

PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE

BOND ANTICIPATION NOTES

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

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

\$3,850,000

**CLIFTON-FINE CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK**



**GENERAL OBLIGATIONS
CUSIP BASE #: 187000**

**\$3,850,000 Bond Anticipation Notes, 2021 (Renewals)
(the "Notes")**

Dated: June 29, 2021

Due: June 29, 2022

The Notes are general obligations of the Clifton-Fine Central School District, St. Lawrence County, New York (the "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes are not subject to redemption prior to maturity.

At the option of the purchaser(s), the Notes will be issued in (i) registered certificated form registered in the name of the purchaser(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, Jersey City, New Jersey ("DTC").

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the School District. The Notes will be issued in denominations of \$5,000 or multiples thereof. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. 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 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).

ELECTRONIC BIDS for the Notes must be submitted on the Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com, on June 17, 2021 by no later than 11:00 A.M. Prevailing Time Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

June 4, 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, 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.



ST. LAWRENCE COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2020-2021 BOARD OF EDUCATION

JEREMY E. THOMPSON

President

WALTER TODD

Vice President

ROGER BENJAMIN
RUSSELL BLACKSTONE
NICOLE CURRY
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JOHN PERRAULT

* * * * *

MATTHEW SOUTHWICK

Superintendent

COLLEEN AYERS

Business Manager

ALISON BENJAMIN

School District Clerk



School District Attorney



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisors



TRESPASZ & MARQUARDT, LLP
BOND COUNSEL

No person has been authorized by Clifton-Fine 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 Clifton-Fine Central School District.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
CLIFTON-FINE CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK

Relating To
\$3,850,000 Bond Anticipation Notes, 2021 (Renewals)

This Official Statement, which includes the cover page, has been prepared by the Clifton-Fine Central School District, St. Lawrence County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$3,850,000 principal amount of Bond Anticipation Notes, 2021 (Renewals) (referred to herein as the "Notes").

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE NOTES

Description of the Notes

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

The Notes are to be dated June 29, 2021 and will 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.

The Notes will be issued in either (i) the name of the purchaser(s), as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and Status of the State of New York, including the Education Law and the Local Finance Law, and a bond resolution duly adopted by the Board of Education on January 22, 2018 authorizing the issuance of \$3,980,000 serial bonds to finance renovations and improvements to the District's K-12 School Building and Bus Garage.

The proceeds of the Notes, along with \$130,000 available funds of the District will partially redeem and renew the \$3,980,000 bond anticipation notes maturing June 30, 2021 for the abovementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

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

DTC, a limited-purpose trust company organized under the New York Banking Law, is 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.

Principal and interest 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 principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The District is located in the Towns of Clifton, Fine, Pitcairn, and Russell in the southwest sector of St. Lawrence County. The District covers approximately 320 square miles.

The District provides public education for grades PK-12. Opportunities for higher education are provided by the State Universities at Potsdam and Canton, St. Lawrence University, Clarkson University, New York State Ranger School at Wanakena and the North Country Community College.

The District is served by a network of State highways. Bus service is available in the City of Watertown. Air transportation is available at the Watertown and Syracuse Airports. Water and Sewer services are provided by private wells, the Star Lake Water District, and septic systems. Electricity is provided by National Grid; telephone service by SLIC Network Solutions. Police protection is provided by the County Sherriff’s Department and the New York State Police. Fire protection and ambulance services are provided by various volunteer organizations.

District residents find commercial and financial services in the hamlet of Star Lake. The District’s location in the Adirondack State Park assures that the area is a center for outdoor recreational activities.

Source: District officials.

District Population

The population of the District is estimated to be 2,010. (Source: 2019 U.S. Census Bureau.)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the below listed Towns, County and State. 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 this Official Statement that the Towns or the County are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>
Towns of:						
Clifton	\$ 15,619	\$ 18,817	\$ 26,291	\$ 38,875	\$ 41,477	\$ 49,821
Fine	16,744	19,736	27,077	38,618	41,944	51,500
Pitcairn	15,368	16,275	23,336	35,000	41,207	55,625
Russell	13,530	20,295	29,833	36,118	44,464	61,875
County of:						
St. Lawrence	26,393	20,143	25,378	63,907	50,384	62,727
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, and 2006-2010 and 2015-2019 5-Year American Community Survey data.

Larger Employers

Some of the major employers located in or in close proximity to the District are as follows:

<u>Company</u>	<u>Type</u>	<u>Approximate Number of Employees</u>
Clifton-Fine Hospital	Health Care Facility	85
Clifton-Fine Central School District	Public Education	77
Town of Fine	Government	34
Wanakena Ranger School	Forestry Education	24

Source: District officials.

Unemployment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
St. Lawrence County	7.8%	7.3%	6.6%	6.7%	5.6%	5.3%	8.2%
New York State	6.3	5.3	4.9	4.7	4.1	3.8	10.0

	<u>2021 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
St. Lawrence County	7.0%	7.3%	6.7%	5.9%	N/A	N/A
New York State	9.4	9.7	8.4	7.8	N/A	N/A

Note: Unemployment rates for May and June 2021 are unavailable as of the date of this Official Statement. Due to the COVID-19 pandemic, unemployment rates are expected to remain at the increased level for the foreseeable future.

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

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the School District. However, certain of the financial management functions of the School District are the responsibility of the Superintendent of Schools and the Business Administrator.

Form of School Government

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

Budgetary Procedures

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

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

Pursuant to Chapter 97 of the Laws of 2011 (“Chapter 97”), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the “School District Tax Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the 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 adopted budget for the 2020-21 fiscal year was approved by qualified voters on June 16, 2020 by a vote of 311 to 199. The District’s adopted budget for the 2020-21 fiscal year remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 1.95%, which was equal to the District tax levy limit of 1.95%.

The budget for the 2021-22 fiscal year was approved by the qualified voters on May 18, 2021 by a vote of 91 to 10. The District’s adopted budget for the 2021-22 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 0.02%, which is equal to the District tax levy limit of 0.02%.

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by 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) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district or district corporation other than the District; and (6) in the case of the District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible letter of credit or an eligible surety bond, as each such term is defined in the law.

Consistent with the above statutory limitations, it is the District’s current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

The District has adopted its own Investment Policy, which, in addition to incorporating all of the provisions of statute enumerated above, further restricts trading partners to commercial banks or trust companies licensed and doing business in New York State. The Policy prohibits investing through any private entity or brokerage firm and provides for written Security Agreements and/or Custodial Agreements with each commercial bank or trust company.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2021-2022 fiscal year, approximately 55.75% 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.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District. (See also "MARKET AND RISK FACTORS" herein).

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

It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020 the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projects a \$13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including "aid-to-localities," a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. (See "Stat Aid History" herein).

Potential Reductions in Federal Aid Received by the State

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

The State 2020-2021 Budget continues to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by \$850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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

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

Building aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2021-2022 preliminary building aid ratios, the District expects to receive State building aid of approximately 71.6% 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 2016-17 State budget included a school aid increase of \$991 million over 2015-16, \$863 million of which consisted of traditional operating aid. In addition to full funding of expense-based aids (\$408 million), the budget also included a \$266 million increase in Foundation Aid and an \$189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included \$100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District was not part of the Community Schools Grant Initiative (CSGI).

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately \$1,847,843. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

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

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

served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of \$240 million was approved for increases in all expense-based aids in 2018-2019. The State 2018-2019 Enacted Budget continued to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected.

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

On October 30, 2020, the New York State Division of Budget (the "DOB") released its Fiscal Year 2021 Mid-Year State Budget Financial Plan Update (the "Financial Plan"), which projects a \$14.9 billion General Fund revenue decline and a 15.3% All Funds tax receipts decline from the Budget forecast released in February, creating a total loss of nearly \$63 billion through fiscal year 2024 as a direct consequence of the COVID-19 pandemic. The budget gaps for future years are now projected at \$8.7 billion in fiscal year 2022, \$9.7 billion in fiscal year 2023, and \$9.4 billion in fiscal year 2024. The Financial Plan estimates and projections for each year, including fiscal year 2021, reflect \$8 billion in local aid reductions that are expected to be executed pursuant to the budget reduction authority granted to the Budget Director in the Enacted Budget (the "Reduction Authority"). Substantially all such outyear savings are dependent on the Legislature approving the continuation of the Reduction Authority or specific gap-closing actions, or both, in future years. If the U.S. Congress approves substantial new recovery aid to the states and localities, the level of State-planned reductions may be reduced. In the absence of Federal action since enactment of the FY 2021 budget, DOB began withholding 20 percent of most local aid payments in June 2020, pursuant to the withholding authority granted by State legislation enacted in connection with the adoption of the Enacted Budget. It has also imposed a rigorous process for reviewing all planned payments for local aid, agency operations, and capital projects. Through the end of September 2020, DOB estimates that approximately \$2.4 billion in local aid payments were not made as budgeted. All or a portion of these budgeted payments may not be made during fiscal year 2021, depending on the size and timing of new Federal aid, if any. Consistent with the Enacted Budget Financial Plan, the State has implemented a hiring freeze and controls on non-personal service and capital commitments and expenditures. It has also deferred, through December 30, 2020, the general salary increases that were scheduled to take effect on April 1, 2020. State agencies have been directed to reduce operating expenditures by 10 percent from the levels authorized in the Enacted Budget Financial Plan.

Source: NYS Dept. Of Education, State Aid Website. This source pertains only to the October 30, 2020 updates detailed in the paragraph above. Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

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

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 was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased federal support. This reduction in State Operating Funds support was 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 was expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided 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 reflected current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget.

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. Under the budget, local governments are to receive a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and will receive a full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

Federal aid received by the State

The State receives a substantial amount of federal aid for 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.

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.

Although the American Rescue Plan provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction 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.

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 the below fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	Percentage of Total Revenues Consisting of <u>State Aid</u>
2015-2016	\$ 8,859,074	\$ 4,666,654	52.68%
2016-2017	9,122,499	4,879,089	53.48
2017-2018	9,412,182	5,080,954	53.98
2018-2019	9,579,320	5,052,084	52.74
2019-2020	9,638,351	5,170,138	53.64
2020-2021 (Budgeted)	9,952,919	5,444,982	54.71
2021-2022 (Budgeted)	10,030,088	5,592,260	55.75

⁽¹⁾ General fund only, figures do not include appropriated reserves or interfund transfers.

Source: Audited Financial Statements for the 2015-2016 fiscal year through the 2019-2020 fiscal year and the adopted budgets for the 2020-2021 and 2021-2022 fiscal years of the District. This table is not audited.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Renovations</u>
Clifton Fine Central School	Pre-K-12	950	1950, 2009

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2016-2017	305	2021-2022	270
2017-2018	320	2022-2023	270
2018-2019	300	2023-2024	270
2019-2020	301	2024-2025	270
2020-2021	283	2025-2026	270

Source: District officials.

Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
38	Clifton Fine NYSUT Educational Association	June 30, 2021 ⁽¹⁾
32	Clifton Fine NYSUT Supportive Association	June 30, 2022
3	Clifton Fine Administrators & Supervisors Association	June 30, 2022

⁽¹⁾ Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five fiscal years and budgeted contributions for the 2021-2022 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2016-2017	\$ 151,325	\$ 342,049
2017-2018	141,127	318,294
2018-2019	135,634	270,289
2019-2020	120,892	298,658
2020-2021	124,300	260,412
2021-2022 (Budgeted)	175,000	267,157

Source: District officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District has not offered early retirement incentives since the 2016-2017 fiscal year, and does not anticipate doing so in the current fiscal year.

The District offered early retirement incentives as follows:

<u>Fiscal Year</u>	<u>Staff Participants</u>	<u>Replacement Cost</u>	<u>Savings</u>
2015-2016	2	\$ 154,703	\$ 23,261
2016-2017	2	161,898	13,714

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

A chart of average ERS and TRS rates as a percent of payroll (2016-17 to 2020-21) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
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.

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 participate in the Stable Rate Pension Contribution Option.

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

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

Other Post-Employment Benefits

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

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 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 Armory Associates, an actuarial firm, to calculate its actuarial valuation under GASB 75.

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

Balance beginning at June 30:	2018	2019
	\$ 37,642,364	\$ 37,711,812
<u>Changes for the year:</u>		
Service cost	958,100	802,040
Interest	1,370,486	1,468,707
Changes of benefit terms	-	(179,179)
Differences between expected and actual experience	485,976	(2,448,476)
Changes in assumptions or other inputs	(1,682,262)	(219,722)
Benefit payments	(1,062,852)	(1,125,541)
Net Changes	\$ 69,448	\$ (1,702,171)
Balance ending at June 30:	2019	2020
	\$ 37,711,812	\$ 36,009,641

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

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

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

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

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

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

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

Other Information

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

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ended June 30, 2020 and is attached hereto as "APPENDIX – D" to this Official Statement. Certain financial information of the District can also 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. 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 is required to issue 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. The District is in compliance with Statement No. 34.

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

New York State Comptroller Reports of Examination

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

The State Comptroller's office released an audit report of the District on March 23, 2018. The purpose of the audit was to determine whether the Board of Education and District management developed realistic budgets and adequately managed the District's financial condition for the period July 1, 2014 through June 30, 2017.

Key Findings:

- Each year, the Board of Education appropriated over \$1 million more in fund balance than was needed to finance the budget.
- The District has retained over \$425,000 in the debt service fund and has not used the fund to pay off the related debt.
- The District has not developed a multiyear financial plan to address its financial condition.

Key Recommendations:

- Develop realistic estimates of appropriations and the use of fund balance in the annual budget.
- Use money in the debt service fund to pay related debt service expenditures.
- Develop and adopt a multiyear financial plan.

Copies 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 recent State Comptroller's audits of the District, nor are there any that are currently in progress or pending release.

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

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

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 To 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:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
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, and the website is not incorporated herein by reference.

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TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Towns of:					
Clifton	\$ 186,757,462	\$ 186,651,511	\$ 186,561,675	\$ 187,938,580	\$ 186,994,980
Fine	123,850,666	123,736,648	123,923,240	124,939,263	170,276,279
Pitcairn	5,370,414	5,579,803	6,186,701	6,444,483	6,150,879
Russell	398,165	397,889	397,889	395,321	395,427
Total Assessed Values	<u>\$ 316,376,707</u>	<u>\$ 316,365,851</u>	<u>\$ 317,069,505</u>	<u>\$ 319,717,647</u>	<u>\$ 363,817,565</u>
State Equalization Rates					
Towns of:					
Clifton	90.00%	90.00%	90.00%	90.00%	90.00%
Fine	81.00%	81.00%	81.00%	81.00%	100.00%
Pitcairn	100.00%	100.00%	100.00%	100.00%	100.00%
Russell	70.00%	70.00%	70.00%	70.00%	69.00%
Total Taxable Full Valuation	<u>\$ 366,349,569</u>	<u>\$ 366,300,077</u>	<u>\$ 367,037,518</u>	<u>\$ 370,075,875</u>	<u>\$ 384,772,441</u>

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Towns of:					
Clifton	\$ 12.34	\$ 12.48	\$ 12.70	\$ 12.76	\$ 12.51
Fine	13.71	13.87	14.11	14.17	11.26
Pitcairn	11.10	11.23	11.43	11.48	11.26
Russell	15.86	16.04	16.33	16.40	16.31

Tax Collection Procedure

School taxes are due November 2. If paid by September 30, no penalty is imposed. There is a 2% penalty if paid by November 2. Approximately mid-November, a list of all unpaid taxes is given to the County for re-levy on County/Town tax rolls with a 3% penalty. The District is reimbursed by the County for all unpaid taxes the first week of April in each year and is thus assured of 100% collection of its annual levy,

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Tax Levy	\$ 4,068,100	\$ 4,114,015	\$ 4,196,296	\$ 4,248,696	\$ 4,331,437
Amount Uncollected ⁽¹⁾	340,878	253,298	235,339	244,023	257,568
% Uncollected	8.38%	6.16%	5.61%	5.74%	5.95%

⁽¹⁾ The District is reimbursed by the Counties for all unpaid taxes to assure 100% collection of its tax levy each year. See "Tax Collection Procedure" herein.

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Larger Taxpayers 2020 for 2020-21 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
New York State Ref. Adirondack Park	State Lands	\$ 95,900,363
New York State Reforestation	State Lands	16,586,848
Erie Boulevard Hydropower	Utility	15,125,046
National Grid	Utility	14,981,592
The Conservation Fund	Forestry	9,809,111
State of New York	State Lands	2,753,766
Long Pond Club, Inc.	Forestry	1,670,600
SLIC Network Solutions, Inc.	Utility	1,668,785
Benson Mines	Manufacturing	1,292,444
Newton Falls LP	Manufacturing	1,193,634

The ten larger taxpayers listed above have a total estimated full valuation of \$160,982,189, which represents 41.84% of the tax base of the District for the 2020-2021 fiscal year.

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

Source: District Tax Rolls.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total Real Property Taxes & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2015-2016	\$ 8,859,074	\$ 4,055,132	45.77%
2016-2017	9,122,499	4,087,304	44.80
2017-2018	9,412,182	4,118,117	43.75
2018-2019	9,579,320	4,200,792	43.85
2019-2020	9,638,351	4,253,884	44.13
2020-2021 (Budgeted)	9,952,919	4,336,437	43.57
2021-2022 (Budgeted)	10,030,088	4,337,178	43.24

⁽¹⁾ General fund only, figures do not include appropriated reserves or interfund transfers.

Source: Audited Financial Statements for the 2015-2016 fiscal year through the 2019-2020 fiscal year and the adopted budgets for the 2020-2021 and 2021-2022 fiscal years of the District. This table is not audited.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities (“STAR Adjusted Gross Income”) of \$90,550 or less for 2021, increased annually according to a Cost-of-Living adjustment, are eligible for an “enhanced” exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of \$500,000 are eligible for a “basic” exemption on their primary residence.

The 2020-21 State Budget withheld STAR benefits to taxpayers who are delinquent in the payment of their school taxes and lowers the income limit for the exemption to \$200,000, compared with a \$500,000 limit for the credit.

The table on the following page lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Clifton	\$ 63,630	\$ 27,000	4/9/2021
Fine	70,700	30,000	4/9/2021
Pitcairn	70,700	30,000	4/9/2021
Russell	48,780	20,700	4/9/2021

\$235,328 of the District's \$4,331,437 school tax levy for the 2020-2021 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2021.

Approximately \$230,000 of the District's \$4,332,178 school tax levy for 2021-2022 is expected to be exempt by the STAR Program. The District anticipates receiving 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.

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-53%; Land- 23%, Commercial- 2%; Agricultural- 2%, Industrial- 1%, and Other-19%.

The estimated total annual property tax bill of a typical \$50,000 market value residential property located in the District is approximately \$1,031 with the reduction of STAR and \$1,456 without the reduction of STAR including County, Town, School District and Fire District taxes.

TAX LEVY LIMITATION LAW

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

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

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

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

See “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.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

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

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

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication, or
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The District has complied with this estoppel procedure in connection with the Notes.

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$ 3,260,000	\$ 2,935,000	\$ 2,600,000	\$ 2,255,000	\$ 1,855,000
Bond Anticipation Notes	374,942	250,017	155,412	78,806	3,980,000
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	\$ 3,634,942	\$ 3,185,017	\$ 2,755,412	\$ 2,333,806	\$ 5,835,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of June 4, 2021:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2021-2025	\$ 1,855,000
<u>Bond Anticipation Notes</u>		
Capital Project	July 15, 2020	<u>3,980,000</u> ⁽¹⁾
Total Indebtedness:		<u>\$ 5,835,000</u>

⁽¹⁾ To be partially redeemed and renewed at maturity with the proceeds of the Notes and \$130,000 available funds of the District.

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of June 4, 2021:

Full Valuation of Taxable Real Property	\$ 384,772,441
Debt Limit – 10% thereof	38,477,244

Inclusions:

Bonds.....	\$ 1,855,000	
Bond Anticipation Notes	130,000	
Principal of this Issue	<u>3,850,000</u>	
Total Inclusions.....		<u>\$ 5,835,000</u>

Exclusions:

State Building Aid ⁽¹⁾	\$ <u>0</u>	
Total Exclusions.....		<u>\$ 0</u>

Total Net Indebtedness	<u>\$ 5,835,000</u>
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Net Debt-Contracting Margin	<u>\$ 32,642,244</u>
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The percent of debt contracting power exhausted is	15.16%
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- ⁽¹⁾ Based on preliminary 2021-2022 building aid estimates, the District anticipates State Building aid of 71.6% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

Bonded Debt Service

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

Cash Flow Borrowings

The District, historically, does not issue tax anticipation notes or revenue anticipation notes, and does not reasonably expect to issue such notes in the current fiscal year.

Capital Project Plans

On December 20, 2017, the voters of the District approved a \$4,980,000 capital project consisting of certain renovations, reconstruction, alterations and improvements to the District’s existing K-12 Building and Bus Garage. The project will use \$1,000,000 capital reserve money and the remaining \$3,980,000 will be financed with borrowed funds. The District issued \$3,980,000 bond anticipation notes on August 1, 2019 against this authorization as new monies for the above-mentioned purpose. The District renewed the bond anticipation notes in full on July 14, 2020. The Notes are being issued, along with \$130,000 available funds of the District to partially redeem and renew the bond anticipation notes maturing June 30, 2021.

The District annually completes a \$100,000 capital outlay project. The District anticipates completing a \$100,000 capital outlay project in the 2021-2022 fiscal year.

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

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
St. Lawrence	12/31/2019	\$ 26,355,000	\$ -	\$ 26,355,000	6.43%	\$ 1,694,627
Town of:						
Clifton	12/31/2019	776,230	198,230	578,000	100.00%	578,000
Fine	12/31/2019	5,144,228	4,987,128	157,100	96.95%	152,308
Pitcairn	12/31/2019	-	-	-	8.81%	-
Russell	12/31/2019	-	-	-	0.63%	-
					Total:	<u>\$ 2,424,935</u>

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

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

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

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 4, 2021:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^{(c)(e)}	\$ 5,835,000	\$ 2,902.99	1.52%
Net Indebtedness Plus Net Overlapping Indebtedness ^{(d)(e)}	8,259,935	4,109.42	2.15

^(a) The 2019 estimated population of the District is 2,010. (See "THE SCHOOL DISTRICT – Population" herein.)

^(b) The District's full value of taxable real estate for the 2020-2021 fiscal year is \$384,772,441. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

^(d) The District's estimated share of Net Overlapping Indebtedness is \$2,424,935. (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 School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the 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 bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

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

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

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

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

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

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

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the 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" herein.

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

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the 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. The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken and continues to take steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" and "State Aid History" herein).

TAX MATTERS

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

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

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

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

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

LEGAL MATTERS

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

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

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.

RATINGS

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

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

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

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

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

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

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

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

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

The District contact information is as follows: Colleen Ayers, Business Manager, 11 Hall Avenue, Star Lake, New York 13690, Phone: (315) 848-3333, Fax: (315) 848-3378, Email: colleen.ayers@sllboces.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., Phone: (315) 752-0051, or at www.fiscaladvisors.com.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

Dated: June 4, 2021

JEREMY E. THOMPSON
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 138,154	\$ 1,245,768	\$ 1,520,923	\$ 1,229,353	\$ 2,001,535
Restricted Cash	-	3,355,328	3,369,633	2,426,442	2,457,531
Unrestricted Investments	1,050,190	-	-	-	-
Restricted Investments	3,525,604	-	-	-	-
State and Federal Aid Receivable	228,497	60,721	85,273	62,889	63,600
Due from Other Funds	215,691	178,683	195,988	796,161	265,797
Due from Fiduciary Funds	-	-	3,192	3,200	4,144
Due from Other Governments	-	161,922	134,838	162,214	148,847
Accounts Receivables	2,175	2,175	2,175	62,508	1,858
Prepaid Expenses	5,403	5,403	186,709	5,403	5,403
Inventories	-	-	-	-	-
TOTAL ASSETS	<u><u>\$ 5,165,714</u></u>	<u><u>\$ 5,010,000</u></u>	<u><u>\$ 5,498,731</u></u>	<u><u>\$ 4,748,170</u></u>	<u><u>\$ 4,948,715</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 42,741	\$ 12,618	\$ 146,911	\$ 21,208	\$ 2,633
Accrued Liabilities	19,725	29,254	20,946	25,216	28,297
Compensated Absences	19,771	4,588	511	511	511
Due to Other Funds	87,850	14,413	20,330	1,354	12,294
Due to Fiduciary Funds	-	-	161	108	-
Due to Teachers' Retirement System	342,055	307,577	270,290	298,658	260,412
Due to Employee Retirement System	40,469	41,393	38,282	38,414	42,924
Deferred Revenues	1,080	1,105	1,105	1,262	41,464
TOTAL LIABILITIES	<u><u>553,691</u></u>	<u><u>410,948</u></u>	<u><u>498,536</u></u>	<u><u>386,731</u></u>	<u><u>388,535</u></u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 5,403	\$ 5,403	\$ 186,709	\$ 5,403	\$ 5,403
Reserved	3,529,600	3,355,328	3,369,633	2,426,442	2,457,531
Assigned	1,393,126	1,139,717	1,099,038	1,091,833	1,031,304
Unassigned	(316,106)	98,604	344,815	837,761	1,065,942
TOTAL FUND EQUITY	<u><u>4,612,023</u></u>	<u><u>4,599,052</u></u>	<u><u>5,000,195</u></u>	<u><u>4,361,439</u></u>	<u><u>4,560,180</u></u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>\$ 5,165,714</u></u>	<u><u>\$ 5,010,000</u></u>	<u><u>\$ 5,498,731</u></u>	<u><u>\$ 4,748,170</u></u>	<u><u>\$ 4,948,715</u></u>

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:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES					
Real Property Taxes	\$ 3,730,801	\$ 3,765,641	\$ 3,793,730	\$ 3,850,230	\$ 3,934,283
Other Tax Items	301,915	289,491	293,574	267,887	266,509
Charges for Services	13,638	497	415	-	54,169
Use of Money & Property	8,537	14,435	30,438	74,389	105,299
Sale of Property and Compensation for Loss	3,112	7,743	6,361	1,574	3,500
Miscellaneous	128,646	114,613	118,892	137,148	163,476
Revenues from State Sources	5,054,891	4,666,654	4,879,089	5,080,954	5,052,084
Medicaid Assistance	-	-	-	-	-
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 9,241,540</u>	<u>\$ 8,859,074</u>	<u>\$ 9,122,499</u>	<u>\$ 9,412,182</u>	<u>\$ 9,579,320</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>9,241,540</u>	<u>8,859,074</u>	<u>9,122,499</u>	<u>9,412,182</u>	<u>9,579,320</u>
EXPENDITURES					
General Support	\$ 1,307,987	\$ 1,293,588	\$ 1,171,243	\$ 1,118,869	\$ 1,187,151
Instruction	3,260,447	3,597,225	3,533,198	3,602,231	3,640,523
Pupil Transportation	472,843	499,542	702,813	677,722	646,215
Community Services	1,329	-	-	210	-
Employee Benefits	2,956,578	2,766,654	2,950,352	2,964,095	3,107,410
Debt Service	1,112,228	580,516	569,295	540,499	521,479
Total Expenditures	<u>\$ 9,111,412</u>	<u>\$ 8,737,525</u>	<u>\$ 8,926,901</u>	<u>\$ 8,903,626</u>	<u>\$ 9,102,778</u>
Other Uses:					
Interfund Transfers	<u>201,907</u>	<u>495,941</u>	<u>208,569</u>	<u>107,413</u>	<u>1,115,298</u>
Total Expenditures and Other Uses	<u>9,313,319</u>	<u>9,233,466</u>	<u>9,135,470</u>	<u>9,011,039</u>	<u>10,218,076</u>
Excess (Deficit) Revenues Over Expenditures	<u>(71,779)</u>	<u>(374,392)</u>	<u>(12,971)</u>	<u>401,143</u>	<u>(638,756)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	5,058,199	4,986,415	4,612,023	4,599,052	5,000,195
Prior Period Adjustments (net)	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,986,415</u>	<u>\$ 4,612,023</u>	<u>\$ 4,599,052</u>	<u>\$ 5,000,195</u>	<u>\$ 4,361,439</u>

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			2021	2022
	Adopted	Modified		Adopted	Adopted
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
REVENUES					
Real Property Taxes	\$ 4,248,696	\$ 4,248,696	\$ 4,002,277	\$ 4,331,437	\$ 4,332,178
Other Tax Items	5,000	5,000	251,607	5,000	5,000
Charges for Services	-	500	-	-	-
Use of Money & Property	36,000	36,000	65,380	36,000	10,500
Sale of Property and					
Compensation for Loss	602	-	-	500	150
Miscellaneous	135,000	135,102	148,949	135,000	90,000
Revenues from State Sources	5,176,922	5,176,922	5,170,138	5,444,982	5,592,260
Medicaid Assistance	-	-	-	-	-
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 9,602,220</u>	<u>\$ 9,602,220</u>	<u>\$ 9,638,351</u>	<u>\$ 9,952,919</u>	<u>\$ 10,030,088</u>
Other Sources:					
Appropriated Reserves	246,500	-	-	289,256	290,130
Interfund Transfers	-	-	-	-	25,000
Total Revenues and Other Sources	<u>9,848,720</u>	<u>9,602,220</u>	<u>9,638,351</u>	<u>10,242,175</u>	<u>10,345,218</u>
EXPENDITURES					
General Support	\$ 1,409,032	\$ 1,420,865	\$ 1,217,043	\$ 1,477,250	\$ 1,503,461
Instruction	4,026,564	4,089,054	3,779,612	4,366,389	4,352,295
Pupil Transportation	792,850	808,575	606,765	682,492	667,400
Community Services	-	140	140	-	-
Employee Benefits	3,755,279	3,631,879	3,169,185	3,880,464	3,922,362
Debt Service	502,995	528,195	509,782	708,017	736,700
Total Expenditures	<u>\$ 10,486,720</u>	<u>\$ 10,478,708</u>	<u>\$ 9,282,527</u>	<u>\$ 11,114,612</u>	<u>\$ 11,182,218</u>
Other Uses:					
Interfund Transfers	452,000	461,845	157,083	152,000	163,000
Total Expenditures and Other Uses	<u>10,938,720</u>	<u>10,940,553</u>	<u>9,439,610</u>	<u>11,266,612</u>	<u>11,345,218</u>
Excess (Deficit) Revenues Over					
Expenditures	<u>(1,090,000)</u>	<u>(1,338,333)</u>	<u>198,741</u>	<u>(1,024,437)</u>	<u>(1,000,000)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	1,090,000	1,338,333	4,361,439	1,024,437	1,000,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,560,180</u>	<u>\$ -</u>	<u>\$ -</u>

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th			
	Principal	Interest	Total
2021	\$ 370,000	\$ 66,962.50	\$ 436,962.50
2022	385,000	49,700.00	434,700.00
2023	390,000	41,587.50	431,587.50
2024	400,000	33,237.50	433,237.50
2025	310,000	14,362.50	324,362.50
TOTALS	\$ 1,855,000	\$ 205,850.00	\$ 2,060,850.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2012 Reconstruction			2020 Refunding of 2010 Serial Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 55,000	\$ 8,662.50	\$ 63,662.50	\$ 315,000	\$ 58,300.00	\$ 373,300.00
2022	55,000	7,150.00	62,150.00	330,000	42,550.00	372,550.00
2023	55,000	5,637.50	60,637.50	335,000	35,950.00	370,950.00
2024	60,000	3,987.50	63,987.50	340,000	29,250.00	369,250.00
2025	65,000	2,112.50	67,112.50	245,000	12,250.00	257,250.00
TOTALS	\$ 290,000	\$ 27,550.00	\$ 317,550.00	\$ 1,565,000	\$ 178,300.00	\$1,743,300.00

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 Commission pursuant to the Securities Exchange Act of 1934, the District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the EMMA system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the securities, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the Notes
- (g) modifications to rights of security holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the securities
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

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

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

The District has agreed to provide, or cause to be provided, during the period in which the Notes are outstanding in a timely manner, to EMMA or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed material event notices, if any, on or before the date specified.

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

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

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

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**CLIFTON-FINE CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK**

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2020

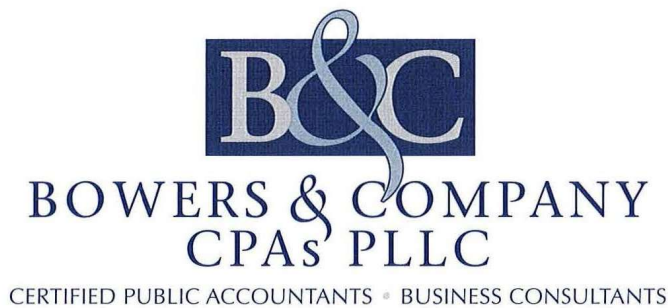
The Audited Financial Statements, including opinion, were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

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INDEPENDENT AUDITOR'S REPORT

BOARD OF EDUCATION CLIFTON-FINE CENTRAL SCHOOL DISTRICT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 4-16), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 75), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (pages 77-78), Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) - NYSLRS Pension Plan (page 79), and Schedule of District's Contributions - NYSLRS Pension Plan (page 80) 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.

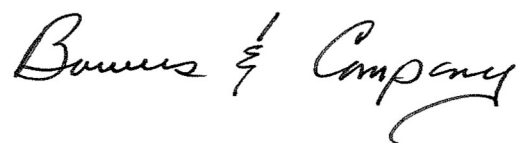
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clifton-Fine Central School District's basic financial statements. The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 81-87) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 81-87) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 81-87) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020 on our consideration of the Clifton-Fine Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clifton-Fine Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clifton-Fine Central School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned to the right of the main body of text.

Watertown, New York
September 29, 2020

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

INTRODUCTION

The following is a discussion and analysis of the Clifton-Fine Central School District's financial performance for the fiscal year ended June 30, 2020. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on the government-wide and fund-based financial statements. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

ORGANIZATIONAL PURPOSE

Located in southern St. Lawrence County and within the boundaries of the Adirondack Park, the Clifton-Fine Central School district is valued for its natural scenic beauty and recreational opportunities. The community provides many opportunities for business development to support the seasonal and recreational population in addition to serving the needs of the year-round residents. The surrounding cities provide shopping and cultural amenities.

Clifton-fine Central School District serves students from the communities of Star Lake, Cranberry Lake, Wanakena, Newton Falls, Fine and Oswegatchie. An instructional staff of 33 and support staff of 35, administered by a staff of 2.5, serve 290 elementary and secondary students. A budget of \$10,938,720 was approved by the voters for the 2019-20 school year. The school is centrally located in Star Lake and serves as a center for many community activities.

FINANCIAL HIGHLIGHTS

Total net position increased by \$2.9 million almost solely due to the decrease in the Other Postemployment Benefits (OPEB) liability and changes to the related deferred inflows and deferred outflows with a combined impact of a \$3 million increase to net position.

The School District had \$7.4 million in expenses related to governmental activities. General revenues (primarily taxes and state aid) of \$9.7 million were \$2.3 million more than general expenditures due mainly to the changes to the OPEB balances.

Enrollment numbers for UPK through grade 12 decreased roughly 3% from June 2019 to June 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that 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 School District's budget for the year.

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

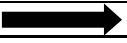
CLIFTON-FINE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS – Continued

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

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

District-Wide Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS – Continued

District-Wide Statements – Continued

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

- Over time, increases or decreases in the school District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of the school buildings and other facilities.

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

FUND FINANCIAL STATEMENTS

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

- Some funds are required by State law and by bond covenants.
- The School District establishes other funds to control and to manage money for particular purposes (such as the school lunch fund) or to show that it is properly using certain revenues (such as Federal Grants).

The district has two kinds of funds:

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

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

FUND FINANCIAL STATEMENTS – Continued

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$26,041,857 at the close of the most recent fiscal year. This represents a \$2,852,693 increase in the statement of net position for the year. The overall deficit is largely due to the District's Other Postemployment Benefit ("OPEB") liability. As of June 30, 2020, the OPEB liability was \$36,009,641 compared to \$37,711,812 reported at the close of the prior fiscal year. The overall increase in net position in the current fiscal year is largely due to the decrease in the OPEB liability as well as a net decrease in the deferred inflows of resources over the deferred outflows of resources. The net impact of these items, \$2,994,413, ultimately resulted in the current year increase. See Note 11 for additional OPEB information.

The largest portion of the School District's Net Position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The School District used capital assets to provide services; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

An additional portion of the School District's Net Position represents resources subject to external restrictions on how they may be used. The remaining unrestricted (deficit) in net position is the result of the OPEB liability.

Figure A-2 (Statement of Net Position)

	Governmental Activities		Total Dollar Change
	2020	2019	2020-2019
Assets			
Current and Other Assets	\$ 7,065,617	\$ 5,761,737	\$ 1,303,880
Capital Assets, Net of Accumulated Depreciation	16,130,053	13,537,811	2,592,242
Net Pension Asset - Proportionate Share	410,922	283,340	127,582
Total Assets	\$ 23,606,592	\$ 19,582,888	\$ 4,023,704
Deferred Outflows of Resources			
Pensions	\$ 1,852,075	\$ 1,696,180	\$ 155,895
Deferred Charge on Bond Refunding	26,059	-	26,059
Other Postemployment Benefits	1,455,287	1,510,061	(54,774)
Total Deferred Outflows of Resources	\$ 3,333,421	\$ 3,206,241	\$ 127,180
Liabilities			
Current Liabilities	\$ 4,446,371	\$ 582,755	\$ 3,863,616
Long-Term Liabilities	38,994,401	40,363,211	(1,368,810)
Total Liabilities	\$ 43,440,772	\$ 40,945,966	\$ 2,494,806
Deferred Inflows of Resources			
Pensions	\$ 615,732	\$ 465,331	\$ 150,401
Other Postemployment Benefits	8,925,366	10,272,382	(1,347,016)
Total Deferred Inflows of Resources	\$ 9,541,098	\$ 10,737,713	\$ (1,196,615)
Net Position			
Net Investment in Capital Assets, Net of Related Debt	\$ 11,697,860	\$ 11,204,005	\$ 493,855
Restricted for Debt Services	463,883	441,701	22,182
Restricted for Other Reserves	2,457,531	2,876,743	(419,212)
Unrestricted	(40,661,131)	(43,416,999)	2,755,868
Total Net Position	\$ (26,041,857)	\$ (28,894,550)	\$ 2,852,693

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A
WHOLE – Continued**

Figure A-3 below shows the change in Net Position for the fiscal years ending June 30, 2020 and 2019 and Figure A-4 and Figure A-5 are graphs depicting this information.

Figure A-3 (Condensed Statement of Activities)

	Governmental Activities		Total Dollar Change	Total Percentage
	2020	2019	2020-2019	2020-2019
Revenues				
Program Revenues				
Charges for Services	\$ 28,584	\$ 101,837	\$ (73,253)	-71.93%
Operating Grants	475,573	422,700	52,873	12.51%
Capital Grants	-	215,506	(215,506)	-100.00%
General Revenues				
Property Taxes	4,253,884	4,200,792	53,092	1.26%
Use of Money and Property	115,899	129,071	(13,172)	-10.21%
Loss on Disposition of Property	(3,457)	(69,713)	66,256	100.00%
State Sources	5,211,602	5,052,084	159,518	3.16%
Other Revenues	149,452	163,499	(14,047)	-8.59%
Total Revenues	\$ 10,231,537	\$ 10,215,776	\$ 15,761	0.15%
Expenses				
General Support	\$ 1,500,250	\$ 1,380,901	\$ 119,349	8.64%
Instruction	4,851,170	4,930,993	(79,823)	-1.62%
Community Service	140	-	140	100.00%
Pupil Transportation	635,940	614,955	20,985	3.41%
Debt Service - Interest	124,238	99,392	24,846	25.00%
School Lunch Program	267,106	265,416	1,690	0.64%
Total Expenses	7,378,844	7,291,657	87,187	1.20%
Total Change in Net Position	\$ 2,852,693	\$ 2,924,119	\$ (71,426)	-2.44%

Net position of the School District's governmental activities increased by \$2,852,693. The School District is in a stable operating position. The increase is largely due to the changes to the assumptions and other inputs to the OPEB actuarial valuation including a change in the discount rate and changes in future retiree contribution rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A
WHOLE – Continued**

Figure A-4

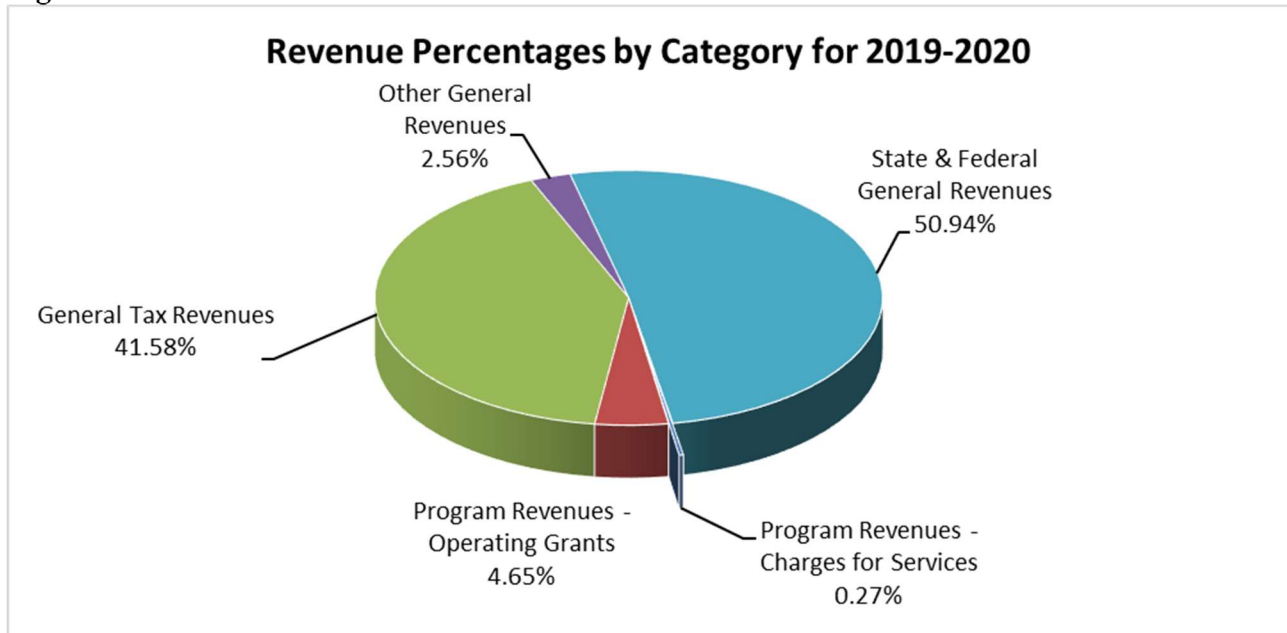
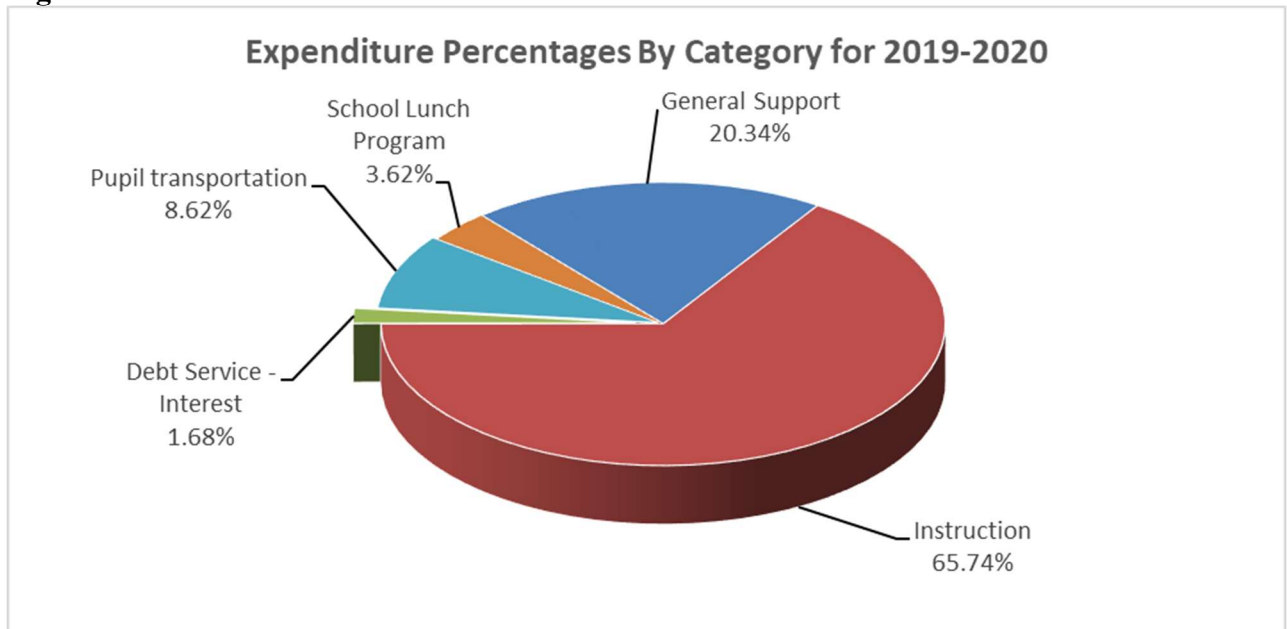


Figure A-5



CLIFTON-FINE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

The School District is heavily dependent on both state and federal aid for its funding. State and Federal General Revenues combined account for 51% of total revenues. General Tax Revenues account for 42% of revenues received for the year. These two sources account for 93% of the total revenues received in the 2019-2020 school year.

Instruction, transportation and general support account for 95% of the total expenses of the School District, which is comparative to prior year percentages.

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

General Fund Budgetary Highlights

The School District's budget of \$10,938,720 for 2019-2020 was approved by referendum on May 21, 2019. The School District's total budget increase for 2019-2020 was \$120,543 or a 1.1% increase from the prior year budget.

Revenues

Revenues from Local, State and Federal Sources amounted to \$36,131 over final budget figures. The difference between actual and budgeted amounts is due mainly to increases in interest and earnings.

As the district plans for future revenues, all districts in NYS were subject to the property tax cap legislation for the first time while developing the 2012-2013 budget. This limits the amount of revenue that can be raised via property taxes without a super majority and while the impact varies by district, it will be a factor for all districts going forward.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

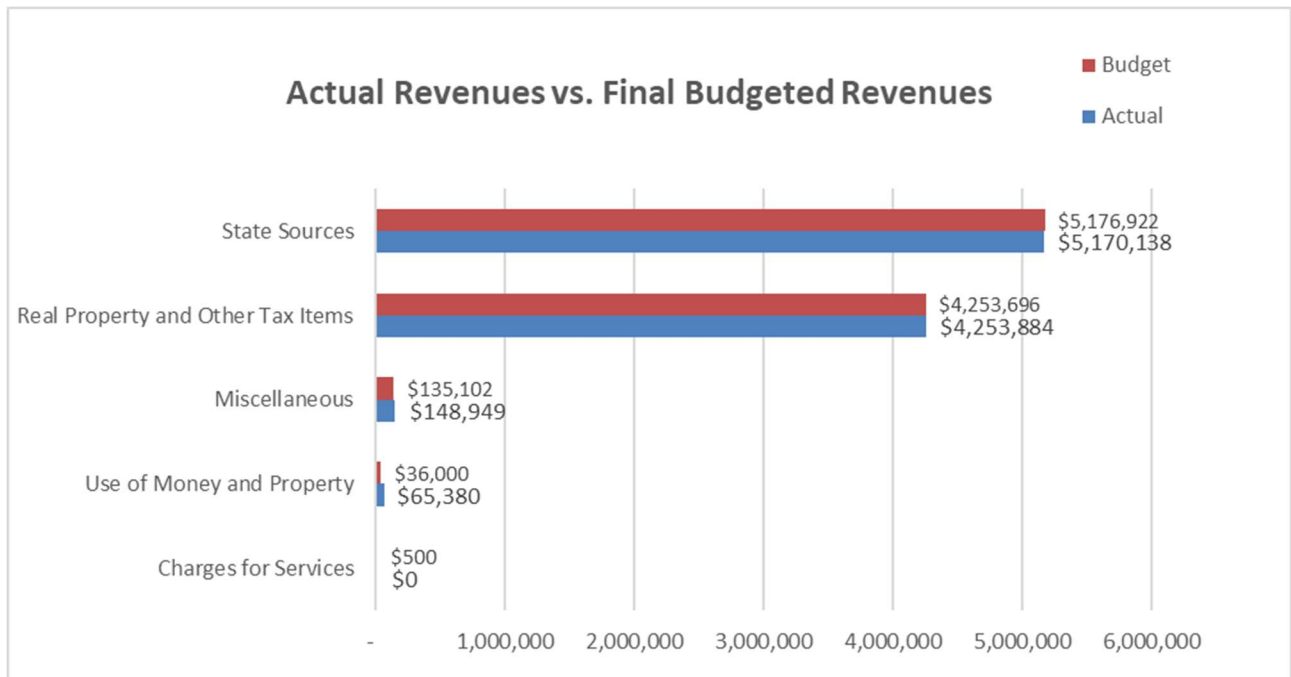
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

The graph below shows actual 2019-2020 revenues compared to budgeted amounts.

Revenues



Expenditures

As the following graph portrays, expenditures were below the 2019-2020 final budget amounts by \$1,494,076. Total year-end encumbrances at June 30, 2020 are \$6,867.

The under-spent budgeted appropriations of \$1,494,076 netted with the revenue variances of (\$253,125) are used to fund the Assigned Fund Balance for the subsequent year. The 2020-2021 Assigned Appropriated Fund Balance and encumbrances is \$1,031,304. The Unassigned Fund Balance is 9.46% of the 2020-2021 school budget.

The Assigned Fund Balance needs to be maintained to help the School District with cash flow at the end of the school year. In order to decrease assigned fund balance, without raising the tax levy in the subsequent year, other revenue sources would need to increase.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

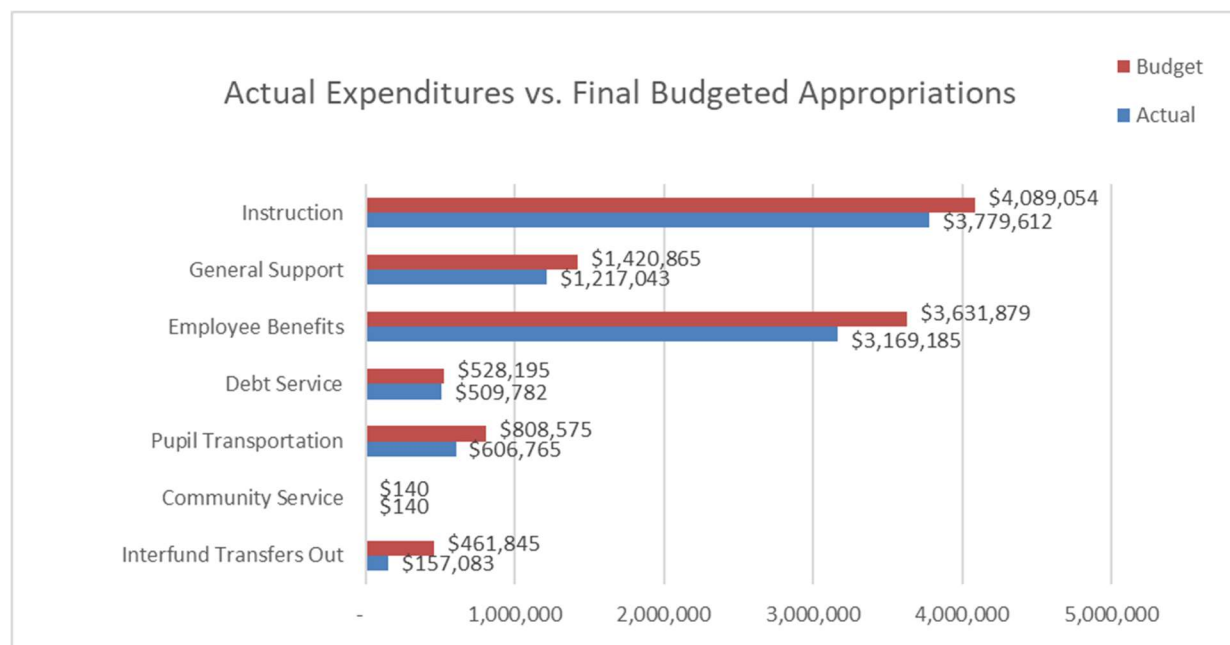
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

The following graph compares actual expenditures with final budgeted appropriations. Refer to Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund in the financial statements for more detailed information.

Expenditures



CAPITAL ASSET AND DEBT ADMINISTRATION

The Board of Education established a fixed asset policy to capitalize fixed assets of at least \$5,000. Capital Assets net of depreciation totaled \$16,130,053 at June 30, 2020.

	Balance June 30, 2019	Additions	Retirements / Reclassifications	Balance June 30, 2020
Land	\$ 9,200	\$ -	\$ -	\$ 9,200
Construction in Progress	549,699	2,991,887	(100,000)	3,441,586
Building & Improvements	24,659,450	100,000	-	24,759,450
Furniture & Equipment	2,203,060	223,766	(97,829)	2,328,997
Less:				
Accumulated Depreciation	13,883,598	598,954	(73,372)	14,409,180
Total Net Position	\$ 13,537,811	\$ 2,716,699	\$ (124,457)	\$ 16,130,053

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION – Continued

Short-Term Debt

The School district had a BAN outstanding at June 30, 2020 in the amount of \$3,980,000. The BAN matures on July 15, 2020 and carries an interest rate of 1.75%.

Long-Term Debt

The School District has bonds outstanding on capital projects originally issued from 2012 to 2020. The last date that bonds will be paid is June 15, 2025.

The School District had the following breakdown of debt June 30, 2020 and 2019:

Category	Fiscal Year 2020	Fiscal Year 2019	Total Change
General Obligation Bonds	\$ 2,016,666	\$ 2,255,000	\$ (238,334)
Compensated Absences	178,137	162,103	16,034
Other Postemployment Benefits Payable	36,009,641	37,711,812	(1,702,171)
Net Pension Liability - Proportionate Share	789,957	234,296	555,661
Total	\$ 38,994,401	\$ 40,363,211	\$ (1,368,810)

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Clifton-Fine Central School District is currently financially stable. As the preceding information shows, the School District relies heavily on its property taxpayers, state and federal aid, and grants.

The New York State Governor has announced that for the 2020-21 school year, school districts may see up to a 20% cut in state aid. The reopening of school in September 2020 comes with COVID-19 related expenses that were not included in the 2020-21 approved budget, therefore the District expects there to be an impact on their overall expenditures for the year. At this time it is uncertain whether the federal government has plans to provide relief to school districts. The New York State Governor has announced that school districts will be able to borrow against their reserves to pay expenditures, but any borrowings against reserves must be paid back over five years with interest.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

FACTORS BEARING ON THE DISTRICT'S FUTURE – Continued

The District's enrollment has remained fairly constant the last couple of years with some small fluctuations. For the 2020-21 school year, the District anticipates a slightly lower than usual enrollment due to some families moving to a home-schooling environment. It is assumed that the move to home-schooling may be related to the COVID-19 outbreak.

Clifton-Fine Central School District is anticipating the continuation of increases in salaries, benefits and BOCES services in the upcoming years. These three items constitute much of our budget. Special Education costs also continue to rise. Two years ago, the District instituted an ABA program at the district and offer the program to neighboring districts if they have room for additional enrollment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Colleen Ayers
Clifton-Fine Central School District
11 Hall Ave.
Star Lake, NY 13690

CLIFTON-FINE CENTRAL SCHOOL DISTRICT
AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES

June 30, 2020

ASSETS	
Cash and Cash Equivalents	
Unrestricted	\$ 2,001,614
Restricted	4,588,043
Receivables	
State and Federal Aid	305,824
Other Receivables	1,155
Due from Fiduciary Funds	4,144
Due from Other Governments	148,847
Accounts Receivable	1,858
Prepaid Expenses	5,403
Inventories	8,729
Net Pension Asset-Proportionate Share	410,922
Capital Assets, Net	16,130,053
TOTAL ASSETS	\$ 23,606,592
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	\$ 1,852,075
Deferred Charge on Bond Refunding	26,059
Other Postemployment Benefits	1,455,287
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 3,333,421
LIABILITIES	
Payables	
Accounts Payable	\$ 73,558
Accrued Liabilities	30,513
Compensated Absences	511
Accrued Interest on Bonds Payable	58,453
Due to Teachers' Retirement System	260,412
Due to Employees' Retirement System	42,924
Notes Payable	
Bond Anticipation	3,980,000
Long-Term Liabilities	
Due and Payable Within One Year	
Bonds Payable	402,333
Due and Payable After One Year	
Bonds Payable	1,614,333
Other Postemployment Benefits Payable	36,009,641
Compensated Absences Payable	178,137
Net Pension Liability-Proportionate Share	789,957
TOTAL LIABILITIES	\$ 43,440,772
DEFERRED INFLOWS OF RESOURCES	
Pensions	\$ 615,732
Other Postemployment Benefits	8,925,366
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 9,541,098
NET POSITION	
Net Investment in Capital Assets	\$ 11,697,860
Restricted	2,921,414
Unrestricted (Deficit)	(40,661,131)
TOTAL NET POSITION	\$ (26,041,857)

See notes to audited basic financial statements.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
General Support	\$ 1,500,250	\$ -	\$ -	\$ (1,500,250)
Instruction	4,851,170	-	302,689	(4,548,481)
Community Services	140	-	-	(140)
Pupil Transportation	635,940	-	-	(635,940)
Debt Service-Interest	124,238	-	-	(124,238)
School Food Service Program	267,106	28,584	172,884	(65,638)
Total Functions and Programs	<u>\$ 7,378,844</u>	<u>\$ 28,584</u>	<u>\$ 475,573</u>	<u>(6,874,687)</u>
GENERAL REVENUES				
Real Property Taxes				4,002,277
Other Tax Items				251,607
Use of Money and Property				115,899
Loss on Disposition of Property				(3,457)
Miscellaneous				149,452
State Sources				<u>5,211,602</u>
Total General Revenues				<u>9,727,380</u>
Change in Net Position				2,852,693
Net Position - Beginning of Year				<u>(28,894,550)</u>
Net Position - End of Year				<u>\$ (26,041,857)</u>

See notes to audited basic financial statements.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2020

	General	Capital Project -Main	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents				
Unrestricted Cash	\$ 2,001,535	\$ -	\$ 79	\$ 2,001,614
Restricted Cash	2,457,531	1,666,629	463,883	4,588,043
Receivables				
State and Federal Aid Receivable	63,600	-	242,224	305,824
Other Receivables	-	-	1,155	1,155
Due from Other Funds	265,797	-	61,521	327,318
Due from Fiduciary Funds	4,144	-	-	4,144
Due from Other Governments	148,847	-	-	148,847
Accounts Receivable	1,858	-	-	1,858
Prepaid Expenses	5,403	-	-	5,403
Inventories	-	-	8,729	8,729
Total Assets	<u>\$ 4,948,715</u>	<u>\$ 1,666,629</u>	<u>\$ 777,591</u>	<u>\$ 7,392,935</u>
LIABILITIES				
Payables				
Accounts Payable	\$ 2,633	\$ 69,855	\$ 1,070	\$ 73,558
Accrued Liabilities	28,297	-	2,216	30,513
Compensated Absences	511	-	-	511
Due to Other Funds	12,294	6,389	308,635	327,318
Due to Teachers' Retirement System	260,412	-	-	260,412
Due to Employees' Retirement System	42,924	-	-	42,924
Notes Payable				
Bond Anticipation Note	-	3,980,000	-	3,980,000
Total Liabilities	<u>347,071</u>	<u>4,056,244</u>	<u>311,921</u>	<u>4,715,236</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred State Aid	41,464	-	-	41,464
Total Deferred Inflows of Resources	<u>41,464</u>	<u>-</u>	<u>-</u>	<u>41,464</u>
FUND BALANCES				
Nonspendable	5,403	-	8,729	14,132
Restricted	2,457,531	-	463,883	2,921,414
Assigned	1,031,304	-	69,509	1,100,813
Unassigned (Deficit)	1,065,942	(2,389,615)	(76,451)	(1,400,124)
Total Fund Balance	<u>4,560,180</u>	<u>(2,389,615)</u>	<u>465,670</u>	<u>2,636,235</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,948,715</u>	<u>\$ 1,666,629</u>	<u>\$ 777,591</u>	<u>\$ 7,392,935</u>

See notes to audited basic financial statements.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

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

June 30, 2020

Total Fund Balance - Governmental Funds \$ 2,636,235

Amounts reported for governmental activities in the Statement of Net Position are different because:

Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the fund statements.

Net Pension Asset - Proportionate Share - TRS	410,922
Net Pension Liability - Proportionate Share - ERS	(789,957)

Deferred inflows of resources are not available to pay for current-period expenditures, and therefore, are not reported in the fund statements consist of:

Pensions	\$ 615,732	
Other Postemployment Benefits	<u>8,925,366</u>	(9,541,098)

Deferred outflows of resources are not available to pay for current-period expenditures, and therefore, are not reported in the fund statements consist of:

Pensions	\$ 1,852,075	
Deferred Charge on Bond Refunding	26,059	
Other Postemployment Benefits	<u>1,455,287</u>	3,333,421

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Therefore, deferred inflows of resources are not reported on the Statement of Net Position.

41,464

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

The Cost of Capital Assets is	\$ 30,539,233	
Accumulated Depreciation is	<u>(14,409,180)</u>	16,130,053

Long-term liabilities, including bonds payable and compensated absences, are not due in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities, at year end, consist of:

Bonds Payable	\$ 1,855,000	
Premium on Bond Issue	161,666	
Accrued Interest on Bonds Payable	58,453	
Compensated Absences Payable	178,137	
Other Postemployment Benefits Payable	<u>36,009,641</u>	(38,262,897)

Total Net Position - Governmental Activities \$ (26,041,857)

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2020

	General	Capital Project -Main	Non-Major Funds	Total Governmental Funds
REVENUES				
Real Property Taxes	\$ 4,002,277	\$ -	\$ -	\$ 4,002,277
Other Tax Items	251,607	-	-	251,607
Use of Money and Property	65,380	-	42,917	108,297
Miscellaneous	148,949	-	503	149,452
State Sources	5,170,138	-	50,406	5,220,544
Federal Sources	-	-	425,167	425,167
Sales - School Food Service	-	-	28,584	28,584
Total Revenues	<u>9,638,351</u>	<u>-</u>	<u>547,577</u>	<u>10,185,928</u>
EXPENDITURES				
General Support	1,217,043	-	74,160	1,291,203
Instruction	3,779,612	-	310,431	4,090,043
Pupil Transportation	606,765	-	-	606,765
Community Services	140	-	-	140
Employee Benefits	3,169,185	-	86,839	3,256,024
Debt Service:				
Principal	438,806	-	-	438,806
Interest	70,976	-	-	70,976
Food Service Program-Cost of Sales	-	-	90,315	90,315
Capital Outlay	-	2,610,395	381,492	2,991,887
Total Expenditures	<u>9,282,527</u>	<u>2,610,395</u>	<u>943,237</u>	<u>12,836,159</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>355,824</u>	<u>(2,610,395)</u>	<u>(395,660)</u>	<u>(2,650,231)</u>
OTHER FINANCING SOURCES AND (USES)				
Premium on Obligations	-	-	169,268	169,268
Bond Issuance Costs	-	-	(79,723)	(79,723)
Proceeds from Refunding	-	-	1,570,000	1,570,000
Payments to Escrow Agent	-	-	(1,636,058)	(1,636,058)
BAN Redeemed from Appropriations	-	-	78,806	78,806
Operating Transfers In (Out)	<u>(157,083)</u>	<u>-</u>	<u>157,083</u>	<u>-</u>
Total Other Financing Sources and (Uses)	<u>(157,083)</u>	<u>-</u>	<u>259,376</u>	<u>102,293</u>
Net Change in Fund Balance	198,741	(2,610,395)	(136,284)	(2,547,938)
Fund Balances - Beginning	4,361,439	220,780	601,954	5,184,173
Fund Balances (Deficit)- End of Year	<u>\$ 4,560,180</u>	<u>\$ (2,389,615)</u>	<u>\$ 465,670</u>	<u>\$ 2,636,235</u>

See notes to audited basic financial statements.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION**

Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds **\$ (2,547,938)**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position assets, with an initial individual cost of more than \$5,000 are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, net of related losses on disposal of capital assets.

Capital Outlays	\$ 3,194,653	
Depreciation Expense	(598,954)	
Loss on Disposal	<u>(3,457)</u>	2,592,242

Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

360,000

Premium on debt issuance relating to debt refunding is a revenue in the governmental funds, however, the amount is recorded as a component of long-term liabilities in the Statement in Net Position and the initial amount does not affect the Statement of Activities.

(161,666)

Governmental fund report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Long term revenue differences relating to the 20% withholding of State Aid is reported as revenue in the Statement of Activities and deferred inflow in the governmental funds, and therefore not reported as revenue in the governmental funds.

41,464

Payment to escrow agent relating to debt refunding is an expenditure in the governmental funds, however, the amount reduced the deferred charge on refunding included in deferred outflows on the Statement of Net Positions and the initial amount does not affect the Statement of Activities.

66,059

See notes to audited basic financial statements.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2020

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is increased by the reduction in accrued interest on bonds. (53,262)

In the Statement of Activities, certain operating expenses--compensated absences (vacations and certain sick pay), special termination benefits (early retirement) --are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (16,034)

On the Statement of Activities, the actual and projected long-term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas, on the government funds only the actual expenditures are recorded for postemployment benefits. 2,994,413

(Increase) decrease in proportionate share of net pension asset (liability) and related deferred inflows and outflows 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	\$ (267,198)	
Employees' Retirement System	(155,387)	(422,585)
	<hr/>	<hr/>

Change in Net Position of Governmental Activities	\$ 2,852,693
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CLIFTON-FINE CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2020

	Private Purpose Trusts	Agency
ASSETS		
Restricted Cash	\$ 197,829	\$ 56,007
Investment Held By Trustee - Restricted	<u>19,384</u>	<u>-</u>
Total Assets	<u><u>\$ 217,213</u></u>	<u><u>\$ 56,007</u></u>
LIABILITIES		
Accrued Expenses	\$ -	\$ 7,131
Due to Governmental Funds	-	4,144
Extra Classroom Activity Balances	-	44,682
Other Liabilities	<u>-</u>	<u>50</u>
Total Liabilities	<u>-</u>	<u><u>\$ 56,007</u></u>
NET POSITION		
Reserved for Scholarships	<u><u>\$ 217,213</u></u>	

See notes to audited basic financial statements.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2020

	Private Purpose Trusts
ADDITIONS	
Gifts and Contributions	\$ 26,671
Interest Earnings	<u>1,607</u>
Total Additions	<u>28,278</u>
DEDUCTIONS	
Loss on Investments	45
Scholarships and Awards	<u>21,025</u>
Total Deductions	<u>21,070</u>
Change in Net Position	7,208
Net Position - Beginning of Year	<u>210,005</u>
Net Position - End of Year	<u><u>\$ 217,213</u></u>

See notes to audited basic financial statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Clifton-Fine 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. Significant accounting principles and policies used by the District are described below:

Reporting Entity

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

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

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

Extra Classroom Activity Funds

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Joint Venture

The District is a component district in the St. Lawrence-Lewis 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 which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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 costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$1,448,659 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$385,261. This represents state aid distributions of \$319,281 and 2019 fund balance returned to schools of \$65,980. However, \$28,744 of BOCES state aid distributions has not been recognized on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds since it is not considered "available" as State aid distributions are being reduced by 20% subsequent to yearend. This amount has been recorded as a deferred inflow of resources on the Balance Sheet – Governmental Funds.

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

Basis of Presentation

District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, Federal and 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

District-Wide Statements – Continued

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

Fund Statements

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

The District reports the following governmental funds:

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

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

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

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

The District reports the following fiduciary funds:

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

There are two classes of fiduciary funds:

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

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

Measurement Focus and Basis of Accounting

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting – Continued

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

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

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

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 12, 2019. Taxes are collected during the period September 1, 2019 to November 1, 2019.

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

Restricted Resources

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Interfund Transactions

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

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

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 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

Estimates

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

Cash and Cash Equivalents

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents – Continued

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

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

Investments are stated at fair value.

Receivables

Receivables 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

However, \$41,464 of State Aid payments included in State and Federal Aid Receivable have been held back by NYS Division of Budget, but are not deemed uncollectible at this time. Therefore, the amounts have not been recognized on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds as revenues since they are not considered available, but were recognized as revenue in the Statement of Activities and Changes in Net Position – Governmental Activities under the accrual method of accounting. These potential reductions are not material to the government-wide financial statements for the current year.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Inventories and Prepaid Items

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and 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 fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

Other Assets

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

Capital Assets

Capital assets are reported at actual cost or estimated historical cost, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

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

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building & Building Improvements	\$ 5,000	Straight Line	20 - 50 Years
Site Improvements	\$ 5,000	Straight Line	20 Years
Furniture and Equipment	\$ 5,000	Straight Line	5 - 20 Years

The District does not possess any infrastructure.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting related to the BOCES and Excess Cost Aid payments which have subsequently been reduced by 20% and is reported as Deferred State Aid. This represents a deferred inflow only on the Balance Sheet in the governmental funds and revenue on the District-wide Statement of Activities. 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 (TRS and ERS system) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Unearned Revenue

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

Vested Employee Benefits

Compensated Absences

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

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

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

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

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

Other Benefits

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Other Benefits – Continued

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

Short-Term Debt

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

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Accrued Liabilities and Long-Term Obligations

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

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

Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

Nonspendable– Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Food Service Fund of \$8,729 and prepaid expenses recorded in General Fund of \$5,403.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Fund Statements – Continued

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:

Employee Benefit Accrued Liability

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

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 contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – ContinuedFund Statements – Continued**Unemployment Insurance**

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

Workers' Compensation

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

Debt Service

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

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Fund Statements – Continued

Capital Reserve

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

Restricted fund balance includes the following at June 30, 2020:

General Fund

Employee Benefit Accrued Liability	\$ 175,149
Retirement Contributions - NYSERS	1,382,199
Retirement Contributions - NYSTRS	53,793
Unemployment Insurance	455,542
Workers' Compensation	385,019
Capital Reserve	5,829

Debt Service Fund

Debt Service	463,883
Total Restricted Funds	<u><u>\$ 2,921,414</u></u>

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Fund Statements – Continued

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

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

Order of Use of Fund Balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned fund balance. In the General Fund, committed fund balance is determine next and then assigned. The Purchasing Agent has authority to assign fund balance as it relates to encumbrances. The Board of Education will be responsible for the assignment of fund balance as it relates to appropriated fund balance. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

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 statement issued by GASB:

GASB has issued Satement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective for the year ending June 30, 2020.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Future Changes in Accounting Standards

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2021.

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

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

GASB has issued Statement No. 90, *Majority Equity Interests- an, amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2021.

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

GASB has issued Statement No. 92, *Omnibus 2020*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2021, except for GASB No. 93 paragraphs 13-14 effective for the year ending June 30, 2022.

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

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

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*, effective for the year ending June 30, 2022.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

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

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

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

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

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

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

1. Long-Term Revenue & 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.

2. Capital Related Differences:

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

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

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

3. Long-Term Debt Transaction Differences:

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

4. Pension Differences:

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

5. OPEB Differences:

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

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND
ACCOUNTABILITY**

Budgets

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

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

Appropriations are adopted at the program line item level.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND
ACCOUNTABILITY - Continued**

Budgets – Continued

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year ended June 30, 2020.

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

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

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

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.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND
ACCOUNTABILITY – Continued**

Other

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include appropriating funds for the situations regarding the health and safety of the District's students and employees.

The Capital Project – Buses and Capital Project – Mini funds had deficit fund balances of \$24,480 and \$313, respectively. These will be eliminated in future years with a transfer from the General Fund.

The Capital Project – Garage and Capital Project – Main funds had deficit fund balances of \$51,658 and \$2,389,615, respectively. These will be funded when the District either obtains permanent financing or from BANS redeemed from appropriations.

**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.

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

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name.	\$ 303,542

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

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

Cash – Continued

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 \$2,457,531 restricted for various fund balance reserves in the General Fund, \$1,666,629 restricted for a voter approved capital project in the Capital Project – Main Fund, and \$463,883 restricted for debt service payments in the Debt Service Fund within the governmental funds. Restricted cash also includes \$56,007 restricted for Extra Classroom and payroll related liabilities and \$197,829 restricted for scholarships in the fiduciary funds.

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2020 all deposits were fully insured and collateralized by the District's agent, but not in the District's name.

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

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

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

Investment Pool

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2020, the School District held \$4,197,659 in the General Fund, \$1,666,626 in the Capital Projects Fund, \$463,883 in the Debt Service Fund and \$127,342 in the Fiduciary Funds through the cooperative classified as unrestricted and restricted cash.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

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

Investment Pool – Continued

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

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30 are as follows:

Governmental Activities	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	\$ 9,200	\$ -	\$ -	\$ 9,200
Construction in Progress	549,699	2,991,887	(100,000)	3,441,586
Total Nondepreciable Assets	<u>558,899</u>	<u>2,991,887</u>	<u>(100,000)</u>	<u>3,450,786</u>
Capital Assets That Are Depreciated:				
Building Improvements	466,302	-	-	466,302
Buildings	24,193,148	100,000	-	24,293,148
Furniture, Equipment, and Vehicles	2,203,060	223,766	(97,829)	2,328,997
Total Depreciated Assets	<u>26,862,510</u>	<u>323,766</u>	<u>(97,829)</u>	<u>27,088,447</u>
Less Accumulated Depreciation:				
Land Improvements	465,105	1,198	-	466,303
Buildings and Improvements	12,033,587	398,656	-	12,432,243
Furniture, Equipment, and Vehicles	1,384,906	199,100	(73,372)	1,510,634
Total Accumulated Depreciation	<u>13,883,598</u>	<u>598,954</u>	<u>(73,372)</u>	<u>14,409,180</u>
Total Depreciated Assets, Net	<u>12,978,912</u>	<u>(275,188)</u>	<u>(24,457)</u>	<u>12,679,267</u>
Capital Assets, Net	<u>\$ 13,537,811</u>	<u>\$ 2,716,699</u>	<u>\$ (124,457)</u>	<u>\$ 16,130,053</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 130,290
Pupil Transportation	178,664
Instruction	281,594
School Food Service Program	8,406
Total Depreciation Expense	<u>\$ 598,954</u>

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 6 – SHORT-TERM DEBT

Details related to the short-term debt activity for the fiscal year ended June 30, 2020, are as follows:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	9/20/2019	3.49%	\$ 78,806	\$ -	\$ 78,806	\$ -
BAN	7/15/2020	1.75%	-	3,980,000	-	3,980,000
Total			<u>\$ 78,806</u>	<u>\$ 3,980,000</u>	<u>\$ 78,806</u>	<u>\$ 3,980,000</u>

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

Interest Paid	\$ 2,750
Less: Interest Accrued in the Prior Year	(2,147)
Plus: Interest Accrued in the Current Year	<u>56,382</u>
Total Interest on Short-Term Debt	<u>\$ 56,985</u>

The proceeds of the BAN were used as short-term financing for a capital project.

NOTE 7– LONG-TERM DEBT OBLIGATIONS

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 7 – LONG-TERM DEBT OBLIGATIONS – Continued

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

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and Notes Payable					
General Obligation Debt					
Serial Bonds	\$ 2,255,000	\$ 1,570,000	\$ 1,970,000	1,855,000	\$ 370,000
Premium on Bonds	-	161,666	-	161,666	32,333
Total Bonds & Notes Payable	<u>2,255,000</u>	<u>161,666</u>	<u>1,970,000</u>	<u>2,016,666</u>	<u>402,333</u>
Other Liabilities					
Compensated Absences Payable	162,103	16,034	-	178,137	-
Other Postemployment Benefits					
Liability	37,711,812	-	1,702,171	36,009,641	-
Net Pension Liability -					
Proportionate Share	<u>234,296</u>	<u>555,661</u>	<u>-</u>	<u>789,957</u>	<u>-</u>
Total Other Liabilities	<u>38,108,211</u>	<u>571,695</u>	<u>1,702,171</u>	<u>36,977,735</u>	<u>-</u>
Total Governmental Activities	<u>\$ 40,363,211</u>	<u>\$ 733,361</u>	<u>\$ 3,672,171</u>	<u>\$ 38,994,401</u>	<u>\$ 402,333</u>

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

Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Refunding Bond	03/20/20	06/15/25	2.00 - 5.00%	\$ 1,565,000
Serial Bond	02/15/12	02/15/25	2.50 - 3.25%	<u>290,000</u>
				<u>\$ 1,855,000</u>

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 7 – LONG-TERM DEBT OBLIGATIONS – Continued

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

	Principal	Interest	Total
2021	\$ 370,000	\$ 66,962	\$ 436,962
2022	385,000	49,700	434,700
2023	390,000	41,588	431,588
2024	400,000	33,238	433,238
2025	310,000	14,362	324,362
Total	<u>\$ 1,855,000</u>	<u>\$ 205,850</u>	<u>\$ 2,060,850</u>

Advance Refunding

The District issued \$1,570,000 of general obligation refunding bonds to advance refund a portion of the 2010 serial bond. The purpose of the refunding was to lower the interest rate and provide taxpayer savings. As a result, the refunded bonds are considered to be defeased and the proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the portion of the old bonds that were refunded. Accordingly, the trust account assets and the liability of the defeased debt have been removed from the government-wide financial statements. As of June 30, 2020, the amount of outstanding defeased bonds totaled \$1,610,000. The reacquisition price exceeded the net carrying amount of the old debt by \$26,059. This amount is reported as deferred outflows of resources and amortized over the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next five years by \$69,511 and resulted in an economic gain of \$67,896.

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

Interest Paid	\$ 68,226
Less: Interest Accrued in the Prior Year	(3,044)
Plus: Interest Accrued in the Current Year	<u>2,071</u>
Total Interest on Long-Term Debt	<u>\$ 67,253</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS

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 defined benefit retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Teachers' Retirement System (TRS) Plan Description

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued

Employees' Retirement System (ERS) Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

TRS Benefits Provided

Benefits

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

Tier 1

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

Tier 2

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Benefits – Continued

Tier 3

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

Tier 4

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

Tier 5

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

Tier 6

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

Service Retirements

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

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

Vested Benefits

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

Disability Retirement

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

Death Benefits

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

Prior Service

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

Tier Reinstatement

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of annual benefit. The applicable percentage payable beginning September 2019 is 1.0%. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

ERS Benefits Provided

Benefits

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

Tier 1 and 2

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS - Continued

ERS Benefits Provided – Continued

Benefits – Continued

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

Tier 3, 4, and 5

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

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

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

Tier 6

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Benefits – Continued

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

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

Vested Benefits

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

Disability Retirement Benefits

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

Ordinary Death Benefits

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued

ERS Benefits Provided – ContinuedPost-Retirement Benefit Increases

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

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2019 and received an overall discount of \$1,027).

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

	NYSTRS	NYSERS
2019-2020	\$ 280,377	\$ 120,892
2018-2019	250,129	135,634
2017-2018	296,041	141,129

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued**Funding Policies – Continued**

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

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

At June 30, 2020, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
District's Proportionate Share of the Net Pension		
Asset (Liability)	\$ (789,957)	\$ 410,922
District's Portion (%) of the Plan's Total		
Net Pension Asset (Liability)	0.0029832%	0.015817%
Change in Proportion (%) Since the Prior Measurement Date	-0.0003236%	0.000148%

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued

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

For the year ended June 30, 2020, the District recognized pension expense of \$155,387 for ERS and \$267,198 for TRS. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences Between Expected and Actual Experience	\$ 46,492	\$ 278,471	\$ -	\$ 30,557
Changes of Assumptions	15,906	776,287	13,735	189,281
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	404,970	-	-	329,538
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	29,078	20,803	22,742	29,879
District's Contributions Subsequent to the Measurement Date	42,924	237,144	-	-
Total	<u>\$ 539,370</u>	<u>\$ 1,312,705</u>	<u>\$ 36,477</u>	<u>\$ 579,255</u>

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

	ERS	TRS
2021	\$ 83,954	\$ 182,389
2022	114,784	8,278
2023	146,679	181,715
2024	114,552	122,619
2025	-	16,202
Thereafter	-	(14,897)

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued**Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Actuarial Valuation Date	April 1, 2019	June 30, 2018
Interest Rate	6.8%	7.1%
Salary Scale	4.2%	1.3%
Decrement Tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2014 - June 30, 2018 System's Experience
Inflation Rate	2.5%	2.2%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018. For TRS, annuitant mortality rates are based on July 1, 2014 – June 30, 2018 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2018.

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

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued

Actuarial Assumptions – Continued

	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Asset Type		
Domestic Equity	4.05%	6.30%
International Equity	6.15%	7.80%
Private Equity	6.75%	9.90%
Global Equity		7.20%
Real Estate	4.95%	4.60%
Absolute Return Strategies	3.25%	
Opportunistic Portfolio	4.65%	
Real Assets	5.95%	
Bonds and Mortgages	0.75%	
Cash	0.00%	0.30%
Inflation-Indexed Bonds	0.50%	
Private Debt		6.50%
Real Estate Debt		2.90%
Domestic Fixed Income Securities		1.30%
Global Bonds		0.90%
High-Yield Bonds		3.60%

Discount Rate

The discount rate used to calculate the total pension asset (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 determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 6.80% for ERS and 7.10% 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 (5.80% for ERS and 6.10% for TRS) or 1-percentage point higher (7.80% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease (5.80%)	Current Assumption (6.80%)	1% Increase (7.80%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,449,794)	\$ (789,957)	\$ (182,244)
TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,854,859)	\$ 410,922	\$ 2,311,657

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:

	ERS	(In Thousands) TRS	Total
Measurement Date	March 31, 2020	June 30, 2019	
Employer's Total Pension Asset (Liability)	\$ (194,596,261)	\$ (119,879,474)	\$ (314,475,735)
Plan Net Position	168,115,682	122,477,481	290,593,163
Employer's Net Pension Asset (Liability)	<u>\$ (26,480,579)</u>	<u>\$ 2,598,007</u>	<u>\$ (23,882,572)</u>
Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability)	86.39%	102.17%	

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 – PENSION PLANS – Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 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 \$42,924.

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 \$260,412.

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

Interfund balances at June 30, 2020 are as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 269,941	\$ 12,294	\$ -	\$ 157,083
Special Aid	-	223,794	11,845	-
School Food Service	360	8,390	45,238	-
Debt Service	61,161	-	-	-
Capital Project-Buses	-	24,480	-	-
Capital Project-Garage	-	51,658	-	-
Capital Project-Main	-	6,389	-	-
Capital Project-Mini	-	313	100,000	-
Total Government Activities	331,462	327,318	157,083	157,083
Fiduciary Agency Fund	-	4,144	-	-
Total	<u>\$ 331,462</u>	<u>\$ 331,462</u>	<u>\$ 157,083</u>	<u>\$ 157,083</u>

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. The District typically transfers from the General Fund to the School Food Service Fund to subsidize a portion of the expenses. The General Fund advances funds to the Special Aid Fund to provide temporary cash until New York State has reimbursed the grant programs. The District also transfers from the General Fund to the Capital Projects Fund to fund various approved capital projects.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 10 – FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances of the district at the year ended June 30, 2020:

Fund Balances (Deficit)	General	Capital Project - Main	Non-Major Funds	Total Governmental Funds
Nonspendable				
School Food Service Inventory	\$ -	\$ -	\$ 8,729	\$ 8,729
Prepaid Expenses	5,403	-	-	5,403
Restricted				
Debt Service	-	-	463,883	463,883
Employee Benefit Accrued Liability	175,149	-	-	175,149
Retirement Contributions - NYSERS	1,382,199	-	-	1,382,199
Unemployment Insurance	455,542	-	-	455,542
Workers Compensation	385,019	-	-	385,019
Retirement Contributions - NYSTRS	53,793	-	-	53,793
Capital Reserve	5,829	-	-	5,829
Assigned				
Debt Service	-	-	61,161	61,161
Designated for Next Fiscal Year	1,024,437	-	-	1,024,437
General Support	150	-	-	150
Instruction	95	-	-	95
Employee Benefits	6,622	-	-	6,622
School Food Service Fund	-	-	8,348	8,348
Unassigned (Deficit)				
General Fund	1,065,942	-	-	1,065,942
Capital Project Funds	-	(2,389,615)	(76,451)	(2,466,066)
Total Governmental Fund Balance (Deficit)	<u>\$ 4,560,180</u>	<u>\$ (2,389,615)</u>	<u>\$ 465,670</u>	<u>\$ 2,636,235</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS**General Information about the OPEB Plan**

Plan Description – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District’s Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	68
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	62
Total Covered Employees	130

The District participates in the St. Lawrence-Lewis Health Insurance Consortium (the Plan). The Plan allows eligible District employees and spouses to continue health coverage upon retirement. The Plan does issue a publicly available financial report.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS – Continued**

General Information about the OPEB Plan – Continued

Eligible teachers, administrators and employees are those who are at least age 55 with 5 years of service. Employees must also be eligible to retire under the ERS or TRS.

Non- Teachers – All current and future retirees receive 100% paid coverage by District.

Teachers – All current and future retirees contribute a percentage based on their date of retirement as follows:

Teachers Contributions	
Retirement Date	Contribution %
< 7/1/2012	0%
7/1/2012 - 6/30/2019	10%
7/1/2019 - 6/30/2020	11%
7/1/2020 +	12%

Surviving Spouse – Surviving spouses may continue participating in the consortium’s plan and contribute the same amount as retirees.

Medicare Part B Reimbursement – Clifton-Fine Central School District reimburses the full Medicare Part B amount for all retirees and spouses. Surviving spouses do not receive reimbursement.

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2020 which indicates that the total liability for other postemployment benefits is \$36,009,641 which is reflected in the Statement of Net Position. The OPEB liability was measured as of July 1, 2019 and was determined by an actuarial valuation as of July 1, 2019.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS – Continued****Total OPEB Liability – Continued**

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions

Measurement Date	07/01/19
Rate of Compensation Increase	3.00%
Inflation Rate	2.40%
Discount Rate	3.50%

Assumed Prescription Drug Trend Rates at June 30

Health Care Cost Trend Rate Assumed for Next Fiscal Year	5.70%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	3.94%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2089

Additional Information

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (in Years)	4.68
Amortization Period Status	Open
Method used to determine Actuarial Value of Assets	N/A

The discount rate was based on the Bond Buyer Weekly 20 - Bond GO Index as of July 1, 2019.

Mortality rates were based on the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backwards to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2018 mortality improvement scale on a fully generational basis.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 – June 30, 2019.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS – Continued**

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 37,711,812
Changes for the Year	
Service Cost	802,040
Interest	1,468,707
Changes of Benefit Terms	(179,179)
Differences Between Expected and Actual Experience	(2,448,476)
Changes of Assumptions or Other Inputs	(219,722)
Benefit Payments	<u>(1,125,541)</u>
Net Changes	<u>(1,702,171)</u>
Balance at June 30, 2020	<u><u>\$ 36,009,641</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87 percent on July 1, 2018 to 3.50 percent on July 1, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current discount rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	<u>\$ 42,048,948</u>	<u>\$ 36,009,641</u>	<u>\$ 31,151,013</u>

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS – Continued**

Changes in the Total OPEB Liability – Continued

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 (2.94 percent) or 1 percentage point higher (4.94 percent) than the current healthcare cost trend rate:

	1% Decrease (Trend Less 1% Decreasing to 2.94%)	Healthcare Cost Trend Rates (Trend Decreasing to 3.94%)	1% Increase (Trend Plus 1% Decreasing to 4.94%)
Total OPEB Liability	<u>\$ 30,739,191</u>	<u>\$ 36,009,641</u>	<u>\$ 42,754,848</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense (credit) of \$(2,994,413). 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	\$ 283,064	\$ 3,500,601
Changes of Assumptions or Other Inputs	-	5,424,765
Employer Contributions Subsequent to the Measurement Date	<u>1,172,223</u>	<u>-</u>
	<u>\$ 1,455,287</u>	<u>\$ 8,925,366</u>

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB – Continued**

District benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year June 30, 2021. 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,

2021	\$ (3,913,758)
2022	(3,573,432)
2023	(767,426)
2024	(387,686)
	<u>\$ (8,642,302)</u>

NOTE 12 – RISK MANAGEMENT

General

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

Pooled Non-Risk-Retained

The District participates in the St. Lawrence – Lewis County School District’s Healthcare Plan (Plan), a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 16 individual governmental units located within the pool’s geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$1,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$1,000,000 limit, and the District has essentially transferred all related risk to the pool.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 12 – RISK MANAGEMENT – Continued

Pooled Non-Risk-Retained – Continued

Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing: St. Lawrence-Lewis Counties School District Employee Medical Plan, Post Office Box 697, Canton, New York 13617.

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

NOTE 13 – CONTINGENCIES AND COMMITMENTS

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

NOTE 14 – DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of scholarships.

Donor-restricted endowments are reported at fair value.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 14 – DONOR-RESTRICTED ENDOWMENTS – Continued

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 29, 2020 which is the date of the issuance of the financial statements.

In the recent months, the COVID-19 outbreak in the United States has resulted in business disruption. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the District expects this matter to negatively impact its operating results and financial condition, the related financial impact and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**LAST THREE FISCAL YEARS**

Ended June 30, 2020

Total OPEB Liability	2020	2019	2018
Service Cost	\$ 802,040	\$ 958,100	\$ 1,659,350
Interest	1,468,707	1,370,486	1,669,182
Changes of Benefit Terms	(179,179)	-	(6,911,055)
Difference between Expected and Actual Experience	(2,448,476)	485,976	(4,075,786)
Changes in Assumptions or Other Inputs	(219,722)	(1,682,262)	(11,053,303)
Benefit Payments	(1,125,541)	(1,062,852)	(1,108,977)
Net Change in Total OPEB Liability	<u>(1,702,171)</u>	<u>69,448</u>	<u>(19,820,589)</u>
Total OPEB Liability - Beginning	<u>37,711,812</u>	<u>37,642,364</u>	<u>57,462,953</u>
Total OPEB Liability - Ending	<u>\$ 36,009,641</u>	<u>\$ 37,711,812</u>	<u>\$ 37,642,364</u>
Covered Payroll	\$ 3,055,535	\$ 3,231,446	\$ 3,167,322
Total OPEB Liability as a Percentage of Covered Payroll	1178.51%	1167.03%	1188.46%

10 years of historical information was not 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.

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

Year Ended June 30, 2020

	Original Budget	Final Budget
REVENUES		
Local Sources		
Real Property Taxes	\$ 4,248,696	\$ 4,248,696
Other Tax Items	5,000	5,000
Charges for Services	500	500
Use of Money and Property	36,000	36,000
Miscellaneous	135,102	135,102
Total Local Sources	4,425,298	4,425,298
State Sources	5,176,922	5,176,922
Total Revenues	9,602,220	9,602,220
Other Financing Sources		
Appropriated Reserves	246,500	246,500
Total Revenue and Other Financing Sources	9,848,720	9,848,720
 EXPENDITURES		
General Support		
Board of Education	11,850	11,850
Central Administration	344,679	357,405
Finance	33,600	37,885
Staff	42,000	77,831
Central Services	742,888	704,632
Special Items	235,650	231,262
Total General Support	1,410,667	1,420,865
Instruction		
Instruction, Administration and Improvement	235,374	230,589
Teaching-Regular School	2,093,592	2,093,121
Programs for Children with Handicapping Conditions	666,127	678,281
Occupational Education	220,000	263,430
Instructional Media	338,500	341,474
Pupil Services	473,169	482,159
Total Instruction	4,026,762	4,089,054
Pupil Transportation	792,850	808,575
Community Service	-	140
Employee Benefits	3,755,279	3,631,879
Debt Service	502,995	528,195
Total Expenditures	10,488,553	10,478,708
OTHER FINANCING USES		
Transfers to Other Funds	452,000	461,845
Total Expenditures and Other Financing Uses	10,940,553	10,940,553
Net Change in Fund Balance	(1,091,833)	(1,091,833)
Fund Balance - Beginning	4,361,439	4,361,439
Fund Balance - Ending	\$ 3,269,606	\$ 3,269,606

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

Actual		Final Budget Variance With Actual And Encumbrances	
\$	4,002,277	\$	(246,419)
	251,607		246,607
	-		(500)
	65,380		29,380
	148,949		13,847
	4,468,213		42,915
	5,170,138		(6,784)
	9,638,351		36,131
	-		(246,500)
	9,638,351	\$	(210,369)
		Final Budget Variance With Actual and Encumbrances	
Year-End Encumbrances			
9,578	\$ -	\$	2,272
345,964	-		11,441
26,838	-		11,047
68,501	-		9,330
537,414	150		167,068
228,748	-		2,514
1,217,043	150		203,672
215,781	-		14,808
1,979,576	95		113,450
603,237	-		75,044
263,430	-		-
320,022	-		21,452
397,566	-		84,593
3,779,612	95		309,347
606,765	-		201,810
140	-		-
3,169,185	6,622		456,072
509,782	-		18,413
9,282,527	6,867		1,189,314
157,083	-		304,762
9,439,610	\$ 6,867	\$	1,494,076
198,741			
4,361,439			
\$ 4,560,180			

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

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

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY-NYSLRS PENSION PLAN
LAST SIX FISCAL YEARS**

Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)						
District's Proportion of the Net Pension Asset (Liability)	0.015817%	0.015669%	0.015940%	0.015749%	0.015398%	0.158340%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ 410,922	\$ 283,340	\$ 121,159	\$ (168,673)	\$(1,599,397)	\$(1,763,802)
District's Covered Payroll	\$ 2,640,085	\$ 2,637,205	\$ 2,513,748	\$ 2,340,158	\$ 2,322,560	\$ 2,339,266
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	<u>15.56%</u>	<u>10.74%</u>	<u>4.82%</u>	<u>7.21%</u>	<u>68.35%</u>	<u>75.94%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Employees' Retirement System (ERS)						
District's Proportion of the Net Pension Asset (Liability)	0.0029832%	0.0033068%	0.0030867%	0.0033904%	0.0029820%	0.002903%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (789,957)	\$ (234,296)	\$ (99,621)	\$ (318,566)	\$ (478,621)	\$ (98,083)
District's Covered Payroll	\$ 828,397	\$ 921,731	\$ 926,812	\$ 972,044	\$ 858,107	\$ 889,190
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	<u>95.36%</u>	<u>25.42%</u>	<u>10.75%</u>	<u>32.77%</u>	<u>55.78%</u>	<u>16.30%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

10 years of historical information was not 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.

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

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS-NYSLRS PENSION PLAN

LAST SIX FISCAL YEARS

Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)						
Contractually Required Contribution	\$ 280,377	\$ 250,129	\$ 296,041	\$ 322,239	\$ 405,476	\$ 380,075
Contributions in Relation to the Contractually Required Contribution	<u>280,377</u>	<u>250,129</u>	<u>296,041</u>	<u>322,239</u>	<u>405,476</u>	<u>380,075</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,640,085	\$ 2,637,205	\$ 2,513,748	\$ 2,340,158	\$ 2,322,560	\$ 2,339,266
Contributions as a Percentage of Covered Payroll	10.62%	9.48%	11.78%	13.77%	17.46%	16.25%
Employees' Retirement System (ERS)						
Contractually Required Contribution	\$ 120,892	\$ 135,634	\$ 141,129	\$ 151,325	\$ 151,158	\$ 181,994
Contributions in Relation to the Contractually Required Contribution	<u>120,892</u>	<u>135,634</u>	<u>141,129</u>	<u>151,325</u>	<u>151,158</u>	<u>181,994</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 828,397	\$ 921,731	\$ 926,812	\$ 972,044	\$ 858,107	\$ 889,190
Contributions as a Percentage of Covered Payroll	14.59%	14.72%	15.23%	15.57%	17.62%	20.47%

10 years of historical information was not 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.

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

CLIFTON-FINE CENTRAL SCHOOL DISTRICT**SUPPLEMENTARY INFORMATION****SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL
PROPERTY TAX LIMIT-GENERAL FUND**

June 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 10,938,720
Add: Prior Year's Encumbrances	<u>1,833</u>
Original Budget	10,940,553
Budget Revisions	<u>-</u>
Final Budget	<u><u>\$ 10,940,553</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2020-2021 Voter Approved Expenditure Budget	<u><u>\$ 11,266,612</u></u>
Maximum Allowed (4% of 2020-21 Budget of \$11,266,612)	<u><u>\$ 450,664</u></u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance	
Assigned Fund Balance	\$ 1,031,304
Unassigned Fund Balance	<u>1,065,942</u>
Total Unrestricted Fund Balance	<u>2,097,246</u>
Less: Appropriated Fund Balance	1,024,437
Encumbrances Included in Assigned Fund Balance	<u>6,867</u>
Total Adjustments	<u>1,031,304</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,065,942</u></u>
Actual Percentage	<u><u>9.46%</u></u>

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

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

Year Ended June 30, 2020

Project Title	Expenditures						Methods of Financing					Fund Balance (Deficit) June 30, 2020
	Original Budget	Revised Budget	Prior Year	Current Year	Total	Unexpended Balance	BANS Redeemed From Appropriations	Proceeds Of Obligations	State Aid	Local Sources	Total	
Main Project	\$ 4,605,000	\$ 4,553,342	\$ 404,220	\$ 2,610,395	\$ 3,014,615	\$ 1,538,727	\$ -	\$ -	\$ -	\$ 625,000	\$ 625,000	\$ (2,389,615)
Garage Project	375,000	426,658	145,479	281,179	426,658	-	-	-	-	375,000	375,000	(51,658)
2019 Mini Project-Lockers	100,000	100,000	-	100,000	100,000	-	-	-	-	100,000	100,000	-
2021 Mini Project - Asbestos Abatement & Auditorium Upgrades	100,000	100,000	-	313	313	99,687	-	-	-	-	-	(313)
Buses	274,497	274,497	274,497	-	274,497	-	250,017	-	-	-	250,017	(24,480)
Totals	<u>\$ 5,454,497</u>	<u>\$ 5,454,497</u>	<u>\$ 824,196</u>	<u>\$ 2,991,887</u>	<u>\$ 3,816,083</u>	<u>\$ 99,687</u>	<u>\$ 250,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,100,000</u>	<u>\$ 1,350,017</u>	<u>\$ (2,466,066)</u>

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

COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2020

	School Food Service	Special Aid
ASSETS		
Cash and Cash Equivalents		
Unrestricted Cash	\$ -	\$ 79
Restricted Cash	-	-
Receivables		
State and Federal Aid Receivable	18,469	223,755
Other Receivables	1,155	-
Due from Other Funds	360	-
Inventories	8,729	-
TOTAL ASSETS	\$ 28,713	\$ 223,834
LIABILITIES		
Payables		
Accounts Payable	\$ 1,030	\$ 40
Accrued Liabilities	2,216	-
Due to Other Funds	8,390	223,794
Total Liabilities	11,636	223,834
FUND BALANCES		
Nonspendable	8,729	-
Restricted	-	-
Assigned	8,348	-
Unassigned (Deficit)	-	-
Total Fund Balance (Deficit)	17,077	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,713	\$ 223,834

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

Capital Project - Mini	Capital Project - Garage	Capital Project - Buses	Debt Service	Total Non- Major Funds
\$ -	\$ -	\$ -	\$ -	\$ 79
-	-	-	463,883	463,883
-	-	-	-	242,224
-	-	-	-	1,155
-	-	-	61,161	61,521
-	-	-	-	8,729
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,044</u>	<u>\$ 777,591</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,070
-	-	-	-	2,216
313	51,658	24,480	-	308,635
<u>313</u>	<u>51,658</u>	<u>24,480</u>	<u>-</u>	<u>311,921</u>
-	-	-	-	8,729
-	-	-	463,883	463,883
-	-	-	61,161	69,509
(313)	(51,658)	(24,480)	-	(76,451)
<u>(313)</u>	<u>(51,658)</u>	<u>(24,480)</u>	<u>525,044</u>	<u>465,670</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,044</u>	<u>\$ 777,591</u>

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

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

Year Ended June 30, 2020

	<u>School Food Service</u>	<u>Special Aid</u>
REVENUES		
Use of Money and Property	\$ -	\$ -
Miscellaneous	503	-
State Sources	4,953	45,453
Federal Sources	167,931	257,236
Sales (School Food Service)	28,584	-
Total Revenues	<u>201,971</u>	<u>302,689</u>
EXPENDITURES		
General Support	74,160	-
Instruction	-	310,431
Employee Benefits	82,736	4,103
Food Service Program-Cost of Sales	90,315	-
Capital Outlay	-	-
Total Expenditures	<u>247,211</u>	<u>314,534</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(45,240)</u>	<u>(11,845)</u>
OTHER FINANCING SOURCES AND (USES)		
Premium on Obligations	-	-
Bond Issuance Costs	-	-
Proceeds from Refunding	-	-
Payments to Escrow Agent	-	-
BAN Redeemed from Appropriations	-	-
Operating Transfers In	45,238	11,845
TOTAL OTHER FINANCING SOURCES	<u>45,238</u>	<u>11,845</u>
Net Change in Fund Balance	(2)	-
Fund Balances (Deficits) - Beginning	17,079	-
Fund Balances (Deficits) - End of Year	<u>\$ 17,077</u>	<u>\$ -</u>

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

Capital Project - Mini	Capital Project - Garage	Capital Project - Buses	Debt Service	Total Non- Major Funds
\$ -	\$ -	\$ -	\$ 42,917	\$ 42,917
-	-	-	-	503
-	-	-	-	50,406
-	-	-	-	425,167
-	-	-	-	28,584
-	-	-	42,917	547,577
-	-	-	-	74,160
-	-	-	-	310,431
-	-	-	-	86,839
-	-	-	-	90,315
100,313	281,179	-	-	381,492
100,313	281,179	-	-	943,237
(100,313)	(281,179)	-	42,917	(395,660)
-	-	-	169,268	169,268
-	-	-	(79,723)	(79,723)
-	-	-	1,570,000	1,570,000
-	-	-	(1,636,058)	(1,636,058)
-	-	78,806	-	78,806
100,000	-	-	-	157,083
100,000	-	78,806	23,487	259,376
(313)	(281,179)	78,806	66,404	(136,284)
-	229,521	(103,286)	458,640	601,954
<u>\$ (313)</u>	<u>\$ (51,658)</u>	<u>\$ (24,480)</u>	<u>\$ 525,044</u>	<u>\$ 465,670</u>

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

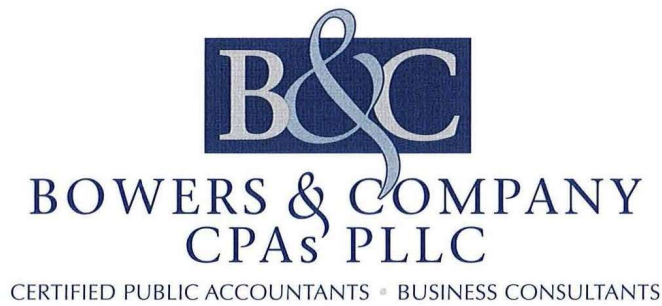
CLIFTON-FINE CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2020

Capital Assets, Net			\$ 16,130,053
Add:			
Deferred Charge on Bond Refunding			26,059
Deduct:			
Bond Anticipation Note	\$ 3,980,000		
Less: Unspent BAN Proceeds	(1,538,414)		
Short-Term Portion of Bonds Payable	402,333		
Long-Term Portion of Bonds Payable	<u>1,614,333</u>	<u>4,458,252</u>	
Net Investment in Capital Assets			<u><u>\$ 11,697,860</u></u>

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



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

**BOARD OF EDUCATION
CLIFTON-FINE CENTRAL SCHOOL DISTRICT**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and all aggregate remaining fund information of the Clifton-Fine Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Clifton-Fine Central School District's basic financial statements and have issued our report thereon dated September 29, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is 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.

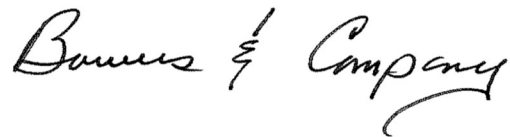
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

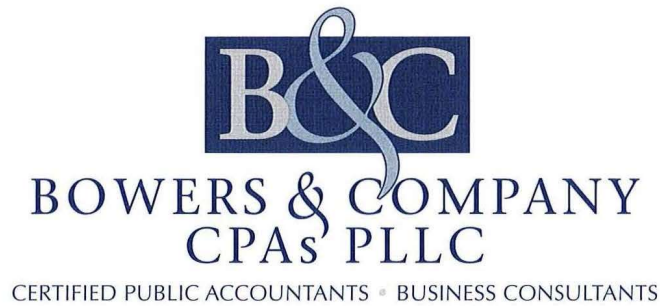
Purpose of this Report

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.

A handwritten signature in cursive script that reads "Bowens & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

Watertown, New York
September 29, 2020

EXTRA CLASSROOM ACTIVITY FUNDS



INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

BOARD OF EDUCATION CLIFTON-FINE CENTRAL SCHOOL DISTRICT

Report on the Financial Statement

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Clifton-Fine Central School District for the year ended June 30, 2020, and the related note to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

Opinion

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the statement of cash receipts and disbursements of Extra Classroom Activity Funds of Clifton-Fine Central School District for the year ended June 30, 2020, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

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

Bowers & Company

Watertown, New York
September 29, 2020

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2020

	Cash Balance 7/1/2019	Cash Receipts	Cash Disbursements	Cash Balance 6/30/2020
Class of:				
2018	\$ 3	\$ 1	\$ -	\$ 4
2019	1,546	69	424	1,191
2020	7,148	5,861	3,526	9,483
2021	4,555	6,474	3,846	7,183
2022	1,665	1,099	706	2,058
2023	-	3,350	2,149	1,201
Yearbook	3,794	2,552	3,534	2,812
Student Council	5,325	2,615	3,030	4,910
Musical Club	5,266	1,749	4,680	2,335
Drama Club	270	346	198	418
Middle School Student Council	648	728	565	811
TATF	1,684	-	-	1,684
Spanish Club	3,582	11,856	4,846	10,592
Sales Tax Payable	90	1,482	1,572	-
Total	\$ 35,576	\$ 38,182	\$ 29,076	\$ 44,682

See note to financial statement.

CLIFTON-FINE CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS – NOTE TO FINANCIAL STATEMENT

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

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

FORM OF OPINION OF BOND COUNSEL

June 29, 2021

Clifton-Fine Central School District
11 Hall Avenue
Star Lake, New York

Re: Clifton-Fine Central School District
\$3,850,000 Bond Anticipation Notes, 2021 (Renewals), CUSIP No.: _____

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$3,850,000 Bond Anticipation Notes, 2021 (Renewals) (the "Notes") of the Clifton-Fine Central School District, County of St. Lawrence, State of New York (the "District"). The Notes are dated June 29, 2021 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, a resolution of the District and a Certificate of Determination dated on or before June 29, 2021 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

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

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

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

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

Very truly yours,

Trespasz & Marquardt, LLP