348) | $ (12,083) | $ (265) |

**Note: Assets + Deferred Outflows - Liabilities - Deferred Inflows = Net Position**
*Note: Totals may not add due to rounding.*

***Governmental Activities/Changes in Net Position***

The District's net position has decreased by $0.467 million, due to government activities (Figure A-3).

***Figure A-3***
***Changes in Net Position from Operating Results (in thousands of dollars)***

| | Governmental and Total School District Activities | | |
|---|---|---|---|
| | **2020** | **2019** | **Variance Increase (Decrease)** |
| **Revenues** | | | |
| Program Revenues: | | | |
| Charges for Services | $ 186 | $ 96 | $ 90 |
| Operating Grants and Contributions | 1,759 | 2,111 | (352) |
| Total Program Revenues | 1,945 | 2,207 | (262) |
| General Revenues: | | | |
| Real Property Taxes and Other Tax Items | 22,418 | 21,792 | 626 |
| Use of Money and Property | 213 | 196 | 17 |
| Sale of Property and Compensation for Loss | 176 | 182 | (6) |
| Miscellaneous | 197 | 693 | (496) |
| State Sources | 17,568 | 18,109 | (541) |
| Federal Sources | 130 | 253 | (123) |
| Premium on Issuance of Bonds | - | - | - |
| Total General Revenues | 40,702 | 41,225 | (523) |
| **Total Revenues** | 42,647 | 43,432 | (785) |
| **Expenses** | | | |
| Instruction | 22,112 | 21,342 | 770 |
| Support Services: | | | |
| General Support | 3,408 | 3,555 | (147) |
| Pupil Transportation | 2,260 | 2,643 | (383) |
| Community Service | - | - | - |
| Debt Service - Interest | 859 | 947 | (88) |
| Employee Benefits | 12,110 | 10,071 | 2,039 |
| Depreciation - Unallocated | 1,793 | 1,795 | (2) |
| Cost of Sales | 572 | 721 | (149) |
| **Total Expenses** | 43,114 | 41,074 | 2,040 |
| **Increase (Decrease) in Net Position:** | $ (467) | $ 2,358 | $ (2,825) |

*Note: Totals may not add due to rounding.*

**Figure A-4**
**Sources of Revenues for Fiscal Year 2020**

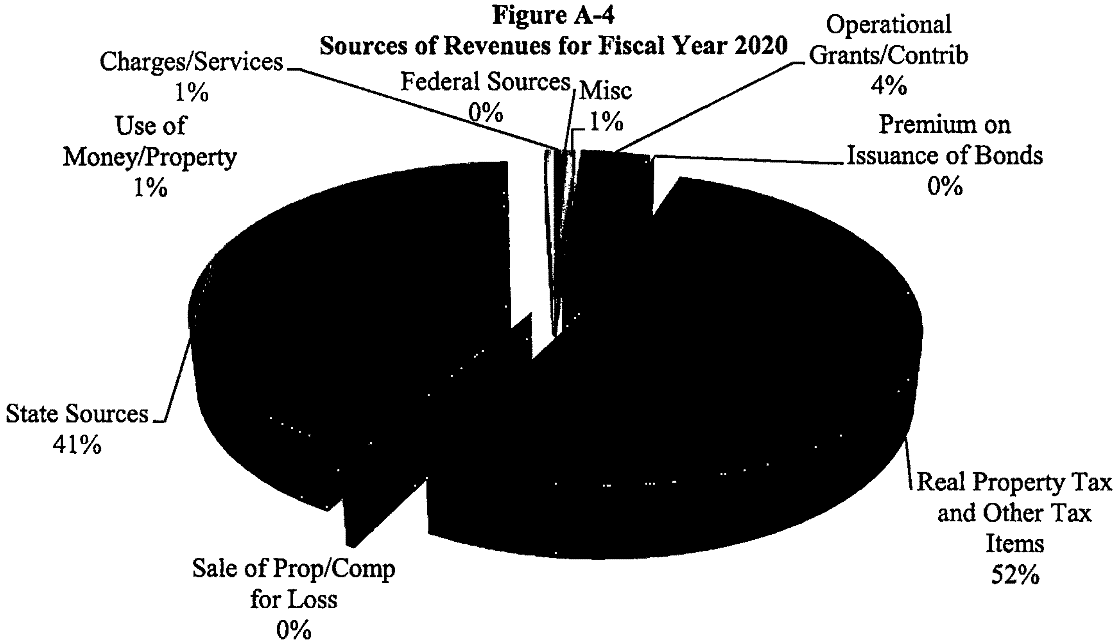
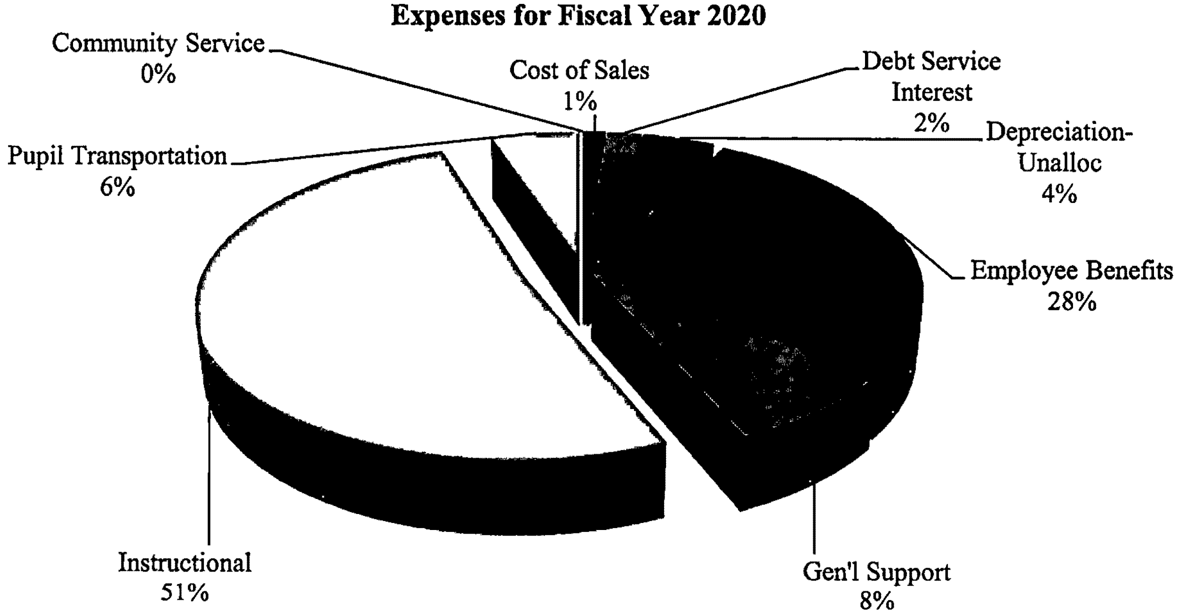



**Figure A-5**
**Expenses for Fiscal Year 2020**



## Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of $17,051,376 an increase of $888,439.

## General Fund Budgetary Highlights

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

- District voters approved a 2019-2020 School Budget in the amount of $42,640,929. This amount was increased by carryover Encumbrances of $133,909, resulting in a final budget of $42,774,838. This District recorded this Budget in its General Fund, and followed certain policies and procedures to ensure that District expenditures adhered to the spending plan approved by District voters. For instance, the District used an Encumbrance system to determine that sufficient funds were available prior to being spent. In the event the District needed to purchase an item or service and the account code had insufficient funds, then the Superintendent and Board of Education had the authority to approve transfers between budget codes.

- Accrual revenues were $40.830 million, with an actual to budget variance of negative $1.944 million largely due to fund balance appropriations.

- Actual expenditures and encumbrances were $39.500 million, with a positive actual to budget variance of $3.275 million, largely due to lower than expected instructional costs and related benefits.

## Capital Asset and Debt Administration

### *Capital Assets*

The overall capital assets as of June 30, 2020, are given below. (See Figure A-6).

***Figure A-6***
***Capital Assets (Net of Depreciation)***

| | Capital Assets | |
|---|---|---|
| | **2020** | **2019** |
| Land | $ 219,670 | $ 219,670 |
| Construction in Progress | 469,713 | - |
| Buildings and Improvements | 40,417,808 | 42,109,034 |
| Machinery & Equipment | 648,863 | 530,509 |
| Total | $ 41,756,054 | $ 42,859,213 |

*Note: Totals may not add due to rounding*

The total decrease in the District's capital net assets (net of accumulated depreciation) for the current year was ($1,103,159). The decrease to capital assets is attributable to capital additions net of accumulated depreciation.

### *Long-Term Debt*

The District's total debt includes serial bonds in the amount of $18,445,000 as of June 30, 2020, a decrease of $3,130,000 over the previous year amount. The total amount of long-term debt owed is reflected in Figure A-7.

***Figure A-7***

***Outstanding Long-Term Debt (in millions of dollars)***

| | Total School District | |
|---|---|---|
| | 2020 | 2019 |
| Serial Bonds | $ 18,445,000 | $ 21,575,000 |
| Total | $ 18,445,000 | $ 21,575,000 |

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2020, the District's general obligation debt was lower than its total debt limit.

## Factors Bearing on the District's Future

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

- The Catskill Central School District is a service organization, and as such the majority of the expenditures are driven by the salary and benefits costs of its employees. The terms of these agreements are determined by collective bargaining agreements (CBAs). The Catskill Administrators' Association contract expired June 3, 2020 and a successive agreement is still being negotiated. The Catskill Teachers' Association, as well as the CSEA contract were both renegotiated and agreements ratified in the Spring of 2019. Both of these agreements were extended to June 2022.

- Chapter 97 of the Laws of 2011 established a tax levy limit, or "property tax cap" that affects almost all school districts in New York State. Under this law, the growth in the property tax levy, the total amount to be raised through property taxes, calculated by the property tax cap formula, is capped at 2 percent or the rate of inflation, whichever is less, with some exceptions. School Districts have the ability to override the cap only if more than sixty percent of the District voters approve the budget. Many districts who have attempted to override the tax cap have not been successful. As we anticipate low consumer price index (CPI) numbers, we expect minimal allowable growth of the tax levy.

- At the same time that the District is being required to keep property taxes from increasing, the District is simultaneously facing increasing costs that are beyond its control: Health insurance premiums have increased up to 15% above the amount of fiscal year ending June 30, 2019 for the next fiscal year. The district was able to absorb much of the impact of the increase with budgetary adjustments. Future uncertainty in the health insurance market due to legislative uncertainty will put upward pressure on health insurance rates, which are unlikely to be absorbed without tax increases. Types of insurance, and employee contribution amounts are governed by CBAs. The district does not have the flexibility to increase the employee contribution amounts, or to make plan changes without negotiation with the bargaining units.

- The amount of State and Federal Aid is dependent upon enrollment. The District has had declining enrollment in the past few years, similar to other school districts in the region. It is anticipated that all school districts in Greene County will continue to decline in enrollment. Declining enrollment puts downward pressure upon aid received. Reductions in aid due to enrollment decreases will require program adjustments or an increase in revenues from the taxpayers.

**Contacting the District's Financial Management**

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

Catskill Central School District
Attn: Mr. Joseph Jimick
School Business Official
Business Office
347 West Main Street
Catskill, New York 12414

Sickler, Torchia
Allen & Churchill, CPA's, PC
*Your Partner When It Counts*

Robert J. Allen, CPA
Victor V. Churchill, CPA
Edward J. Gower II, CPA
Joseph J. Montalto, CPA
Craig R. Sickler, CPA
Michael A. Torchia, Jr., CPA, CVA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Catskill Central School District
Catskill, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Catskill Central School District (the 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.

**Auditor's Responsibility**

Our responsibility is to express opinions on these basic 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 basic financial statements are free of 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.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

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

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, revenues, expenditures – budget and actual, funding progress for other post-employment benefits, local government's proportionate share of net pension liability for New York State Employees' Retirement System, schedule of local government's contributions for the New York State Employees' Retirement System, schedule of local government's proportionate share of net pension liability for New York State Teachers' Retirement System and schedule of local government's contributions for the New York State Teachers' Retirement System 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 Catskill Central School District's basic financial statements. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

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

The Schedule of Change from Adopted Budget to Final Budget, Section 1318 Real Property Tax Law Limit Calculation, Schedule of Project Expenditures-Capital Projects Fund, and the Schedule of Net Investment in Capital Assets, Net of Related Debt have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2020, on our consideration of the Catskill Central School District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catskill Central School District's internal control over financial reporting and compliance.

Sickler, Torchia, Allen + Churchill, CPAs, P.C.

Hudson, New York
November 18, 2020

CATSKILL CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

| | | |
|---|---|---|
| ***ASSETS*** | | |
| Cash: | | |
| Unrestricted | $ | 12,191,002 |
| Restricted | | 5,370,831 |
| Receivables: | | |
| Accounts | | - |
| State and Federal Aid | | 2,180,070 |
| Due from Other Governments | | 8,510 |
| Due from Fiduciary Funds | | 93,354 |
| Other | | 6,900 |
| Inventories | | 25,529 |
| Land, Buildings and Equipment (Net of Accumulated Depreciation) | | 41,756,054 |
| Net Pension Asset-Proportionate Share | | 2,174,717 |
| Total Assets | | 63,806,967 |
| ***DEFERRED OUTFLOWS OF RESOURCES*** | | |
| Deferred Outflows - Pension | | 4,147,727 |
| Deferred Outflows - OPEB | | 7,896,360 |
| Deferred Outflows - Contributions Post Measurement | | 1,337,100 |
| Defeasance Loss | | 706,266 |
| Total Deferred Outflows of Resources | | 14,087,453 |
| ***LIABILITIES*** | | |
| Payables: | | |
| Accounts Payable | $ | 1,482,245 |
| Accrued Liabilities | | 440 |
| Student Meals Liability | | - |
| Due to Fiduciary Funds | | - |
| Due to Other Governments | | 165 |
| Interest Payable | | 152,453 |
| Due to Teachers' Retirement System | | 1,209,542 |
| Due to Employees' Retirement System | | 127,558 |
| Net Pension Liability-Proportionate Share | | 2,530,220 |
| Long-Term Liabilities: | | |
| Due and Payable Within One Year: | | |
| Bonds Payable | | 3,245,000 |
| Capitalized Lease-Purchase Obligations | | - |
| Due and Payable After One Year: | | |
| Bonds Payable | | 15,200,000 |
| Capitalized Lease-Purchase Obligations | | - |
| Compensated Absences Payable | | 734,942 |
| Other Post Employment Benefits Payable | | 54,758,958 |
| Total Liabilities | | 79,441,524 |
| ***DEFERRED INFLOWS OF RESOURCES*** | | |
| Pensions | | 4,870 |
| OPEB | | 9,546,772 |
| Defeasance Gain, Advanced Bond Refunding | | 1,249,764 |
| Total Deferred Inflows of Resources | | 10,801,406 |
| ***NET POSITION*** | | |
| Net Investment in Capital Assets | | 22,767,556 |
| Restricted | | |
| Debt Service | | 282,285 |
| Capital | | - |
| Other Legal Restrictions (Specify) | | 5,106,010 |
| Unrestricted | | (40,504,361) |
| Total Net Postion | $ | (12,348,510) |

*Note: Totals may not add due to rounding.*

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

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

| | Expenses | Indirect Expenses Allocation | Program Revenues: Charges for Services | Program Revenues: Operating Grants | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|---|
| **FUNCTIONS/PROGRAMS** | | | | | |
| General Support | $ 3,407,584 | $ 2,648,949 | $ - | $ - | $ 6,056,533 |
| Instruction | 22,111,963 | 11,034,383 | (145,188) | (1,259,848) | 31,741,309 |
| Pupil Transportation | 2,260,235 | 55,284 | - | - | 2,315,519 |
| Community Service | - | - | - | - | - |
| Employee Benefits | 12,109,985 | (12,109,985) | - | - | - |
| Debt Service | 858,601 | - | - | - | 858,601 |
| Other Expenses | - | 160,254 | - | - | 160,254 |
| Cafeteria Program | 571,708 | 3,798 | (40,317) | (499,159) | 36,030 |
| Depreciation | 1,792,683 | (1,792,683) | - | - | - |
| Total Functions and Programs | 43,112,758 | - | (185,506) | (1,759,007) | 41,168,246 |
| **GENERAL REVENUES** | | | | | |
| Real Property Taxes | | | | | 17,467,285 |
| Other Tax Items | | | | | 4,950,942 |
| Non Property Taxes | | | | | - |
| Use of Money and Property | | | | | 213,165 |
| Sale of Property and Compensation for Loss | | | | | 175,973 |
| Miscellaneous | | | | | 197,140 |
| Interfund Revenue | | | | | - |
| State Sources | | | | | 17,567,857 |
| Federal Sources | | | | | - |
| Medicaid Reimbursement | | | | | 129,659 |
| Premium on issuance of refunding bonds deposited with escrow agent for refunded bond | | | | | - |
| Total General Revenues | | | | | 40,702,021 |
| Change in Net Position | | | | | (466,225) |
| Total Net Position - Beginning of Year | | | | | (11,882,285) |
| Total Net Position - End of Year | | | | | $ (12,348,510) |

*Note: Totals may not add due to rounding.*

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

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

| | General | Capital Projects | Non-Major | Governmental Funds |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Cash: | | | | |
| Unrestricted | $ 8,504,243 | $ 3,547,751 | $ 139,008 | $ 12,191,002 |
| Restricted | 5,106,010 | - | 264,821 | 5,370,831 |
| Investments: | | | | |
| Unrestricted | - | - | - | - |
| Restricted | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from Other Funds | 2,830,596 | - | 1,180,994 | 4,011,590 |
| State and Federal Aid | 799,702 | - | 1,380,368 | 2,180,070 |
| Due from Other Governments | 8,510 | - | - | 8,510 |
| Other, Net of Allowance | 2,849 | - | 4,051 | 6,900 |
| Inventories | - | - | 25,529 | 25,529 |
| Deferred Expenditures | - | - | - | - |
| Prepaid Expenditures | - | - | - | - |
| Capital Assets, Net | - | - | - | - |
| Total Assets | $ 17,251,911 | $ 3,547,751 | $ 2,994,770 | $ 23,794,432 |
| ***LIABILITIES*** | | | | |
| Payables: | | | | |
| Accounts Payable | $ 1,473,905 | $ - | $ 8,340 | $ 1,482,245 |
| Accrued Liabilities | - | - | 440 | 440 |
| Due to Other Funds | 1,164,299 | 17,464 | 2,736,473 | 3,918,236 |
| Due to Other Governments | - | - | 165 | 165 |
| Retainage Payable | - | - | - | - |
| Bond Interest and Matured Bonds | - | - | - | - |
| Notes Payable: | | | | |
| Tax Anticipation | - | - | - | - |
| Revenue Anticipation | - | - | - | - |
| Bond Anticipation | - | - | - | - |
| Unearned Credits: | | | | |
| Overpayments and Collections in Advance | - | - | - | - |
| Planned Balance | - | - | - | - |
| Long-Term Liabilities: | | | | |
| Due to Teachers' Retirement System | 1,209,542 | - | - | 1,209,542 |
| Due to Employees' Retirement System | 127,558 | - | - | 127,558 |
| Compensated Absences Payable | - | - | - | - |
| Other Post Employment Benefits Payable | - | - | - | - |
| Judgments & Claims Payable | - | - | - | - |
| Other Liabilities | - | - | - | - |
| Total Liabilities | 3,975,304 | 17,464 | 2,745,419 | 6,738,187 |
| ***DEFERRED INFLOWS OF RESOURCES*** | | | | |
| Deferred Revenue | - | - | 4,870 | 4,870 |
| Sale of Future Revenues | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | 4,870 | 4,870 |
| ***FUND BALANCES*** | | | | |
| Non-Spendable | - | - | 25,529 | 25,529 |
| Restricted | 5,106,010 | - | 282,285 | 5,388,295 |
| Committed | - | - | - | - |
| Assigned | 739,148 | 3,530,287 | - | 4,269,435 |
| Unassigned | 7,431,449 | - | (63,332) | 7,368,116 |
| Total Fund Balances | 13,276,607 | 3,530,287 | 244,482 | 17,051,376 |
| Total Liabilities and Fund Balances | $ 17,251,911 | $ 3,547,751 | $ 2,994,770 | $ 23,794,432 |

| | |
|---|---|
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | $ 41,756,054 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | 706,266 |
| Long-term liabilities, including bonds payable, compensated absences and post-employment benefits, are not due and payable in the current period and therefore are not reported in the funds. | (74,004,017) |
| Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds. | 2,141,812 |
| Other | - |
| Net Assets of Governmental Activities | $ (12,348,509) |

*Note: Totals may not add due to rounding.*

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

CATSKILL CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2020

| | General | Capital Projects | Non-Major | Governmental Funds |
|---|---|---|---|---|
| ***REVENUES*** | | | | |
| Real Property Taxes | $ 17,467,285 | $ - | $ - | $ 17,467,285 |
| Other Tax Items | 4,950,942 | - | - | 4,950,942 |
| Nonproperty Taxes | - | - | - | - |
| Charges for Services | 145,188 | - | - | 145,188 |
| Use of Money and Property | 196,344 | - | 16,855 | 213,199 |
| Sale of Property and Compensation for Loss | 175,973 | - | - | 175,973 |
| Miscellaneous | 197,140 | - | 7,318 | 204,458 |
| Interfund Revenue | - | - | - | - |
| State Sources | 17,567,857 | - | 499,159 | 18,067,016 |
| Medicaid Reimbursement | 129,659 | - | - | 129,659 |
| Federal Sources | - | - | 1,187,085 | 1,187,085 |
| Surplus Food | - | - | 65,411 | 65,411 |
| Sales - School Lunch | - | - | 40,317 | 40,317 |
| Total Revenues | 40,830,389 | - | 1,816,145 | 42,646,534 |
| ***EXPENDITURES*** | | | | |
| General Support | 3,458,951 | - | - | 3,458,951 |
| Instruction | 21,021,416 | - | 1,258,991 | 22,280,407 |
| Pupil Transportation | 2,150,808 | - | 109,427 | 2,260,235 |
| Community Service | - | - | - | - |
| Employee Benefits | 8,685,619 | - | - | 8,685,619 |
| Debt Service: | | | | |
| Principal | 3,130,000 | - | - | 3,130,000 |
| Interest | 901,462 | - | - | 901,462 |
| Cost of Sales | - | - | 571,708 | 571,708 |
| Other Expenditures | - | - | - | - |
| Capital Outlay | - | 469,713 | - | 469,713 |
| Total Expenditures | 39,348,256 | 469,713 | 1,940,126 | 41,758,094 |
| Excess (Deficiency) of Revenues Over Expenditures | 1,482,133 | (469,713) | (123,981) | 888,439 |
| ***OTHER FINANCING SOURCES AND USES*** | | | | |
| Proceeds from Refunding Bonds | - | - | - | - |
| Premium on Issuance of Refunding Bonds | - | - | - | - |
| Bond Anticipation Note Redeemed from Appropriations | - | - | - | - |
| Operating Transfers In | - | - | 40,150 | 40,150 |
| Operating Transfers (Out) | (40,150) | - | - | (40,150) |
| Payment to Refunded Bond Escrow Agent | - | - | - | - |
| Cost of Refunding Bond Issuance | - | - | - | - |
| Total Other Sources (Uses) | (40,150) | - | 40,150 | - |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 1,441,983 | (469,713) | (83,831) | 888,439 |
| Fund Balances - Beginning of Year | 11,834,624 | 4,000,000 | 328,313 | 16,162,937 |
| Fund Balances - End of Year | $ 13,276,607 | $ 3,530,287 | $ 244,482 | $ 17,051,376 |

*Note: Totals may not add due to rounding.*

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

CATSKILL CENTRAL SCHOOL DISTRICT
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND
BALANCES TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
JUNE 30, 2020

| | | | |
|---|---|---|---|
| Total net changes in fund balances - governmental funds | | | $ 888,439 |
| Amounts reported for governmental *activities* in the Statement of Activities are different because: | | | |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period. | | | |
| | Depreciation Expense | $ (1,792,683) | |
| | Loss on Disposition | - | |
| | Capital Outlays | 689,524 | (1,103,159) |
| In the Statement of Activities, certain operating expenses--compensated absences (vacations), special termination benefits (early retirement) and retirees' health insurance--are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). | | | (507,471) |
| Premium received on advance refunding deposited with escrow agent toward principal on refunded bond results in recognized income on entity-wide statements. | | | - |
| Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. | | | 3,130,000 |
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of accrued interest on bonds, leases, and contracts payable. | | | 18,443 |
| Capitalized prepaid cost paid at bond refinancing amortized annually on entity-wide statements | | | 24,418 |
| (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 revenues or expenditures in the governmental funds. | | | |
| Teachers' Retirement System | | | (2,468,846) |
| Employees' Retirement System | | | (448,049) |
| Change in net position of governmental activities. | | | $ (466,225) |

*Note: Totals may not add due to rounding.*

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

CATSKILL 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** | | | | |
| Cash: | | | | |
| Unrestricted | $ 12,191,002 | $ - | $ - | $ 12,191,002 |
| Restricted | 5,370,831 | - | - | 5,370,831 |
| Investments: | | | | |
| Unrestricted | - | - | - | - |
| Restricted | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from Other Funds | 4,011,590 | - | (3,918,236) | 93,354 |
| State and Federal Aid | 2,180,070 | - | - | 2,180,070 |
| Due from Other Governments | 8,510 | - | - | 8,510 |
| Other | 6,900 | - | - | 6,900 |
| Inventories | 25,529 | - | - | 25,529 |
| Deferred Expenditures | - | - | - | - |
| Prepaid Expenditures | - | - | - | - |
| Capital Assets, Net | - | 41,756,054 | - | 41,756,054 |
| Net Pension Asset-Proportionate Share | - | 2,174,717 | - | 2,174,717 |
| Total Assets | 23,794,432 | 43,930,771 | (3,918,236) | 63,806,967 |
| ***DEFERRED OUTFLOWS OF RESOURCES*** | | | | |
| Deferred Outflows - Pension | - | 4,147,727 | - | 4,147,727 |
| Deferred Outflows - OPEB | - | 7,896,360 | - | 7,896,360 |
| Deferred Outflows - Contributions Post Measurement | - | 1,337,100 | - | 1,337,100 |
| Defeasance Loss | - | 706,266 | - | 706,266 |
| Total Deferred Outflows of Resources | - | 14,087,453 | - | 14,087,453 |
| Total Assets and Deferred Outflows of Resources | $ 23,794,432 | $ 58,018,224 | $ (3,918,236) | $ 77,894,420 |
| **LIABILITIES** | | | | |
| Payables: | | | | |
| Accounts Payable | $ 1,482,245 | $ - | $ - | $ 1,482,245 |
| Accrued Liabilities | 440 | - | - | 440 |
| Due to Other Funds | 3,918,236 | - | (3,918,236) | - |
| Due to Other Governments | 165 | - | - | 165 |
| Bond Interest and Matured Bonds | - | 152,453 | - | 152,453 |
| Notes Payable: | | | | |
| Tax Anticipation | - | - | - | - |
| Revenue Anticipation | - | - | - | - |
| Bond Anticipation | - | - | - | - |
| Deferred Credits: | | | | |
| Overpayments and Collections in Advance | - | - | - | - |
| Planned Balance | - | - | - | - |
| Long-Term Liabilities: | | | | |
| Bonds Payable | - | 18,445,000 | - | 18,445,000 |
| Installment Purchase Debt Payable | - | - | - | - |
| Due to Teachers' Retirement System | 1,209,542 | - | - | 1,209,542 |
| Due to Employees' Retirement System | 127,558 | - | - | 127,558 |
| Compensated Absences Payable | - | 734,942 | - | 734,942 |
| Other Post Employment Benefits Payable | - | 54,758,958 | - | 54,758,958 |
| Judgments & Claims Payable | - | - | - | - |
| Net Pension Liability-Proportionate Share | - | 2,530,220 | - | 2,530,220 |
| Other Liabilities | - | - | - | - |
| Total Liabilities | 6,738,188 | 76,621,573 | (3,918,236) | 79,441,524 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred Revenue - Other | 4,870 | - | - | 4,870 |
| Deferred Revenues - OPEB | - | 9,546,772 | - | 9,546,772 |
| Defeasance Gain, Advanced Bond Refunding | - | 1,249,764 | - | 1,249,764 |
| Total Deferred Inflows of Resources | 4,870 | 10,796,536 | - | 10,801,406 |
| **FUND BALANCE/NET POSITION** | | | | |
| Total Fund Balance/Net Position | 17,051,376 | (29,399,885) | - | (12,348,509) |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position | $ 23,794,432 | $ 58,018,224 | $ (3,918,236) | $ 77,894,420 |

*Note: Totals may not add due to rounding.*

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

CATSKILL CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2020

| | Total Governmental Funds | Long-Term Revenue, Expenses | Capital Related Items | Long-Term Debt Transactions | Statement of Activities Totals |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Real Property Taxes | $ 17,467,285 | $ - | $ - | $ - | $ 17,467,285 |
| Other Tax Items | 4,950,942 | - | - | - | 4,950,942 |
| Non-Property Taxes | - | - | - | - | - |
| Charges for Services | 145,188 | - | - | - | 145,188 |
| Use of Money and Property | 213,199 | - | - | - | 213,199 |
| Sale of Property and Compensation for Loss | 175,973 | - | - | - | 175,973 |
| Miscellaneous | 204,458 | - | - | - | 204,458 |
| Interfund Revenue | - | - | - | - | - |
| State Sources | 18,067,016 | - | - | - | 18,067,016 |
| Medicaid Reimbursement | 129,659 | - | - | - | 129,659 |
| Federal Sources | 1,187,085 | - | - | - | 1,187,085 |
| Surplus Food | 65,411 | - | - | - | 65,411 |
| Sales - School Lunch | 40,317 | - | - | - | 40,317 |
| Total Revenues | 42,646,534 | - | - | - | 42,646,534 |
| **EXPENDITURES/EXPENSES** | | | | | |
| General Support | 3,458,951 | - | (51,367) | - | 3,407,584 |
| Instruction | 22,280,407 | - | (168,444) | - | 22,111,963 |
| Pupil Transportation | 2,260,235 | - | - | - | 2,260,235 |
| Community Service | - | - | - | - | - |
| Employee Benefits | 8,685,619 | 3,424,366 | - | - | 12,109,985 |
| Debt Service | 4,031,462 | - | - | (3,172,861) | 858,601 |
| Cost of Sales | 571,708 | - | - | - | 571,708 |
| Other Expenditures/Expenses | - | - | - | - | - |
| Capital Outlay | 469,713 | - | (469,713) | - | 0 |
| Depreciation | - | - | 1,792,683 | - | 1,792,683 |
| Total Expenditures/Expenses | 41,758,094 | 3,424,366 | 1,103,159 | (3,172,861) | 43,112,758 |
| Excess (Deficiency) of Revenues Over Expenditures/Expenses | 888,439 | (3,424,366) | (1,103,159) | 3,172,861 | (466,225) |
| **OTHER SOURCES AND USES** | | | | | |
| Proceeds from Refunding Bonds | - | - | - | - | - |
| Premium on Issuance of Refunding Bonds | - | - | - | - | - |
| Bond Anticipation Note Redeemed from Appropriations | - | - | - | - | - |
| Operating Transfers In | 40,150 | (40,150) | - | - | - |
| Operating Transfers (Out) | (40,150) | 40,150 | - | - | - |
| Payment to Refunded Bond Escrow Agent | - | - | - | - | - |
| Cost of Refunding Bond Issuance | - | - | - | - | - |
| Total Other Sources (Uses) | - | - | - | - | - |
| Net Change for the Year | $ 888,439 | $ (3,424,366) | $ (1,103,159) | $ 3,172,861 | $ (466,225) |

*Note: Totals may not add due to rounding.*

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

CATSKILL CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

| | Private Purpose Trusts | Agency |
|---|---|---|
| ***ASSETS*** | | |
| Cash | $ 751,130 | $ 232,510 |
| Accounts Receivable | - | 134 |
| Due from Other Funds | - | 636 |
| Prepaid Expenditures | - | - |
| Total Assets | $ 751,130 | $ 233,280 |
| ***LIABILITIES*** | | |
| Due to Other Funds | $ - | $ 94,123 |
| Extraclassroom Activity Balances | - | 60,314 |
| Other Liabilities | - | 78,842 |
| Total Liabilities | - | $ 233,280 |
| ***NET POSITION*** | | |
| Reserved for Scholarships | $ 751,130 | |

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

| | Private Purpose Trusts |
|---|---|
| **ADDITIONS:** | |
| Contributions | $ 9,500 |
| Interest | 2,444 |
| Total Additions | 11,944 |
| **DEDUCTIONS:** | |
| Fees | - |
| Scholarships and Awards | 33,775 |
| | 33,775 |
| Change in Net Position | (21,831) |
| Net Position - Beginning of Year, Restated | 772,961 |
| Net Position - End of Year | $ 751,130 |

*Note: Totals may not add due to rounding.*

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

## NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Catskill Central School District (the "District") have been prepared in conformity with 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.

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

### A. Reporting Entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 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* and GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39* and GASB 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14.*. 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 its component unit and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

-- 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.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Joint Venture:

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

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

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

During the year, the District was billed $3,341,444 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $992,287.

The basic financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation:

I. 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.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

The District reports the following major governmental funds:

a. 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.

b. Capital Projects Funds:

These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following non-major governmental funds:

a. Special Revenue Funds:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes, school lunch operations, 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.

See independent auditor's report.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

1. Special Aid Fund:

   Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

2. School Lunch Fund:

   School Lunch Fund is used to account for transactions of lunch, breakfast, and milk programs.

b. Debt Service Fund:

   This fund accounts for the accumulation of resources and the payments of principal and interest on long-term general obligation debt of governmental activities.

The District reports the following fiduciary funds:

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

a. Private Purpose Trust Funds:

   These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

b. Agency Funds:

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

D. Measurement Focus and Basis of Accounting:

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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

E. Cash (and Cash Equivalents) 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 deposits 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.

F. Property Taxes:

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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

II. In June of 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the District in a particular year, beginning with the 2012 fiscal year.

The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

G. Accounts Receivable:

Receivables (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.

H. Inventories and Prepaid Items:

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

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

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

I. Interfund Transactions:

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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Permanent transfers of funds include the transfer of expenditure and revenues to provide financial or other services.

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

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

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

J. Other Assets/Restricted Assets:

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements and their use is limited by applicable bond covenants.

In the District-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

K. Capital Assets:

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

Capitalized threshold (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 | $10,000 | Straight-Line | 40 years |
| Building Improvements | $10,000 | Straight-Line | 40 years |
| Site Improvements | $10,000 | Straight-Line | 40 years |
| Furniture and Equipment | $5,000 | Straight-Line | 7 years |
| Computers | $5,000 | Straight-Line | 5-7 years |

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. 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, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government may have 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 proportionate share of total contributions to the pension systems not included in pension expense. Third is the District's contribution to the pension systems (TRS and ERS Systems) subsequent to the measurement date. Lastly, are the District's changes of assumptions or other inputs to the OPEB.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The District may have 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. 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 proportionate share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The final item is deferred gain resulting from Advance Bond Refunding. This represents the amount still being paid off on behalf of the District by a third party due to refunding.

M. Vested Employee Benefits:

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 employment contacts. Sick leave use is based on a last-in first-out (LIFO) basis.

## NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Upon retirement or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability in the District-wide financial statements. The compensated absences liability is calculated based on the rates in effect at year-end as defined in the contractual bargaining agreement.

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

N. 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 in accordance with various employment contracts. 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. Some costs of providing post-retirement benefits are shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of the insurance premiums as expenditure or operating transfer to other funds in the General Fund in the year paid.

O. Unearned Revenue:

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 a 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 recorded.

P. Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net assets 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):

Q. 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.

R. 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 received 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 an insufficient or no provision is made in the annual budget. The budget note must be repaid not later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issued 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.

S. 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.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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.

T. Equity Classifications:

I. District-Wide Statements:

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

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

b. *Restricted Net Position* – reports net position when constraints placed on the position 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.

c. *Unrestricted Net Position* – reports all other 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.

II. Fund Statements:

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

a. *Non-Spendable Fund Balance* – includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

1. Capital/Technology:

   According to Education Law §3651, restricted fund balances 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.

2. Debt Service:

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

3. Employee Benefit Accrued Liability:

   According to General Municipal Law §6-p, 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.

4. Insurance *(not currently utilized):*

   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.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

5. Liability Claims and Property Loss:

   According to Education Law §1709(8) (c), this reserve fund must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss 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.

6. Repairs:

   According to General Municipal Law §6-d, this reserve fund 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.

7. Retirement Contributions:

   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 contribution for 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 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 existing provisions of General Municipal Law §6-r.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

8. Tax Certiorari:

   According to Education Law §3651.1-a, this reserve fund 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 that 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.

9. Unemployment Insurance:

   According to General Municipal Law §6-m, this reserve fund 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.

10. Workers' Compensation:

    According to General Municipal Law §6-j, this reserve fund 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.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

11. 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 for specific purposes for which resources have been restricted, committed or assigned do not result in a separate display of the encumbered amounts within those classifications/funds.

Restricted fund balance includes the following:

| | |
|---|---|
| General Fund: | |
| Retirement Contribution (ERS) | $ 1,177,174 |
| Retirement Contribution (TRS) | 700,000 |
| Retirement Contribution | 12,983 |
| Employee Benefit Accrued Liability | 1,008,939 |
| Unemployment | 620,617 |
| Tax Certiorari | 505,784 |
| Repairs | 239,426 |
| Liability | 149,722 |
| Capital | 10,999 |
| Workers' Compensation | 680,366 |
| | 5,106,010 |
| Debt Service Fund: | |
| Debt Service | 282,285 |
| Total Restricted Funds | $ 5,388,295 |

c. *Committed* – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.

d. *Assigned* – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to $111,554. Assigned to the reduction of the 2020-2021 tax levy is an additional $627,594.

e. *Unassigned* – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

III. Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

U. New Accounting Standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standards issued by GASB:

-- The GASB has issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this Statement are effective immediately.

V. Future Changes in Accounting Standards:

-- The GASB has issued Statement No. 84, *Fiduciary Activities,* which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

-- The GASB has issued Statement No. 87, *Leases,* which will better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

-- The GASB has issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61,* which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

-- The GASB has issued Statement No. 91, *Conduit Debt Obligations,* which provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 92, *Omnibus 2020*, which enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by topic.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

-- The GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, which provides exceptions to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* which will improve financial reporting by addressing issues related to public-private and public-public partnerships arrangements (PPPs). Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application encouraged.

-- The GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application encouraged.

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

-- The GASB has issued 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*, which provides increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Costs will be mitigated associated with the reporting of certain defined contribution pension plans. The relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

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

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS:

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

A. Total Fund Balances of Governmental Funds vs. Net Assets 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 Sheets.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):

See the Reconciliation on Pages 16 and 19 of the financial statement.

-- 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. See *Note 5 – Capital Assets* in these notes to the financial statements for information on the net capital assets of $41,756,054.

Because the governmental funds focus on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenue in the governmental funds, and thus are not included in the fund balance. They are, however, included in the net assets of the governmental activities.

| | |
|---|---|
| OPEB Plan Deferred Outflows | $ 7,896,360 |
| OPEB Plan Deferred Inflows | (9,546,772) |
| | $ (1,650,412) |

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

| | |
|---|---|
| Bonds and Notes Payable | $ 18,445,000 |
| Compensated Absences Payable | 734,942 |
| Other Post-Employment Benefits Payable | 54,758,958 |
| | $ 73,938,900 |

Accrued interest on long-term debt is reported in the Statement of Net Position, regardless of when due. In the Governmental Funds, interest is not reported until it is due.

| | |
|---|---|
| Bond Interest Payable | $ 152,453 |

Deferred Gain earned on borrowing of Long Term obligations on 2015-2016 amounted to $1,875,064 and has total amortization of $625,300 as of June 30, 2019 to a net of $1,249,764. A defeasance Loss on refunding of Long Term obligations on 2015-2016 amounted to $1,209,481 and total amortization of $503,213 as of June 30, 2019 to a net of $706,266. These are reported in the Statement of Net Position to reflect the benefit and cost against the obligation interest payments as they occur in the future.

See independent auditor's report.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):

Pension Differences:

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

| | | |
|---|---|---|
| Pension Asset - TRS | $ | 2,174,717 |
| Deferred Outflows - TRS Contribution | | 1,209,542 |
| Deferred Outflows - ERS Contribution | | 127,558 |
| Deferred Outflows - ERS | | 1,461,770 |
| Deferred Outflows - TRS | | 2,685,956 |
| Pension Liability - ERS | | (2,530,220) |
| | $ | 5,129,323 |

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

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

I. Long-Term Revenue/Expense 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.

II. 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.

See independent auditor's report.

## NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):

III. 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. These reconciliations can be found on Pages 18 and 20 of the financial statements.

IV. Pension Differences:

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

V. OPEB Differences:

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

## NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations will lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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.

See independent auditor's report.

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

Supplemental appropriations occurred during the year and are detailed below:

| CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET | |
|---|---|
| Adopted Budget | $ 42,640,929 |
| Prior Year's Encumbrances | 133,909 |
| Original Budget | 42,774,838 |
| Budget Revisions: | |
| Donations | - |
| Appropriated Fund Balance - Capital Project | - |
| Final Budget | $ 42,774,838 |

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

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

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 project.

B. Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. The District's unreserved undesignated fund balance was in excess of 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. The District intends to take actions to pursue this issue.

## NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

D. The District has more money reserved in the Employee Benefits Liability Reserve than what is supported by actual liabilities for current employees and above the legally approved amount. The District took no action to address the issue in 2019-2020. The District plans to take the necessary steps to contact the proper authority at the state to begin the process of requesting to remove money out of the reserve.

E. The General Fund had instances where expenditures exceeded appropriations. This will be addressed by the Board and, if necessary, in future budgets.

Expenditures for 2020 exceeded appropriations in the funds/functions identified below:

| Fund/Function | Appropriations as Modified | Expenditures | Unfavorable Balance |
|---|---|---|---|
| Central Administration | $ 216,432 | $ 219,690 | $ (3,258) |
| Instruction | 1,429,528 | 1,659,806 | (230,278) |
| Operating Transfers | 33,000 | 40,150 | (7,150) |

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

Cash:

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

As of June 30, 2020 $-0- of the District's bank balance of $20,306,049 was exposed to custodial credit risk as follows:

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

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 $5,370,851 in government funds and $755,459 in the fiduciary funds.

## NOTE 5 – CAPITAL ASSETS:

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

| | | | | |
|---|---|---|---|---|
| Land | $ 219,670 | $ - | $ - | $ 219,670 |
| Construction in Progress | - | 469,713 | - | 469,713 |
| Total Non-Depreciable Historical Cost | $ 219,670 | $ 469,713 | $ - | $ 689,383 |
| Capital Assets that are Depreciated: | | | | |
| Buildings/Land Improvement | $ 1,902,295 | $ - | $ - | $ 1,902,295 |
| Buildings | 65,094,051 | - | - | 65,094,051 |
| Furniture and Equipment | 4,567,605 | 219,811 | - | 4,787,416 |
| Total Depreciable Historical Cost | 71,563,951 | 219,811 | - | 71,783,762 |
| Less Accumulated Depreciation: | | | | |
| Building/Land Improvements | 1,093,314 | 93,957 | - | 1,187,271 |
| Buildings | 23,793,998 | 1,597,269 | - | 25,391,267 |
| Machinery and Equipment | 4,037,096 | 101,457 | - | 4,138,553 |
| Total Accumulated Depreciation | 28,924,408 | 1,792,683 | - | 30,717,091 |
| Total Depreciable Historical Cost, Net | $ 42,639,543 | $ (1,572,872) | $ - | $ 41,066,671 |

| Depreciation expense was charged to governmental functions as follows: | |
|---|---|
| General Support | $ 1,697,919 |
| Instruction | 90,966 |
| Food Services | 3,798 |
| | $ 1,792,683 |

## NOTE 6 – LONG-TERM DEBT:

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

| | |
|---|---|
| Interest Paid | $ 901,462 |
| Less Interest Accrued in the Prior Period | (170,896) |
| Less Interest Accrued in the Current Period | 152,453 |
| Net Amortization of Defeasance Gain/Loss | (24,368) |
| Total Expense | $ 858,651 |

See independent auditor's report.

## NOTE 6 – LONG-TERM DEBT (CONTINUED):

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

| | Beginning Balance | Issued | Redeemed | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Government Activities: | | | | | |
| Bonds and Notes Payable: | | | | | |
| General Obligation Debt: | | | | | |
| Middle/High School - 2003 (Refunded) | $ 1,225,000 | $ - | $ 395,000 | $ 830,000 | $ 410,000 |
| Middle/High School - 2012 | 835,000 | - | 100,000 | 735,000 | 110,000 |
| Elementary School - 2012 (Refunded) | 9,150,000 | - | 650,000 | 8,500,000 | 680,000 |
| Elementary School - 2005 (Refunded) | 3,175,000 | - | 1,035,000 | 2,140,000 | 1,060,000 |
| Middle/High School - 2017 (Refunded) | 7,190,000 | - | 950,000 | 6,240,000 | 985,000 |
| Total Serial Bonds | $ 21,575,000 | $ - | $ 3,130,000 | $ 18,445,000 | $ 3,245,000 |
| Total Bonds & Notes Payable | 21,575,000 | - | 3,130,000 | 18,445,000 | 3,245,000 |
| Other Liabilities: | | | | | |
| Compensated Absences | 321,618 | 413,324 | - | 734,942 | - |
| Other Post-Employment Benefits, Restated | 44,790,522 | 9,968,436 | - | 54,758,958 | - |
| Total Other Liabilities | 45,112,140 | 10,381,760 | - | 55,493,900 | - |
| Total Long-Term Liabilities | $ 66,687,140 | $ 10,381,760 | $ 3,130,000 | $ 73,938,900 | $ 3,245,000 |

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

| Description of Issue | Issue Date | Final Maturity | Interest Rate | Outstanding at 06/30/20 |
|---|---|---|---|---|
| Serial Bonds: | | | | |
| Middle/High School - 2017 (Refunded) | 11/17 | 2032 | 2 - 5% | $ 6,240,000 |
| Middle/High School - 2003 (Refunded) | 2/12 | 2022 | 2 - 3% | 830,000 |
| Middle/High School - 2012 | 7/12 | 2026 | 3 - 5% | 735,000 |
| Elementary School - 2012 (Refunded) | 10/12 | 2030 | 3 - 5% | 8,500,000 |
| Elementary School - 2005 (Refunded) | 8/14 | 2022 | 2.125 - 3% | 2,140,000 |
| | | | | $ 18,445,000 |

See independent auditor's report.

## NOTE 6 – LONG-TERM DEBT (CONTINUED):

The following is a summary of maturing debt service requirements:

| | Serial Bonds | |
|---|---|---|
| | Principal | Interest |
| 2021 | $ 3,245,000 | $ 801,520 |
| 2022 | 3,360,000 | 677,945 |
| 2023 | 1,950,000 | 548,045 |
| 2024 | 1,930,000 | 450,545 |
| 2025 | 1,290,000 | 354,045 |
| 2026-2030 | 6,360,000 | 834,275 |
| 2031-2035 | 310,000 | 17,100 |
| | $ 18,445,000 | $ 3,683,475 |

-- Debt Limit:

At June 30, 2019 the total outstanding indebtedness represented approximately 9% of the District's debt limit.

## NOTE 7 – INTERFUND BALANCES AND ACTIVITY:

| | Interfund | | Interfund | |
|---|---|---|---|---|
| | Receivable | Payable | Revenues | Expenditures |
| General Fund | $ 2,830,591 | $ 1,164,299 | $ - | $ 40,150 |
| Capital Fund | - | 17,464 | - | - |
| Non-Major Funds | 1,180,994 | 2,736,473 | 40,150 | - |
| Total Government Activities | 4,011,585 | 3,918,236 | 40,150 | 40,150 |
| Fiduciary Agency Fund | 363 | 94,123 | - | - |
| Totals | $ 4,011,948 | $ 4,012,359 | $ 40,150 | $ 40,150 |

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

In the normal course of its operations, the District budgets for and transfers monies between funds for these budgeted purposes.

From the General Fund these represent transferring the Districts 20% share of the Special Aid Fund's Summer Handicapped Program and transfers to the Capital Fund for voter authorized capital items such as construction and bus purchases.

Additional loans will occur between funds to mitigate the effects of cash flow, such as in the Special Aid Fund where-in project advances generally do not keep pace with costs and the General Fund has to "loan" cash dollars to run the programs. In the case of the Capital Fund,

NOTE 7 – INTERFUND BALANCES AND ACTIVITY (CONTINUED):

loans will occur in advance of obtaining the final funding through bond proceeds. In addition, in the case of the Capital Fund, interest earned on borrowed funds becomes payable to the Debt Service Fund for the future reduction of debt service payments. In the case of the Agency Fund, most if not all, fringe benefits are advanced from the General Fund and result in the need to reflect a due from both the Special Aid Fund and the School Lunch Fund for the applicable payroll.

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

NOTE 8 – PENSION PLANS:

A. General Information:

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

B. Plan Descriptions and Benefits Provided:

I. Teachers' Retirement System (TRS):

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Systems' financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains financial statements and required supplementary information. That report, 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 NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

NOTE 8 – PENSION PLANS (CONTINUED):

II. Employees' Retirement System (ERS):

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. 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 maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regards 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.

The Systems are noncontributory except for employees who joined after July 26, 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.

NOTE 8 – PENSION PLANS (CONTINUED):

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

| | ERS | TRS |
|---|---|---|
| 2019-2020 | $ 365,533 | $ 1,483,835 |
| 2018-2019 | $ 394,726 | $ 1,323,450 |
| 2017-2018 | $ 382,210 | $ 1,545,559 |

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

C. 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 it 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 position asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined.

This information was provided by the ERS and TRS Systems in reports provided to the District.

| | | |
|---|---|---|
| Actuarial Valuation Date | 3/31/2020 | 6/30/2019 |
| Net Pension Asset/(Liability) | $ (2,530,220) | $ 2,174,717 |
| District's Portion of the Plan's Total Net Pension Asset/(Liability) | 0.0095550% | 0.083707% |

For the year ended June 30, 2019, the District's recognized pension expense (credits) of $827,035 for ERS and $2,692,533 for TRS.

See independent auditor's report.

NOTE 8 – PENSION PLANS (CONTINUED):

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 | $ 148,914 | $ 1,473,750 | $ - | $ 161,716 |
| Changes of Assumptions | 50,947 | 4,108,331 | 43,992 | 1,001,727 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 1,297,114 | - | - | 1,744,011 |
| Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions | 16,344 | 66,349 | 47,150 | 55,018 |
| District's Contributions Subsequent to the Measurement Date | 127,558 | 1,209,542 | - | - |
| Total | $ 1,640,877 | $ 6,857,972 | $ 91,142 | $ 2,962,472 |

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020.

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

| | ERS | TRS |
|---|---|---|
| Year Ended: | | |
| 2021 | $ 229,706 | $ 986,994 |
| 2022 | 358,540 | 65,550 |
| 2023 | 464,968 | 983,428 |
| 2024 | 368,962 | 654,892 |
| 2025 | - | 75,260 |
| Thereafter | - | (80,167) |
| | $ 1,422,176 | $ 2,685,957 |

D. 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.

NOTE 8 – PENSION PLANS (CONTINUED):

The actuarial valuations used the following assumptions:

| | ERS | TRS |
|---|---|---|
| Measurement Date | March 31, 2020 | June 30, 2019 |
| Actuarial Valuation Date | April 1, 2019 | June 30, 2018 |
| Interest Rate | 6.80% | 7.10% |
| Salary Scale | 4.20% | 4.72%-1.90% |
| Decrement Tables | April 1, 2010 - | July 1, 2009 - |
| | March 31, 2015 | June 30, 2014 |
| | System's Experience | 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-2014. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

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

The long term rate of return on pension plan investments was determined using a building block method in which the 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 of the target asset allocation percentages and by adding expected inflation.

NOTE 8 – PENSION PLANS (CONTINUED):

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

| | ERS | ERS | TRS | TRS |
|---|---|---|---|---|
| Measurement Date | March 31, 2020 | March 31, 2020 | June 30, 2019 | June 30, 2019 |
| | Target Allocation | Long Term Expected Real Rate of Return | Target Allocation | Long Term Expected Real Rate of Return |
| Asset Type | | | | |
| Domestic Equity | 36% | 4.05% | 33% | 6.30% |
| International Equity | 14% | 6.15% | 16% | 7.80% |
| Private Equity | 10% | 6.75% | 8% | 9.90% |
| Real Estate | 10% | 4.95% | 11% | 4.60% |
| Alternative Investments | 5% | 3.25-4.65% | 4% | 7.20% |
| Total Equities | 75% | | 72% | |
| Domestic Fixed Income Securities | 0% | 0.00% | 16% | 1.30% |
| Global Fixed Income Securities | 0% | 0.00% | 2% | 3.60% |
| Real Assets | 3% | 5.95% | 0% | 0.00% |
| Bonds and Mortgages | 17% | 0.75% | 8% | 2.9% - 6.5% |
| Short-Term | 1% | 0.00% | 1% | 0.30% |
| Inflation-Indexed Bonds | 4% | 0.50% | 1% | 3.50% |
| Total Fixed Income | 25% | | 28% | |
| Total | 100% | | 100% | |

E. Discount Rate:

The discount rate used to calculate the total pension liability was 6.80% for ERS and 7.10% 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.

F. Sensitivity of the Proportionate Share of the Net Pension to the Discount Rate Assumption:

NOTE 8 – PENSION PLANS (CONTINUED):

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) | $ (4,643,669) | $ (2,530,220) | $ (583,725) |

| TRS | 1% Decrease (6.1%) | Current Assumption (7.1%) | 1% Increase (8.1%) |
|---|---|---|---|
| Employer's Proportionate Share of the Net Pension Asset (Liability) | $ (9,816,444) | $ 2,174,717 | $ 12,233,948 |

G. Pension Plan Fiduciary Net Position:

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

| | (Dollars in Thousands) | |
|---|---|---|
| | ERS | TRS |
| Valuation Date | 4/1/2019 | 6/30/2019 |
| Employers' Total Pension Liability | $ 194,596,261 | $ 119,879,474 |
| Plan Net Position | 168,115,682 | 122,477,481 |
| Employers' Net Pension Liability/(Asset) | $ (26,480,579) | $ (2,598,007) |
| Plan Net Position as a percentage to the Systems' Total Pension Liability/(Asset) | 86.37% | 102.23% |

NOTE 8 – PENSION PLANS (CONTINUED):

H. 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 contribution 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 $127,558.

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 $1,209,542.

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A. General Information about the OPEB Plan:

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

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

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

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 162 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active Employees | 263 |
| | 425 |

See independent auditor's report.

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

B. Total OPEB Liability:

The District's total OPEB liability of $54,758,958 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

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

| | |
|---|---|
| Inflation | 2.60% |
| Discount Rate | 2.21% |
| Healthcare Cost Trend Rates | 6.1% for 2019, decreasing 0.04% per year to an ultimate rate of 4.1% for 2076 and later years |
| Retirees' Share of Benefit-Related Costs | 10% - 65%% of projected health insurance premiums for retirees depending on employee group |

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the latest published pension mortality study released by the Society of Actuaries, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2018.

## NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

### C. Changes in the Total OPEB Liability:

| | |
|---|---|
| Balance at June 30, 2019 | $ 44,790,522 |
| Changes for the year: | |
| Service Cost | 1,879,530 |
| Interest | 1,618,380 |
| Changes of Benefit Terms | (1,172,479) |
| Differences Between Expected and Actual Experience | - |
| Changes in Assumptions or Other Inputs | 8,511,747 |
| Benefit Payments | (868,742) |
| Net Changes | 9,968,436 |
| Balance at June 30, 2020 | $ 54,758,958 |

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 (1 percent) or 1 percentage point higher (3 percent) than the current discount rate:

| | 1% Decrease | Discount Rate | 1% Increase |
|---|---|---|---|
| Total OPEB Liability | $ 66,293,454 | $ 54,758,958 | $ 45,777,157 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current healthcare cost trend rate:

| | 1% Decrease (6.5% Decreasing to 3.5%) | Healthcare Cost Trend Rate (7.5% Decreasing to 4.5%) | 1% Increase (8.5% Decreasing to 5.5%) |
|---|---|---|---|
| Total OPEB Liability | $ 43,713,029 | $ 54,758,958 | $ 69,718,420 |

See independent auditor's report.

## NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

D. OPEB Expenses 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 $2,027,003. 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 |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 462,049 | $ (92,361) |
| Changes of Assumptions or Other Inputs | 7,434,311 | (9,454,411) |
| Total | $ 7,896,360 | $ (9,546,772) |

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

| Fiscal Year Ending June 30, | Amount |
|---|---|
| 2021 | $ (298,428) |
| 2022 | (298,428) |
| 2023 | (298,428) |
| 2024 | (298,428) |
| 2025 | (298,428) |
| Thereafter | (158,272) |
| | $ (1,650,412) |

## NOTE 10 – RISK MANAGEMENT:

A. General Information:

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.

B. Operating Leases:

The District, as lessee, leases equipment under various operating leases. Total rental expenditures on such leases for the fiscal year end June 30, 2020 was $13,706.

## NOTE 10 – RISK MANAGEMENT (CONTINUED):

The future non-cancelable lease payments for future fiscal years ending June 30 are:

| Fiscal Year Ending June 30, | Amount |
|---|---|
| 2021 | $ 13,706 |
| 2022 | 13,706 |
| 2023 | 13,706 |
| 2024 | 13,706 |
| | $ 54,824 |

C. Risk Financing and Related Insurance:

The District participates in the Rensselaer-Columbia-Greene Health Insurance Trust, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 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. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

## NOTE 11 – CONTINGENT LIABILITIES:

A. Litigation:

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Additionally, the District has various cases pending; legal counsel has been appointed. All cases are being vigorously defended. Any future obligations related to such cases are undetermined.

B. Other:

The District 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.

NOTE 11 – CONTINGENCIES (CONTINUED):

C. Coronavirus:

The Coronavirus (COVID-19), first detected in China, has since spread worldwide and has been declared a pandemic by the World Health Organization (WHO). The health risks are not to be underestimated, but the economic affect to business, other organizations, and the general population may be in the billions of dollars (or more). Some of the possible economic effects and business disruption are as follows.

1. The District is considered an essential service and will continue to perform services.
    a. Per State mandate, as of March 17, 2020 the District quickly implemented remote learning through the close of the academic year. On August 7, 2020, NYS Governor Cuomo announces that in-person instruction is permitted for the start of 2020-21 school year. The District has submitted their COVID-19 Reopening Plan and is available on their website.
    b. The District continued to provide meals throughout the year end and continued through the summer.
    c. District provided meals though the 2020 academic year and continued o provided meals during the summer months under the Federal Summer Food Service Program.

2. The District instituted, trained on and follows the CDC and NYS DOH guidelines on the hygiene, cleaning, and disinfection of school building and materials. The District increased cleaning of facilities and hired staff to clean surfaces to reduce the spread of the virus.

3. The District has not laid off or receive resignations related to COVID-19.

4. The District has responded to the financial impact as follows.
    a. NYSED provided an updated on 8/20/2020 regarding the NYS Division of the Budget (DOB) issued a Fiscal Year First Quarterly State Budget Financial Plan Update, the DOB began withholding 20% of most local aid payments in June 2020, and all or portion of these withholds may be converted to permanent reductions. In July 2020, DOB began approving General Support for Public School payments to school districts at 80% of the otherwise scheduled amounts. The District recorded all State Aid receivables for General Support Aid payments at 80% as of June 30, 2020, due to the uncertainty of collection in a one-year period.
    b. The District has applied for Federal aid made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, to the Governor's Emergency Education Relief (GEER) Fund for fiscal year 2021 and to the Elementary and Secondary School Emergency Relief (ESSER)Fund. The District's application for the grants primarily requested funding to cover the cost of payroll and cleaning supplies.

NOTE 11 – CONTINGENCIES (CONTINUED):

c. The District financed, by issuing a Serial Bond to proceed with the major Capital Project authorized in May 2018, which included, but not limited to installations of aid conditioning and mechanical upgrades, construction of a greenhouse addition, flooring remediation and tennis court reconstruction.

5. The District's Superintendent, Assistant Superintendents are closing watching NYSED's guidance and recommendations to keep staff, students, and the community safe.

The duration of the effects of the virus and its economic impact are not known at this time, however, the longer this health issue affects the District the more costly it may become.

SUPPLEMENTARY INFORMATION

CATSKILL CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL 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 | $ 18,894,778 | $ 18,894,778 | $ 17,467,285 | $ (1,427,493) |
| Other Tax Items | 3,505,976 | 3,505,976 | 4,950,942 | 1,444,966 |
| Charges for Services | 6,000 | 6,000 | 145,188 | 139,188 |
| Use of Money and Property | 191,500 | 191,500 | 196,344 | 4,844 |
| Sale of Property and Compensation for Loss | 111,600 | 111,600 | 175,973 | 64,373 |
| Miscellaneous | 343,900 | 343,900 | 197,140 | (146,760) |
| Interfund Revenues | - | - | - | - |
| Total Local Sources | 23,053,754 | 23,053,754 | 23,132,872 | 79,118 |
| State Sources | 18,571,845 | 18,571,845 | 17,567,857 | (1,003,988) |
| Federal Sources | 100,000 | 100,000 | 129,659 | 29,659 |
| Retirement System Credits | - | - | - | - |
| Total Revenues | 41,725,599 | 41,725,599 | 40,830,389 | (895,210) |
| ***OTHER FINANCING SOURCES*** | | | | |
| Transfers from Other Funds | - | - | - | - |
| Appropriated Reserves | 915,330 | 915,330 | - | (915,330) |
| Designated Fund Balance and Encumbrances Carried Forward From Prior Year | - | 133,909 | - | (133,909) |
| Total Revenues and Other Financing Sources | $ 42,640,929 | $ 42,774,838 | $ 40,830,389 | $ (1,944,449) |

*Note: Totals may not add due to rounding.*

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

CATSKILL CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL 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) | Year-End Encumbrances | Final Budget Variance With Budgetary Actual and Encumbrances |
|---|---|---|---|---|---|
| ***EXPENDITURES*** | | | | | |
| General Support: | | | | | |
| Board of Education | $ 49,058 | $ 40,608 | $ 34,660 | $ - | $ 5,948 |
| Central Administration | 210,116 | 216,432 | 219,690 | - | (3,258) |
| Finance | 406,128 | 422,801 | 403,309 | 20 | 19,472 |
| Staff | 110,963 | 110,963 | 76,207 | - | 34,756 |
| Central Services | 2,908,252 | 2,859,881 | 2,406,182 | 13,120 | 440,580 |
| Special Items | 481,941 | 421,364 | 318,903 | - | 102,461 |
| Total General Support | 4,166,458 | 4,072,049 | 3,458,951 | 13,140 | 599,959 |
| Instruction: | | | | | |
| Instruction, Administration and Improvement | 1,435,429 | 1,429,528 | 1,659,806 | - | (230,278) |
| Teaching - Regular School | 10,542,724 | 10,687,039 | 10,143,196 | 49,935 | 493,908 |
| Programs for Students with Disabilities | 6,555,198 | 6,418,075 | 5,479,635 | 250 | 938,191 |
| Occupational Education | 887,777 | 923,788 | 847,394 | - | 76,394 |
| Teaching - Special School | 61,255 | 61,255 | 57,781 | - | 3,474 |
| Instructional Media | 1,099,768 | 1,275,146 | 1,223,284 | 46,877 | 4,985 |
| Pupil Services | 1,691,577 | 1,709,818 | 1,610,321 | 552 | 98,945 |
| Total Instruction | 22,273,727 | 22,504,649 | 21,021,416 | 97,614 | 1,385,619 |
| Pupil Transportation | 2,787,921 | 2,776,597 | 2,150,808 | 800 | 624,989 |
| Community Services | - | - | - | - | - |
| Employee Benefits | 9,338,165 | 9,346,885 | 8,685,619 | - | 661,267 |
| Debt Service: | | | | | |
| Principal | 3,130,000 | 3,130,000 | 3,130,000 | - | - |
| Interest | 911,658 | 911,658 | 901,462 | - | 10,195 |
| Total Debt Service | 4,041,658 | 4,041,658 | 4,031,462 | - | 10,195 |
| Total Expenditures | 42,607,929 | 42,741,837 | 39,348,256 | 111,554 | 3,282,028 |
| ***OTHER FINANCING USES*** | | | | | |
| Operating Transfers Out | 33,000 | 33,000 | 40,150 | - | (7,150) |
| Total Expenditures and Other Uses | $ 42,640,929 | $ 42,774,837 | 39,388,405 | $ 111,554 | $ 3,274,878 |
| Net Change in Fund Balances | | | 1,441,983 | | |
| Fund Balance - Beginning | | | 11,834,624 | | |
| Fund Balance - Ending | | | $ 13,276,607 | | |

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

CATSKILL CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2020

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total OPEB liability** | | | | | | | | | | |
| Service Cost | $ 1,879,530 | $ 2,450,277 | $ 2,398,774 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Interest | 1,618,380 | 1,665,817 | 1,572,854 | - | - | - | - | - | - | - |
| Changes of Benefit Terms | (1,172,479) | (266,993) | - | - | - | - | - | - | - | - |
| Difference Between Expected and Actual Experience | - | 602,065 | (132,519) | - | - | - | - | - | - | - |
| Changes of Assumption or Other Inputs | 8,511,747 | (12,319,383) | - | - | - | - | - | - | - | - |
| Benefit Payments | (868,742) | (830,290) | (754,008) | - | - | - | - | - | - | - |
| **Net Change in Total OPEB Liability** | 9,968,436 | (8,698,507) | 3,085,101 | - | - | - | - | - | - | - |
| **Total OPEB Liability - Beginning** | 44,790,522 | 53,489,029 | 50,403,928 | - | - | - | - | - | - | - |
| **Total OPEB Liability - Ending** | $ 54,758,958 | $ 44,790,522 | $ 53,489,029 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Covered-Employee Payroll** | 17,721,699 | 14,292,770 | 15,267,740 | - | - | - | - | - | - | - |
| **Total OPEB Liability as a Percentage of Covered-Employee Payroll** | 308.99% | 313.38% | 350.34% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

**Notes to Schedule:**

Changes of Assumptions:

Changes of Assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

| | |
|---|---|
| 2020 | 2.21% |
| 2019 | 3.50% |
| 2018 | 3.00% |

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.

In accordance with New York State Law, the District's Defined Benefit OPEB Plan is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. Accordingly, the District does not have net assets accumulated in a trust.

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

CATSKILL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2020

LAST 10 FISCAL YEARS*

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| The District's Proportion of the Net Pension Liability (Asset) | 0.0095550% | 0.0100766% | 0.0096432% | 0.0099093% | 0.0108217% | 0.0110741% | - | - | - | - |
| The District's Proportionate Share of the Net Pension Liability (Asset) | $ 2,530,220 | $ 713,956 | $ 311,228 | $ 931,099 | $ 1,736,917 | 374,109 | - | - | - | - |
| The District's Covered Employee Payroll | $ 3,488,326 | $ 3,334,295 | $ 2,615,514 | $ 3,170,889 | $ 3,322,036 | 3,687,603 | - | - | - | - |
| The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | 72.53% | 21.41% | 11.90% | 29.36% | 52.28% | 10.15% | - | - | - | - |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.39% | 96.27% | 98.24% | 94.70% | 90.68% | 97.95% | - | - | - | - |

* The amounts presented for each fiscal year were determined as of 3/31

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

CATSKILL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS
FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2020

LAST 10 FISCAL YEARS

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 827,035 | $ 446,399 | $ 349,777 | $ 509,375 | $ 604,967 | 341,032 | - | - | - | - |
| Contributions in Relation to the Contractually Required Contribution | $ 827,035 | $ 446,399 | $ 349,777 | $ 509,375 | $ 604,967 | 341,032 | - | - | - | - |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - | - | - | - | - | - |
| The District's Covered Employee Payroll | $ 3,488,326 | $ 3,334,295 | $ 2,615,514 | $ 3,170,889 | $ 3,322,036 | 3,687,603 | - | - | - | - |
| Contributions as a Percentage of a Covered Employee Payroll | 23.71% | 13.39% | 13.37% | 16.06% | 18.21% | 9.25% | - | - | - | - |

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

CATSKILL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2020

LAST 10 FISCAL YEARS*

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| The District's Proportion of the Net Pension Liability (Asset) | 0.083707% | 0.08291% | 0.08322% | 0.08359% | 0.08372% | 0.085644% | - | - | - | - |
| The District's Proportionate Share of the Net Pension Liability (Asset) | $ (2,174,717) | $ (1,499,174) | $ (632,542) | $ 895,258 | $ (8,695,893) | (9,540,184) | - | - | - | - |
| The District's Covered Employee Payroll | $ 14,469,119 | $ 14,660,472 | $ 13,460,896 | $ 13,486,347 | $ 13,146,766 | 11,962,421 | - | - | - | - |
| The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | -15.03% | -10.23% | -4.70% | 6.64% | -66.14% | -79.75% | - | - | - | - |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 102.20% | 101.53% | 100.66% | 99.01% | 110.46% | 111.48% | - | - | - | - |

* The amounts presented for each fiscal year were determined as of 6/30

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

CATSKILL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS
FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2020

LAST 10 FISCAL YEARS

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 1,483,835 | $ 1,323,450 | $ 1,545,559 | $ 1,710,328 | $ 2,204,565 | 2,055,775 | - | - | - | - |
| Contributions in Relation to the Contractually Required Contribution | $ 1,483,835 | $ 1,323,450 | $ 1,545,559 | $ 1,710,328 | $ 2,204,565 | 2,055,775 | - | - | - | - |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - | - | - | - | - | - |
| The District's Covered Employee Payroll | $ 14,469,119 | $ 14,660,472 | $ 13,460,896 | $ 13,486,347 | $ 13,146,766 | 11,962,421 | - | - | - | - |
| Contributions as a Percentage of a Covered Employee Payroll | 10.26% | 9.03% | 11.48% | 12.68% | 16.77% | 17.19% | - | - | - | - |

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

CATSKILL CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2020

## CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

| | |
|---|---|
| Adopted Budget | $ 42,640,929 |
| Add: Prior Year's Encumbrances | 133,909 |
| Original Budget | 42,774,838 |
| Budget Revisions: | |
| Donations | $ - |
| Appropriated Fund Balance - Capital Project | - |
| Final Budget | $ 42,774,838 |
| Next Year's Budget is a (Voter-Approved) Budget of | $ 42,881,212 |

## SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION

| | |
|---|---|
| 2020-2021 Expenditure Budget Maximum Allowed | $ 42,881,212 |
| General Fund Balance Subject to Section 1318 of Real Property Tax Law | |
| Unrestricted Fund Balance: | |
| Committed Fund Balance | $ - |
| Assigned Fund Balance | 739,148 |
| Unassigned Fund Balance | 7,431,449 |
| Total Unrestricted Fund Balance | 8,170,597 |
| Less: | |
| Appropriated Fund Balance 20-21 Budget | 627,594 |
| Insurance Recovery Reserve | - |
| Tax Reduction Reserve | - |
| Encumbrances Included in Committed and Assigned Fund Balance | 111,554 |
| Total Adjustments | 739,148 |
| General Fund Balance Subject to Section 1318 of Real Property Tax Law | $ 7,431,449 |
| Actual Percentage | 17.33% |

*Note: Totals may not add due to rounding.*

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

CATSKILL CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020

Supplemental Schedule #8

| | | | Expenditures | | | | Methods of Financing | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *PROJECT TITLE* | Original Budget | Revised Budget | Prior Years | Current Year | Total | Unexpended Balance | Proceeds of Obligation | State Aid | Local Sources | Total |
| Major Capital Projects: | | | | | | | | | | |
| District-Wide Improvement Project | $ 4,000,000 | $ 4,000,000 | $ - | $ 469,713 | $ 469,713 | $ 3,530,287 | $ - | $ - | $ 4,000,000 | $ 4,000,000 |
| | $ 4,000,000 | $ 4,000,000 | $ - | $ 469,713 | $ 469,713 | $ 3,530,287 | $ - | $ - | $ 4,000,000 | $ 4,000,000 |

*Note: Totals may not add due to rounding.*

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

# CATSKILL CENTRAL SCHOOL DISTRICT
## SUPPLEMENTAL INFORMATION
## SCHEDULE OF COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
## JUNE 30, 2020

| | Special Aid | Cafeteria | Debt Service | Total Non-Major |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Cash: | | | | |
| Unrestricted | $ 123,852 | $ 15,156 | $ - | $ 139,008 |
| Restricted | - | - | 264,821 | 264,821 |
| Investments: | | | | |
| Unrestricted | - | - | - | - |
| Restricted | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from Other Funds | 736,401 | 427,129 | 17,464 | 1,180,994 |
| State and Federal Aid | 1,356,229 | 24,138 | - | 1,380,368 |
| Due from Other Governments | - | - | - | - |
| Other | - | 4,051 | - | 4,051 |
| Inventories | - | 25,529 | - | 25,529 |
| Deferred Expenditures | - | - | - | - |
| Capital Assets, Net | - | - | - | - |
| Total Assets | $ 2,216,482 | $ 496,003 | $ 282,285 | $ 2,994,770 |
| ***LIABILITIES*** | | | | |
| Payables: | | | | |
| Accounts Payable | $ - | $ 8,340 | $ - | $ 8,340 |
| Accrued Liabilities | - | 440 | - | 440 |
| Due to Other Funds | 2,216,483 | 519,990 | - | 2,736,473 |
| Due to Other Governments | - | 165 | - | 165 |
| Retainage Payable | - | - | - | - |
| Bond Interest and Matured Bonds | - | - | - | - |
| Notes Payable: | | | | |
| Tax Anticipation | - | - | - | - |
| Revenue Anticipation | - | - | - | - |
| Bond Anticipation | - | - | - | - |
| Deferred Credits: | | | | |
| Overpayments and Collections in Advance | - | - | - | - |
| Deferred Revenues | - | 4,870 | - | 4,870 |
| Planned Balance | - | - | - | - |
| Long-Term Liabilities: | | | | |
| Due to Teachers' Retirement System | - | - | - | - |
| Due to Employees' Retirement System | - | - | - | - |
| Compensated Absences Payable | - | - | - | - |
| Other Post Employment Benefits Payable | - | - | - | - |
| Judgments & Claims Payable | - | - | - | - |
| Other Liabilities | - | - | - | - |
| Total Liabilities | 2,216,483 | 533,806 | - | 2,750,288 |
| ***FUND BALANCES*** | | | | |
| Non Spendable | - | 25,529 | - | 25,529 |
| Reserved (Specify) | - | - | 282,285 | 282,285 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | (63,332) | - | (63,332) |
| Total Fund Balances | - | (37,803) | 282,285 | 244,482 |
| Total Liabilities and Fund Balances | $ 2,216,483 | $ 496,003 | $ 282,285 | $ 2,994,770 |

*Note: Totals may not add due to rounding.*

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

CATSKILL CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | Special Aid | Cafeteria | Debt Service | Total Non-Major |
|---|---|---|---|---|
| ***REVENUES*** | | | | |
| Real Property Taxes | $ - | $ - | $ - | $ - |
| Other Tax Items | - | - | - | - |
| Nonproperty Taxes | - | - | - | - |
| Charges for Services | - | - | - | - |
| Use of Money and Property | - | 34 | 16,821 | 16,855 |
| Sale of Property and Compensation for Loss | - | - | - | - |
| Miscellaneous | - | 7,318 | - | 7,318 |
| Interfund Revenue | - | - | - | - |
| State Sources | 490,118 | 9,040 | - | 499,159 |
| Medicaid Reimbursement | - | - | - | - |
| Federal Sources | 838,150 | 348,935 | - | 1,187,085 |
| Surplus Food | - | 65,411 | - | 65,411 |
| Sales - School Lunch | - | 40,317 | - | 40,317 |
| Total Revenues | 1,328,268 | 471,056 | 16,821 | 1,816,145 |
| ***EXPENDITURES*** | | | | |
| General Support | - | - | - | - |
| Instruction | 1,258,991 | - | - | 1,258,991 |
| Pupil Transportation | 109,427 | - | - | 109,427 |
| Community Service | - | - | - | - |
| Employee Benefits | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Cost of Sales | - | 571,708 | - | 571,708 |
| Other Expenditures | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Total Expenditures | 1,368,418 | 571,708 | - | 1,940,126 |
| Excess (Deficiency) of Revenues Over Expenditures | (40,150) | (100,651) | 16,821 | (123,981) |
| ***OTHER FINANCING SOURCES AND USES*** | | | | |
| Proceeds from Debt | - | - | - | - |
| Operating Transfers In | 40,150 | - | - | 40,150 |
| Operating Transfers (Out) | - | - | - | - |
| Rounding | - | - | - | - |
| Total Other Sources (Uses) | 40,150 | - | - | 40,150 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | - | (100,651) | 16,821 | (83,831) |
| Fund Balances - Beginning of Year, Restated | - | 62,849 | 265,464 | 328,313 |
| Fund Balances - End of Year | $ - | $ (37,802) | $ 282,285 | $ 244,482 |

*Note: Totals may not add due to rounding.*

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

CATSKILL CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2020

| | | |
|---|---|---|
| Capital Assets, Net | | $ 41,756,054 |
| Add: | | |
| Unamortized Bond Issuance Costs | $ 706,266 | |
| Total Additions | | 706,266 |
| Deduct: | | |
| Short-Term Portion of Bonds Payable | 3,245,000 | |
| Long-Term Portion of Bonds Payable | 15,200,000 | |
| Short-Term Portion of Installment Purchase Debt | - | |
| Long-Term Portion of Installment Purchase Debt | - | |
| Unamortized Bond Issuing Discount | 1,249,764 | |
| Total Deductions | | 19,694,764 |
| Investment in Capital Assets, Net of Related Debt | | $ 22,767,556 |

*Note: Totals may not add due to rounding.*

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

Sickler, Torchia
Allen & Churchill, CPA's, PC
*Your Partner When It Counts*

Robert J. Allen, CPA
Victor V. Churchill, CPA
Edward J. Gower II, CPA
Joseph J. Montalto, CPA
Craig R. Sickler, CPA
Michael A. Torchia, Jr., CPA, CVA

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

To the Board of Education
Catskill Central School District
Catskill, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Catskill Central School District (the 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, and have issued our report thereon dated November 18, 2020.

*Internal Control Over Financial Reporting:*

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

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

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

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CATSKILL CENTRAL SCHOOL DISTRICT

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

*Compliance and Other Matters:*

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

*Purpose of this Report:*

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

Sickler, Torchia, Allen + Churchill, CPAs, P.C.

Hudson, New York
November 18, 2020