

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and 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"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

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

\$6,132,896

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
WAYNE AND SENECA COUNTIES, NEW YORK**

GENERAL OBLIGATIONS

**\$6,132,896 Bond Anticipation Notes, 2019 Series B
(the "Notes")**

Dated: August 30, 2019

Due: July 10, 2020

The Notes are general obligations of the Clyde-Savannah Central School District, Wayne and Seneca Counties, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "THE NOTES – Nature of Obligation" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

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

If the Notes are issued as registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the office of the District. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) 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, except for one necessary odd denomination which is or includes \$7,896. 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 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).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about August 30, 2019.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on August 19, 2019 by no later than 10:15 A.M., Prevailing Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services 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.

August 13, 2019

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT

WAYNE AND SENECA COUNTIES, NEW YORK

SCHOOL DISTRICT OFFICIALS

2019-2020 BOARD OF EDUCATION



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MARY E. UETZ

Assistant Superintendent for Business & Operations



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor



ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

No person has been authorized by Clyde-Savannah 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 Clyde-Savannah Central School District.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
WAYNE AND SENECA COUNTIES, NEW YORK
Relating To
\$6,132,896 Bond Anticipation Notes, 2019 Series B

This Official Statement, which includes the cover page, has been prepared by the Clyde-Savannah Central School District, Wayne and Seneca Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$6,132,896 principal amount of Bond Anticipation Notes, 2019 Series B (the "Notes").

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

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

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the 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 the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Notes will be dated August 30, 2019 and will mature July 10, 2020. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the purchaser either (i) registered in the name of the purchaser, or (ii) 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.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution of the District dated August 9, 2017 authorizing the issuance of up to \$23,563,260 bonds for the cost of the construction of additions to and reconstruction of various school district facilities, in and for the District.

The proceeds of the Notes will provide \$6,132,896 in new money for the above-mentioned purpose.

Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation 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 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 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 Bond 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 School 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 School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, 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 School 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 only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

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 School 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 THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE SCHOOL 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 in Certain Circumstances

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 discontinued, the following provisions will apply:

The Notes will be issued in bearer form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$7,896. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company to be named by the District as fiscal agent for the Notes.

THE SCHOOL DISTRICT

General Information

The District is located in the Finger Lakes region of New York. It is equidistant from the cities of Rochester (to the west) and Syracuse (to the east). The District includes the Towns of Butler, Galen, Rose Savannah and Lyons in Wayne County and the Towns of Tyre and Junius in Seneca County.

The District is agricultural and residential in nature. Non-farming residents in the area find employment in professions, business concerns and industries in the local villages and towns as well as the Cities of Auburn, Syracuse and Rochester. Within the District's boundaries are portions of the Erie Canal System and the Montezuma Wildlife Reserve.

Transportation needs of the area are served by various highways including New York State #90 (N.Y.S. Thruway) and a network of local and county roads. The Thruway provides convenient access to Syracuse and Rochester. The District is also served by bus lines, the Syracuse International Airport and the Rochester International Airport.

Source: District officials.

Population

The current estimated population of the District is 5,296. (Source: 2017 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 Towns and Counties listed below. The figures set below with respect to such Towns, Counties and State of New York are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the Counties or the State 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>2013-2017</u>	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
Towns of:						
Butler	\$ 15,285	\$ 16,471	\$ 21,617	\$ 41,587	\$ 50,750	\$ 54,531
Galen	16,385	18,285	20,240	45,175	50,662	56,230
Lyons	18,483	19,220	22,250	47,593	48,255	62,436
Rose	16,645	24,134	23,680	46,000	56,371	55,625
Savannah	15,033	19,018	23,128	41,466	44,773	58,636
Junius	15,806	18,278	23,452	44,444	53,365	59,500
Tyre	17,836	22,139	26,479	51,000	53,000	66,250
Counties of:						
Wayne	19,258	24,092	27,318	51,495	60,324	64,637
Seneca	17,630	21,818	26,541	45,445	53,857	65,674
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

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

Larger Employers

The larger employers located within the area include:

<u>Employer</u>	<u>Type</u>	<u>Number of Employees</u>
Advanced Atomization Technologies	Manufacturing	353
Thomas Electronics, Inc.	Manufacturing	130
DiSanto Jet Gas	Propane Distributor	100
Finger Lakes Construction	Construction/Manufacturing	46
Pearl Industries	Manufacturing	46
DNT	Distributors	36

Source: District officials.

Unemployment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Wayne County	8.6%	7.6%	6.2%	5.3%	5.0%	5.0%	4.2%
Seneca County	8.0	6.9	5.6	5.1	4.8	4.5	3.9
New York State	8.5	7.7	6.3	5.3	4.9	4.7	4.1

	<u>2019 Monthly Figures</u>							
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>
Wayne County	4.6%	4.6%	4.5%	3.6%	3.5%	3.3%	N/A	N/A
Seneca County	4.6	4.4	4.1	3.3	3.2	2.2	N/A	N/A
New York State	4.6	4.4	4.1	3.6	3.8	3.8	N/A	N/A

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

Form of School Government

The Board of Education, which is the policy-making body of the District, consists of nine 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 District. The President and the Vice Presidents are selected by the Board members.

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

Budgetary Procedures

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

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

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

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

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

Recent Budget Vote Results

The budget for the 2017-2018 fiscal year was adopted by qualified voters on May 16, 2017 by a vote of 265 to 54. The District's adopted for the 2017-2018 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

The budget for the 2018-2019 fiscal year was approved by qualified voters on May 15, 2018 by a vote of 247 to 40. The District's adopted budget for 2018-2019 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

The adopted budget for the 2019-20 fiscal year was approved by qualified voters on May 21, 2019 by a vote of 269 to 54. The District's budget for the 2019-20 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 1.00%, which was below the District tax levy limit of 3.64%.

Investment Policy

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

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) 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; (4) obligations of the State of New York; (5) obligations issued pursuant to Local Finance Law Section 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the District; and (6) obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments. 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 Treasurer is authorized to contract for the purchase of investments: (1) directly, including through a repurchase agreement, from an authorized trading partner; (2) by participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5-G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board; and (3) utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

The District is not authorized to invest in reverse repurchase agreements or similar derivative-type investments.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-2020 fiscal year, approximately 72.34% 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.

Potential Reductions in Federal Aid Received by the State

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

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

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2019-2020 preliminary building aid ratios, the District State Building aid of approximately 95.7% for 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 to school districts within the State has declined in some recent years before increasing again in more recent years.

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

School district fiscal year (2016-2017): The 2016-17 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 a part of the Community Schools Grant Initiative (CSGI) received \$84,797 grant monies from the State.

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called “Deficit Reduction Assessment”) as a way to help close the State’s then \$10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately \$3,240,018. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

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

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

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

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

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

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

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

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

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2014-2015	\$ 18,580,797	\$ 12,651,369	68.09%
2015-2016	18,780,290	13,052,709	69.50
2016-2017	19,685,524	13,843,787	70.32
2017-2018	19,886,790	14,121,636	71.01
2018-2019 (Budgeted)	19,543,073	14,052,728	71.91
2018-2019 (Unaudited)	20,428,287	14,428,484	70.63
2019-2020 (Budgeted)	20,139,631	14,568,655	72.34

Source: Audited financial statements for the 2014-15 through 2017-18 fiscal years, budgeted and unaudited preliminary figures for the 2018-19 fiscal year, and budget of the District for the 2019-20 fiscal year. This table is not audited.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built</u>
Clyde Elementary	K-5	609	1972, 2003
Junior/Senior High School	6-12	678	1939, 2003

Note: Savannah Elementary Building in Savannah, New York was sold on March 7, 2017. Proceeds were placed in a mandatory debt service reserve and a tax reduction reserve.

Source: District officials.

Enrollment History and Projection

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2014-2015	839	2019-2020	800
2015-2016	841	2020-2021	803
2016-2017	838	2021-2022	805
2017-2018	812	2022-2023	810
2018-2019	797	2023-2024	813

Source: District officials.

Employees

The District currently employs approximately 176 full-time and 26 part-time persons. Certain employees are represented by the following bargaining agents:

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
108	Clyde-Savannah Faculty Association (NYSUT)	June 30, 2020
50	Clyde-Savannah Central School Civil Service Organization (CSEA)	June 30, 2020
22	Clyde-Savannah School District Transportation Employees' Organization	June 30, 2020
8	Clyde-Savannah Administrators Association	June 30, 2020

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 2014-15 through 2018-19 fiscal years and the budgeted figures for the 2019-20 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2014-2015	\$ 204,427	\$ 1,181,066
2015-2016	229,569	787,842
2016-2017	202,202	682,678
2017-2018	255,326	580,335
2018-2019	238,268	701,562
2019-2020 (Budgeted)	310,000	620,000

Source: District records.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District currently does not have any early retirement incentive programs for its employees. In the 2015-2016 fiscal year the District offered early retirement incentives to the Clyde-Savannah Faculty Association and Administrative Unit, but no employees participated in the incentive. The District did not offer any early retirement incentives for the 2016-2017, 2017-2018, or 2018-2019 fiscal years. The District does anticipate offering an early retirement incentive during the 2019-2020 fiscal year.

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

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

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

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

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

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

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

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

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

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District approved a resolution to establish a TRS reserve fund on April 10, 2019.

Other Post-Employment Benefits

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

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

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

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

Summary of Changes from the Last Valuation. The District contracted with Questar III & Hooker & Holcombe to calculate its first actuarial valuation under GASB 75 for the fiscal year ending June 30, 2018.

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

Balance beginning at June 30 th :	2017	2018
	<u>\$ 35,090,714</u>	<u>\$ 36,366,565</u>
<u>Changes for the year:</u>		
Service cost	1,207,255	1,593,526
Interest	1,073,351	1,122,501
Differences between expected and actual experience	42,153	-
Changes in assumptions or other inputs	-	1,250,374
Benefit payments	<u>(1,046,908)</u>	<u>(1,094,873)</u>
Net Changes	<u>\$ 1,275,851</u>	<u>\$ 2,871,528</u>
	2018	2019
Balance ending at June 30 th :	<u>\$ 36,366,565</u>	<u>\$ 39,238,093</u>

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

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

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

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2018 and is attached hereto as "APPENDIX – E". Certain summary financial information of the District can be found attached as Appendices to this Official Statement.

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

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

Unaudited Results for the Fiscal Year Ended June 30, 2019

The District ended the fiscal year ended June 30, 2019 with a cumulative unappropriated unreserved fund balance of \$805,027.

Summary unaudited information for the General Fund for the period ending June 30, 2019 is as follows:

Revenues:	\$ 20,428,287
Expenditures:	<u>19,725,412</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ 702,875</u>
Total Fund Balance:	\$ 4,514,410

Note: These projections are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

Source: District officials.

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2018	No Designation	3.3
2017	No Designation	20.0
2016	Susceptible Fiscal Stress	41.7

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

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on March 11, 2016. The purpose of the audit was to evaluate the District's financial condition for the period July 1, 2012 through October 22, 2015.

Key Findings:

- The Board of Education did not adopt realistic budgets based on historical or known trends, and the District generated \$4.3 million in surpluses from fiscal years 2012-13 through 2014-15 despite budgeting for operating deficits to reduce fund balance.
- Five of the District's reserve funds were overfunded and potentially unnecessary.

Key Recommendations:

- Adopt budgets that reflect the District's actual needs and include realistic estimates based on historical trends or other identified analysis.
- Review all reserve balances and determine if the amounts reserved are necessary, reasonable and in compliance with statutory requirements.

The District provided a complete response to the State Comptroller's office on February 22, 2016. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

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

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

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 has complied 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.

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TAX INFORMATION

Taxable Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Towns of:					
Butler	\$ 3,929,134	\$ 3,934,034	\$ 4,378,577	\$ 4,416,877	\$ 4,442,077
Galen	141,352,677	140,894,573	142,012,947	142,502,741	142,979,439
Junius	352,814	271,586	264,346	258,531	297,085
Lyons	6,800	6,800	11,700	11,728	11,723
Rose	1,064,913	1,069,913	1,072,313	1,211,767	1,175,667
Savannah	51,609,399	60,884,762	61,495,555	61,753,613	62,278,908
Tyre	6,451,373	6,300,696	6,078,144	6,011,428	5,966,451
Total Assessed Values	<u>\$ 204,767,110</u>	<u>\$ 213,362,364</u>	<u>\$ 215,313,582</u>	<u>\$ 216,166,685</u>	<u>\$ 217,151,350</u>
State Equalization Rates					
Towns of:					
Butler	100.00%	97.00%	100.00%	100.00%	100.00%
Galen	93.00%	90.00%	89.00%	87.00%	84.00%
Junius	99.00%	90.00%	83.00%	81.00%	79.00%
Lyons	100.00%	98.00%	100.00%	100.00%	100.00%
Rose	100.00%	100.00%	98.00%	100.00%	98.00%
Savannah	84.00%	100.00%	100.00%	100.00%	100.00%
Tyre	99.00%	90.00%	79.00%	71.00%	69.00%
Total Taxable Full Valuation	<u>\$ 225,305,650</u>	<u>\$ 229,869,380</u>	<u>\$ 234,557,480</u>	<u>\$ 239,976,213</u>	<u>\$ 247,169,073</u>

Source: District officials.

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Towns of:					
Butler	\$ 22.69	\$ 22.25	\$ 20.73	\$ 20.25	\$ 19.84
Galen	24.40	23.98	23.29	23.28	23.62
Junius	24.31	25.53	26.62	26.66	26.76
Lyons	22.69	22.03	20.73	20.25	19.84
Rose	22.69	21.58	21.15	20.25	20.25
Savannah	27.01	21.58	20.73	20.25	19.84
Tyre	24.31	25.53	27.97	30.42	30.64

Source: District officials.

Tax Collection Procedure

School taxes are payable during September without penalty. A 2% penalty is added for the month of October. Taxes paid November 1st and after bear a 2% penalty payable to the District and an additional 7% penalty payable to the Counties.

On November 1st, all unpaid taxes are turned over to Wayne and Seneca Counties for re-levy on County/Town tax rolls. The responsibility for collection of unpaid taxes rests with the Counties, which reimburses the School District for unpaid taxes on April 1st each year. The District is thereby assured of 100% tax collection.

Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Tax Levy	\$ 5,121,162	\$ 4,971,781	\$ 4,872,345	\$ 4,872,345	\$ 4,916,196
Amount Uncollected ⁽¹⁾	420,931	401,576	615,552	366,411	549,474
% Uncollected	8.22%	8.08%	12.63%	7.52%	11.18%

(1) See "Tax Collection Procedure" herein.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Property Tax Levy</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2014-2015	\$ 18,580,797	\$ 5,151,575	27.73%
2015-2016	18,780,290	5,039,393	26.83
2016-2017	19,685,524	4,939,889	25.09
2017-2018	19,886,790	4,932,674	24.80
2018-2019 (Budgeted)	19,543,073	4,916,196	25.16
2018-2019 (Unaudited)	20,428,287	4,916,196	24.07
2019-2020 (Budgeted)	20,139,631	4,965,358	24.65

Source: Audited financial statements for the 2014-15 through 2017-18 fiscal years, budgeted and unaudited preliminary figures for the 2018-19 fiscal year, and budget of the District for the 2019-20 fiscal year. This table is not audited.

Larger Taxpayers 2018 Tax Roll for 2018-2019

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
Madeira Associates	Real Estate	\$ 13,088,000
New York State Electric & Gas	Utility	5,227,132
Jackson Farms	Farmland	3,706,300
CSX Transportation Inc.	Railroad	2,465,340
Rochester Gas & Electric	Utility	2,380,404
CSX	Railroad	2,323,948
Empire Pipeline	Utility	2,061,777
Davis, Robert P.	Farmland	1,734,900
Rochester Gas & Electric Roxde	Utility	1,731,475
Brisky Family LTD Partnership	Construction	1,451,700

The ten larger taxpayers listed above have a total estimated full valuation of \$36,170,976, which represents 15.23% of the tax base of the District for the 2018-2019 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 could have a material impact on the finances of the District.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of \$86,000 or less for 2018, and \$86,300 or less for 2019, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of \$500,000 are eligible for a "basic" exemption on their primary residence.

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

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Butler	\$ 68,700	\$ 30,000	4/9/2019
Galen	57,710	25,200	4/9/2019
Lyons	68,700	30,000	4/9/2019
Rose	67,330	29,400	4/9/2019
Savannah	68,700	30,000	4/9/2019
Junius	54,270	23,700	4/9/2019
Tyre	68,700	30,000	4/9/2019

\$1,080,467 of the District's \$4,916,196 school tax levy for 2018-2019 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2019.

Approximately \$1,101,740 of the District's \$4,965,358 school tax levy for 2019-2020 is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State in January 2020.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential - 76.5%; Commercial - 7.3%; Agricultural - 11.8%; and Utilities - 4.4%.

The estimated total annual property tax bill of a \$60,000 market value residential property located in the District is approximately \$3,225 including State, County, City or Town, Village, Library, and School District taxes.

Source: District officials, Wayne County Real Property and STAR.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$ 13,350,000	\$ 12,215,000	\$ 11,050,000	\$ 10,190,000	\$ 9,300,000
Bond Anticipation Notes	0	0	0	0	0
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	\$ 13,350,000	\$ 12,215,000	\$ 11,050,000	\$ 10,190,000	\$ 9,300,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of August 13, 2019:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2020-2029	\$ 9,300,000
<u>Bond Anticipation Notes</u>		
Capital Project	July 10, 2020	<u>15,000,000</u>
	Total Indebtedness	<u>\$ 24,300,000</u>

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of August 13, 2019:

Full Valuation of Taxable Real Property	\$ 247,169,073
Debt Limit – 10% thereof	24,716,907

Inclusions:

Bonds.....	\$ 9,300,000	
Bond Anticipation Notes	15,000,000	
Principal of this Issue	<u>6,132,896</u>	
Total Inclusions.....		\$ 30,432,896

Exclusions:

State Building Aid ⁽¹⁾	\$ 9,182,278	
Total Exclusions.....		\$ 9,182,278

Total Net Indebtedness\$ 21,250,618

Net Debt-Contracting Margin.....\$ 3,466,289

The percent of debt contracting power exhausted is 85.98%

- ⁽¹⁾ Based on preliminary 2019-2020 building aid estimates, the District anticipates State Building aid of 95.7% 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. The exclusion is pursuant to a building aid estimate of the District in place for the 2019-20 fiscal year in the amount of \$9,182,278.

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

Bonded Debt Service

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

Cash Flow Borrowings

The District has not issued revenue anticipation notes since the 2005-2006 fiscal year, and does not reasonably expect to issue either revenue anticipation notes or tax anticipation notes in foreseeable future.

Capital Project Plans

On August 11, 2010, the District authorized the issuance of \$17,950,000 serial bonds for the construction and reconstruction of School District buildings. Of this authorization, the District has permanently financed through the New York State Dormitory Authority (“DASNY”), \$10,060,000 as Phase I of the project in June 2013 and \$3,890,000 as Phase II of the project in June 2014. The District had \$1,354,845 authorized but unissued against the authorization. The District received EXCEL funds in the amount of \$436,456 which further reduced the amount needed to borrow against the authorization. The District completed Phase III of this project and paid for the \$1,354,845 remaining authorization with funds from its Capital Reserve and there was no financing for Phase III.

Historically, the District issued debt for buses annually, but in May 2014, voters authorized a transportation vehicle reserve in the amount of \$2,000,000 for the future purchase of buses. As of the date of this Official Statement, the balance of the reserve is \$1,129,265.

On December 15, 2015, there was a public referendum which was passed by the voters of the District to turn athletic fields in Savannah over to the Town of Savannah. These fields were turned over to the Town of Savannah in the summer of 2016. In addition, the Board of Education has accepted a purchase offer for the Savannah Elementary School property. The property was sold on March 7, 2017 and the proceeds were placed in a mandatory debt service reserve and a tax reduction reserve.

On May 16, 2017, the District voters approved a new \$27.1 million Capital Improvement Project. The District will be using \$3,536,740 in Capital Reserves and \$339,429 in EXCEL Funds for this project. The remaining amount of the project will be borrowed through bond anticipation notes and serial bonds, along with the possible use of funds from the District’s Capital Fund per annual resolutions of the Board of Education. The District issued \$15,000,000 bond anticipation notes for this project on July 17, 2019 to mature July 10, 2020. The issuance of the Notes will provide additional new money debt authorized for this purpose.

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Estimated Overlapping Indebtedness

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

<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:						
Wayne	12/31/2016	\$ 25,766,000	\$ -	\$ 25,766,000	4.62%	\$ 1,190,389
Seneca	12/31/2016	30,751,845	-	30,751,845	0.40%	123,007
Town of:						
Butler	12/31/2016	-	-	-	4.33%	-
Galen	12/31/2016	-	-	-	91.51%	-
Junius	12/31/2016	440,400	440,400	-	0.34%	-
Lyons	12/31/2016	-	-	-	0.01%	-
Rose	12/31/2016	1,624,379	1,572,700	51,679	1.07%	553
Savannah	12/31/2016	1,190,207	1,190,207	-	82.92%	-
Tyre	12/31/2016	192,000	192,000	-	10.98%	-
Village of:						
Clyde	5/31/2017	1,801,884	386,100	1,415,785	100.00%	1,415,785
					Total:	<u>\$ 2,729,734</u>

- (1) Bonds and bond anticipation notes are as of the close of the respective fiscal years, and are not adjusted to include subsequent bond sales, if any.
- (2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

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

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of August 13, 2019:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 21,250,618	\$ 4,012.58	8.60%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	23,980,352	4,528.01	9.70

- (a) The 2017 estimated population of the District is 5,296. (See "THE SCHOOL DISTRICT – Population" herein.)
- (b) The District's full value of taxable real estate for 2018-19 is \$247,169,073. (See "TAX INFORMATION – Taxable Valuations" herein.)
- (c) See "Debt Statement Summary" herein.
- (d) Estimated net overlapping indebtedness is \$2,729,734. (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, nor installment purchase or lease purchase obligations.

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").

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.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and 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 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel are set forth in “APPENDIX – D”.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly 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 exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, 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, 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 owners from realizing the full current benefit of the tax status of such interest. Legislative proposals have been made in recent years which would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and 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 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, 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 Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver an opinion at the time of issuance of the Notes substantially in the form set forth in “APPENDIX – D” hereto.

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Continuing Disclosure 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; however,

- The District’s Annual Financial Information and Operating Data (“AFIOD”) filings for the fiscal years ending June 30, 2004 through June 30, 2008 and Audited Financial Statement filings for the fiscal years ending June 30, 2004 through June 30, 2006 cannot be confirmed due limitations as to the records of earlier repositories. A material event notice stating the aforementioned was filed on November 24, 2014.
- The District did not file its Audited Financial Statements for the fiscal years ending June 30, 2007 and June 30, 2008 in a timely manner as required under previous continuing disclosure agreements. The Audited Financial Statements for both fiscal years were filed on May 27, 2010. A material event notice stating the aforementioned was filed on November 24, 2014.
- The District did not file its Audited Financial Statements and AFIOD and Operating Data for the fiscal year ending June 30, 2009 in a timely manner as required under previous continuing disclosure agreements. The Audited Financial Statements and AFIOD were filed on May 27, 2010. A material event notice stating the aforementioned was filed on November 24, 2014.
- On November 10, 2004, Moody’s Investors Service upgraded the District’s enhanced rating to “A2” from “A3.” It cannot be confirmed that a material event notice was filed due limitations as to the records of earlier repositories. On June 11, 2002, the District issued refunding bonds and filed the escrow agreement on July 9, 2002. It cannot be determined that the District filed a separate event notice with respect to the 2002 advance refunding of its 1997 and 1998 serial bonds. A material event notice stating the aforementioned was filed on November 24, 2014.
- It cannot be determined that the District filed a bond call notice with respect to the 1997 serial bonds which were advance refunded with 2002 serial bonds and redeemed on June 15, 2006. A material event notice stating the aforementioned was filed on November 24, 2014.
- The District, on occasion, has failed to provide material event notices relating to bond insurance rating changes by Moody’s Investors Service with respect to its insured serial bonds. A material event notice stating the aforementioned was filed on November 24, 2014.

The District has worked with its Municipal Advisor to improve its filings since the events listed above, and has been in material compliance with Rule 15c2-12 since November 2014.

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 the Municipal Advisor are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

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

RATINGS

The Notes are not rated. Subject to the approval of the District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District.

The District does not currently have an underlying rating of its general obligation debt.

S&P Global Ratings and Fitch Ratings assigned their ratings of "A+" and "A+", respectively, to the Dormitory Authority of the State of New York School Districts Revenue Bond Financing Program Revenue Bonds, Series 2013A and 2014A, of which the District participated in. Such rating is of the Dormitory Authority bonds which was a pooled financing for multiple school districts and is not a direct rating of the District.

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

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

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

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

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

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

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

The District's contact information is as follows: Mary Beth Uetz, Business Administrator, Clyde-Savannah Central School District, District Office, 215 Glasgow Street, Clyde, New York 14433-1299, Phone: (315) 902-3000, Fax: (315) 923-2560, Email: marybeth.uetz@clydesavannah.org.

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT

Dated: August 13, 2019

**RICHARD DRAHMS
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER**

GENERAL FUND

Balance Sheets

Fiscal Year Ending June 30:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 7,441,753	\$ 8,428,673	\$ 9,062,166	\$ 5,171,629	\$ 6,113,782
Restricted Cash	-	-	-	-	-
Due from Other Funds	1,503,022	1,542,104	1,337,545	1,079,899	1,082,155
Due from Fiduciary Funds	(1,269)	2,237	12,528	44,785	42,890
Due from Other Governments	699,982	824,322	681,518	916,091	649,654
Due from State and Federal	273,178	335,329	380,393	285,408	300,741
Other Receivables	86,277	15,945	31,703	4,021	1,529
Prepaid Expenditures	203,993	224,713	260,068	265,749	261,456
TOTAL ASSETS	<u><u>\$ 10,206,936</u></u>	<u><u>\$ 11,373,323</u></u>	<u><u>\$ 11,765,921</u></u>	<u><u>\$ 7,767,582</u></u>	<u><u>\$ 8,452,207</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 32,090	\$ 15,304	\$ 15,308	\$ 11,105	\$ 57,032
Accrued Liabilities	21,890	15,643	10,609	31,365	33,589
Due to Other Funds	50,105	1,385	1,440,882	103,953	740,934
Due to Fiduciary Funds	160,949	39,593	5	-	-
Due to Other Governments	642	631	2,042	2,013	2,271
Due to Teachers' Retirement System	986,097	1,136,779	908,785	834,431	704,021
Due to Employees' Retirement System	81,819	72,637	81,696	73,113	68,658
Bond Interest and Matured Bonds	-	-	-	-	-
Bond Anticipation Notes Payable	-	-	-	-	-
Compensated Absences	71,146	74,026	89,674	93,472	112,028
Other Liabilities	3,670	38,744	39,179	2,700	51,129
TOTAL LIABILITIES	<u><u>1,408,408</u></u>	<u><u>1,394,742</u></u>	<u><u>2,588,180</u></u>	<u><u>1,152,152</u></u>	<u><u>1,769,662</u></u>
<u>FUND EQUITY</u>					
Non-spendable	\$ 203,993	\$ 224,713	\$ 260,068	\$ 265,749	\$ 261,456
Restricted	7,309,080	8,492,251	8,326,782	5,121,979	5,032,538
Assigned	543,920	511,034	104,519	319,911	475,568
Unassigned	741,535	750,583	486,372	907,791	912,983
TOTAL FUND EQUITY	<u><u>8,798,528</u></u>	<u><u>9,978,581</u></u>	<u><u>9,177,741</u></u>	<u><u>6,615,430</u></u>	<u><u>6,682,545</u></u>
TOTAL LIABILITIES and FUND EQUITY	<u><u>\$ 10,206,936</u></u>	<u><u>\$ 11,373,323</u></u>	<u><u>\$ 11,765,921</u></u>	<u><u>\$ 7,767,582</u></u>	<u><u>\$ 8,452,207</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>REVENUES</u>					
Real Property Taxes & Items	\$ 5,057,081	\$ 5,154,430	\$ 5,151,575	\$ 5,039,393	\$ 4,939,889
Other Tax Items	322,234	324,716	330,332	324,198	341,839
Charges for Services	68,690	237,343	73,217	90,353	94,219
Use of Money & Property	8,030	4,998	916	43,127	29,345
Sale of Property and					
Compensation for Loss	-	-	33,571	7,346	219,907
Miscellaneous	146,368	261,063	273,661	172,591	178,307
Revenues from State Sources	12,713,861	12,347,190	12,651,369	13,052,709	13,843,787
Revenue from Federal Sources	30,200	24,066	66,156	50,573	38,231
Total Revenues	<u>\$ 18,346,464</u>	<u>\$ 18,353,806</u>	<u>\$ 18,580,797</u>	<u>\$ 18,780,290</u>	<u>\$ 19,685,524</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>18,346,464</u>	<u>18,353,806</u>	<u>18,580,797</u>	<u>18,780,290</u>	<u>19,685,524</u>
<u>EXPENDITURES</u>					
General Support	\$ 1,943,604	\$ 2,166,590	\$ 2,299,918	\$ 2,581,571	\$ 2,350,040
Instruction	7,825,090	8,092,849	8,182,570	8,753,919	9,044,826
Pupil Transportation	842,314	976,097	875,932	958,072	816,937
Community Services	1,000	-	-	-	-
Employee Benefits	3,331,285	3,871,171	4,230,480	4,181,130	4,216,653
Debt Service	2,566,685	1,812,880	1,721,375	1,706,405	1,702,880
Total Expenditures	<u>\$ 16,509,978</u>	<u>\$ 16,919,587</u>	<u>\$ 17,310,275</u>	<u>\$ 18,181,097</u>	<u>\$ 18,131,336</u>
Other Uses:					
Interfund Transfers	<u>26,469</u>	<u>86,691</u>	<u>90,469</u>	<u>1,400,033</u>	<u>4,116,499</u>
Total Expenditures and Other Uses	<u>16,536,447</u>	<u>17,006,278</u>	<u>17,400,744</u>	<u>19,581,130</u>	<u>22,247,835</u>
Excess (Deficit) Revenues Over					
Expenditures	<u>1,810,017</u>	<u>1,347,528</u>	<u>1,180,053</u>	<u>(800,840)</u>	<u>(2,562,311)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	5,640,983	7,451,000	8,798,528	9,978,581	9,177,741
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 7,451,000</u></u>	<u><u>\$ 8,798,528</u></u>	<u><u>\$ 9,978,581</u></u>	<u><u>\$ 9,177,741</u></u>	<u><u>\$ 6,615,430</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 - Budget and Actual

Fiscal Years Ending June 30:	2018			2019	2020
	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 4,872,345	\$ 4,872,345	\$ 4,932,674	\$ 4,916,196	\$ 4,965,358
Other Tax Items	371,573	371,573	340,703	376,149	383,318
Charges for Services	45,250	45,250	140,756	45,200	47,000
Use of Money & Property	30,500	30,500	28,969	30,500	15,000
Sale of Property and Compensation for Loss	300	300	790	300	300
Miscellaneous	95,000	95,000	284,726	95,000	125,000
Revenues from State Sources	14,033,935	14,033,935	14,121,636	14,052,728	14,568,655
Revenues from Federal Sources	25,000	25,000	36,536	27,000	35,000
Total Revenues	<u>\$ 19,473,903</u>	<u>\$ 19,473,903</u>	<u>\$ 19,886,790</u>	<u>\$ 19,543,073</u>	<u>\$ 20,139,631</u>
Other Sources:					
Appropriated Reserves	-	-	-	200,000	200,000
Interfund Transfers	45,000	45,000	-	39,120	45,150
Total Revenues and Other Sources	<u>19,518,903</u>	<u>19,518,903</u>	<u>19,886,790</u>	<u>19,782,193</u>	<u>20,384,781</u>
<u>EXPENDITURES</u>					
General Support	\$ 2,500,180	\$ 2,889,840	\$ 2,472,742	\$ 2,441,419	\$ 2,580,932
Instruction	10,061,637	10,323,499	9,816,899	10,144,542	10,925,513
Pupil Transportation	1,012,533	958,237	854,146	1,086,318	1,026,390
Community Services	1,000	1,000	-	96,000	76,000
Employee Benefits	4,742,000	4,314,684	4,242,887	4,928,258	4,722,134
Debt Service	1,361,255	1,361,255	1,361,255	1,359,155	1,357,005
Total Expenditures	<u>\$ 19,678,605</u>	<u>\$ 19,848,515</u>	<u>\$ 18,747,929</u>	<u>\$ 20,055,692</u>	<u>\$ 20,687,974</u>
Other Uses:					
Interfund Transfers	70,000	1,110,508	1,071,746	70,000	60,000
Total Expenditures and Other Uses	<u>19,748,605</u>	<u>20,959,023</u>	<u>19,819,675</u>	<u>20,125,692</u>	<u>20,747,974</u>
Excess (Deficit) Revenues Over Expenditures	<u>(229,702)</u>	<u>(1,440,120)</u>	<u>67,115</u>	<u>(343,499)</u>	<u>(363,193)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	229,702	1,440,120	6,615,430	343,499	363,193
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,682,545</u>	<u>\$ -</u>	<u>\$ -</u>

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

APPENDIX - B
Clyde-Savannah CSD

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	\$ 930,000	\$ 427,005.00	\$ 1,357,005.00
2021	975,000	382,955.00	1,357,955.00
2022	1,020,000	336,755.00	1,356,755.00
2023	1,070,000	288,405.00	1,358,405.00
2024	1,120,000	237,655.00	1,357,655.00
2025	1,175,000	184,505.00	1,359,505.00
2026	1,225,000	131,755.00	1,356,755.00
2027	1,280,000	75,995.00	1,355,995.00
2028	325,000	17,350.00	342,350.00
2029	180,000	6,300.00	186,300.00
TOTALS	\$ 9,300,000	\$ 2,088,680.00	\$ 11,388,680.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2013 DASNY			2014 DASNY		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 685,000	\$ 327,500.00	\$ 1,012,500.00	\$ 245,000	99,505.00	344,505.00
2021	720,000	293,250.00	1,013,250.00	255,000	89,705.00	344,705.00
2022	755,000	257,250.00	1,012,250.00	265,000	79,505.00	344,505.00
2023	795,000	219,500.00	1,014,500.00	275,000	68,905.00	343,905.00
2024	835,000	179,750.00	1,014,750.00	285,000	57,905.00	342,905.00
2025	875,000	138,000.00	1,013,000.00	300,000	46,505.00	346,505.00
2026	920,000	94,250.00	1,014,250.00	305,000	37,505.00	342,505.00
2027	965,000	48,250.00	1,013,250.00	315,000	27,745.00	342,745.00
2028	-	-	-	325,000	17,350.00	342,350.00
2029	-	-	-	180,000	6,300.00	186,300.00
TOTALS	\$ 6,550,000	\$ 1,557,750.00	\$ 8,107,750.00	\$ 2,750,000	\$ 530,930.00	\$ 3,280,930.00

MATERIAL EVENT NOTICES

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

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

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.

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 Note; 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 Note 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 Note (including holders of beneficial interests in the Note). The right of holders of the Note 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 Note nor entitle any holder of the Note 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.

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

FORM OF BOND COUNSEL'S OPINION

August 30, 2019

Clyde-Savannah Central School District
Wayne and Seneca Counties
State of New York

Re: Clyde-Savannah Central School District, Wayne and Seneca Counties, New York
\$6,132,896 Bond Anticipation Notes, 2019 Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$6,132,896 Bond Anticipation Notes, 2019 Series B (the "Obligation"), of the Clyde-Savannah Central School District, Wayne and Seneca Counties, New York (the "Obligor"), dated August 30, 2019, numbered 1, of the denomination of \$6,132,896, bearing interest at the rate of ___% per annum, payable at maturity, and maturing July 10, 2020.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, 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 Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

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. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation 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 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 Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage 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 municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions 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 Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
WAYNE AND SENECA COUNTIES, NEW YORK**

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2018

Such Audited Financial Statements and 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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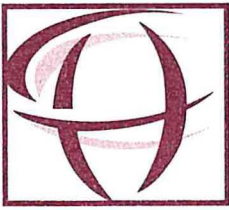
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NYSSCPA
Government Audit Quality Center
Employee Benefit Plan Audit Quality Center

Independent Auditors' Report

To the Board of Education
Clyde-Savannah 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 Clyde-Savannah Central School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Independent Auditors' Report
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clyde-Savannah Central School District, as of June 30, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

We draw attention to Notes 10 and 18 in the notes to the financial statements which disclose the effects of Clyde-Savannah Central School District's adoption of the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the District's total OPEB liability and related ratios, the schedule of the local government's proportionate share of the net pension liability, and the schedule of the local government's share of contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clyde-Savannah Central School District's basic financial statements. Other supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America and/or New York State Education Department. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



Independent Auditors' Report
(Continued)

The supplementary information listed in the table of contents and the schedule of expenditures of federal awards 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on the schedules.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018, on our consideration of Clyde-Savannah 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 Clyde-Savannah 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 Clyde-Savannah Central School District's internal control over financial reporting and compliance.

Crowley & Halloran CPAs P.C.
Watertown, NY
September 25, 2018

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The following discussion and analysis of Clyde-Savannah Central School District's (District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and other financial statements to enhance their understanding of the School District's financial performance. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The liabilities and deferred inflows of resources of the District exceed its assets and deferred outflows of resources June 30, 2018 by \$(7,253,002) which constitutes the net position (deficit) of the District. The net position of the District includes all of the governmental funds and the fixed asset value of the District's land, buildings and equipment (net of estimated depreciation). At June 30, 2018, unrestricted net position was \$(29,856,544). Other components of net position were net investment in capital assets of \$16,428,456 and restricted net position totaling \$6,175,086. The District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions which required a restatement of \$24,531,339 decreasing net position and increasing the liability for OPEB. The 2017 balances in this Management's Discussion and Analysis have not been restated to reflect this change.

General revenues which include Federal and State Aid and Real Property Taxes accounted for \$19,773,841 or 89.1% of all revenues. Program specific revenues in the form of Charges for Services, Operating Grants and Operating Contributions accounted for \$2,425,414 or 10.9% of total revenues.

In accordance with New York State Public Education Law, the District maintains a fund balance in the General Fund of the District. By law, the District cannot retain more than 4% of the ensuing year's General Fund budget in its unassigned fund balance at June 30, 2018, which the District is in compliance with. Additionally, New York State Law allows the District to establish and maintain various reserves. In an effort to establish financial position and reduce dramatic fluctuations in the District's tax rates, the District has established and maintains the following reserves: Reserve for Employee Benefit Accrued Liabilities, Insurance, Reserve for Unemployment Insurance, Reserve for Workers' Compensation, Reserve for Tax Certiorari, Reserve for Liability, Reserve for Retirement, Reserve for Debt Service, Reserve for School Bus Purchases, and Reserve for Capital Building.

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

OVERVIEW OF THE FINANCIAL STATEMENTS

The School District's annual report consists of three parts: management's discussion & analysis, the basic financial statements, and required supplementary information.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents Management's Discussion and Analysis (MD&A). It precedes the financial statements and its purpose is to put current financial performance in perspective relative to past performance and future expectations.

Reclassifications

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

BASIC FINANCIAL STATEMENTS

The basic financial statements include two kinds of statements that present different views of the School District, district-wide and fund financial statements.

District-wide Financial Statements

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

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

The two district-wide statements report the School District's net position and how it has changed. Net Position - the balance of the School District's assets plus deferred outflows of resource less liabilities and deferred inflows of resources - is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position 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 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.

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the School District. 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 repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

Governmental Funds - most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending.

- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- 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 of the district-wide statements, additional information at the end of the governmental funds statements explains the relationship (or differences) between them.

Fiduciary Funds - the School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds.

- The *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 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.

Notes to the Financial Statements

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

REQUIRED SUPPLEMENTARY INFORMATION

The basic financial statements and notes 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.

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

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.

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

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activity monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities and changes in net position 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability /deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The largest component of the District's net position reflects its investment in capital assets and amounts restricted for future debt service, which is directly related to the debt used to acquire the District's capital assets. The District uses these capital assets to provide services to the students, and consequently these assets are not available for future spending. As previously discussed, the District's budget process and means of financing is done annually and is supported mostly by real property taxes and New York State Aid. Not only is the net position of the District predominantly without discretion as to their financial flexibility and liquidity, so too is the District's ability to exercise significant discretion over its budget. The District's budget is very much fixed by provisions of employment contracts, transportation obligations and fixed debt service obligations, leaving only a small portion of the annual budget to discretion.

The financial uncertainty of the State of New York caused the District to take a conservative approach with regards to the spending and finances during the year ended June 30, 2018. For the General Fund management was diligent in their efforts to maximize State Aid and other revenue due to the District. As a result the District received \$412,887 of additional revenue than the budgeted amount. Expenditures were monitored closely throughout the year. These efforts resulted in expenditures being lower than budgeted by \$863,780 after a provision for encumbrances outstanding at June 30, 2018. Current year operations resulted in a surplus of revenues over expenditures and other uses of \$67,115 after transfers to other funds totaling \$1,071,746.

Condensed Statement of Net Position

	Governmental Activities and Total School District		Percentage
	2018	2017	Change
Current and Other Assets	\$ 11,654,539	\$ 12,862,361	(9.4%)
Capital & Pension Assets	26,935,124	25,765,099	4.5%
Total Assets	<u>38,589,666</u>	<u>38,627,460</u>	(0.1%)
Deferred Outflows of Resources	<u>4,978,332</u>	<u>4,766,320</u>	4.4%
Long-Term Liabilities	47,255,414	23,098,519	104.6%
Other Liabilities	<u>1,835,821</u>	<u>1,989,202</u>	(7.7%)
Total Liabilities	<u>49,091,235</u>	<u>25,087,721</u>	95.7%
Deferred Inflows of Resources	<u>1,729,765</u>	<u>345,347</u>	400.9%
Net position			
Net Investment in Capital Assets	16,428,456	14,715,099	11.6%
Restricted	6,175,086	5,573,223	10.8%
Unrestricted	<u>(29,856,544)</u>	<u>(2,327,610)</u>	(1,182.7%)
Total Net Position	<u>\$ (7,253,002)</u>	<u>\$ 17,960,712</u>	(140.4%)

Total net position decreased by \$25,213,714 because of the following:

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

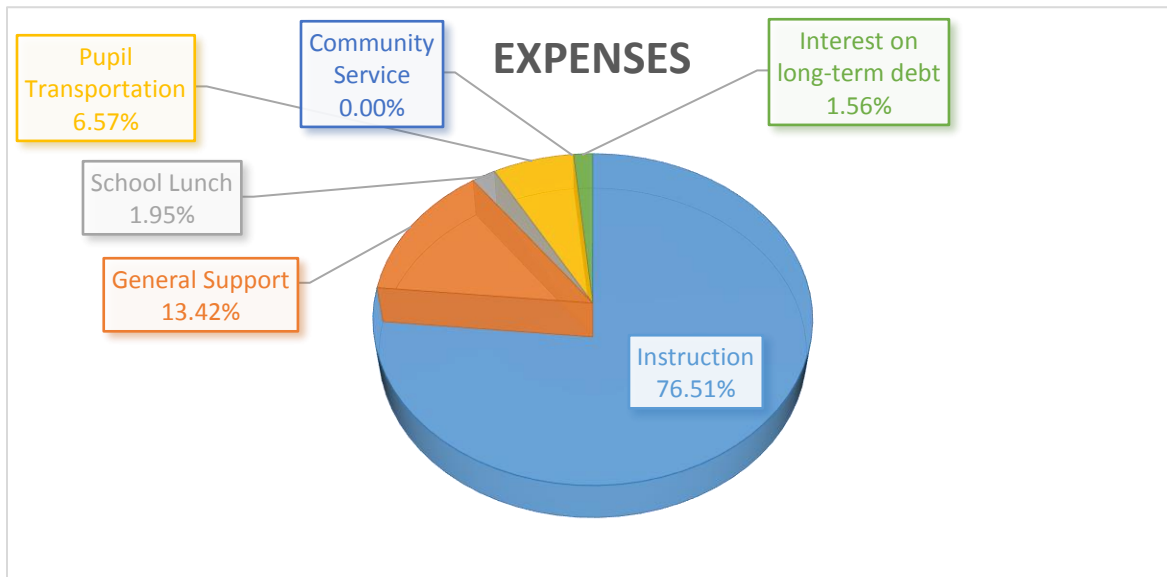
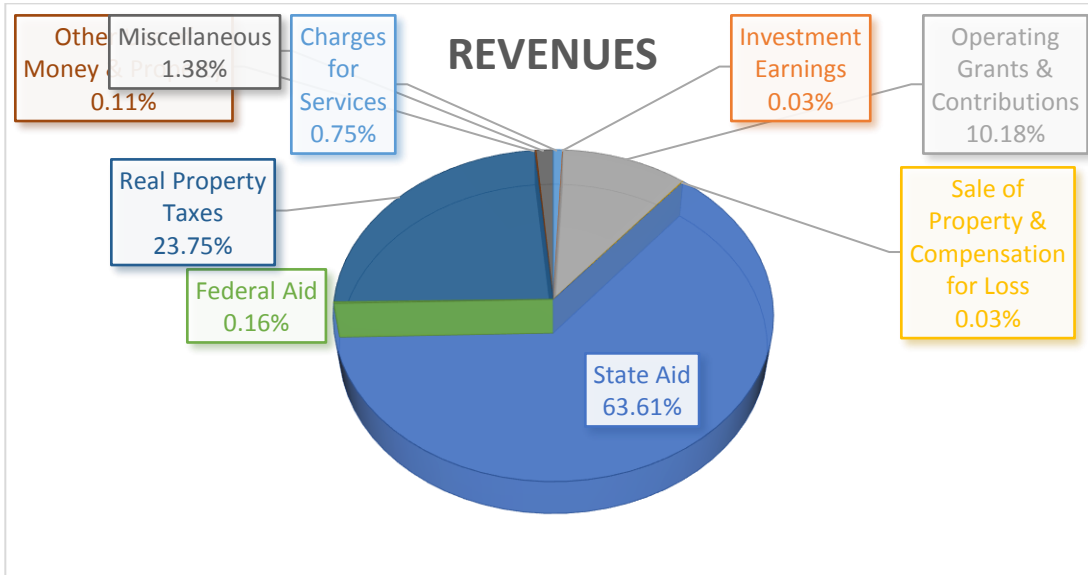
- Total assets decreased \$37,794. Current and other assets decreased \$1,207,822 as a result of the decrease in the District's cash balances and amounts due from other governments. Capital assets increased by \$853,357 due to the net increases in construction in progress due for the on-going capital projects, bus and equipment purchases and the annual depreciation expense on the District's capital assets. The District recorded its proportionate share of the pension asset \$316,671, which was a liability in the prior year.
- The District recorded its proportionate share of the deferred outflows of resources related to the Other Post Employment Benefits (OPEB) in accordance with the newly implemented GASB 75 standard in the amount of \$42,153. The deferred outflow of resources related to the pension increased \$169,859 to \$4,936,179.
- Total liabilities increased \$24,003,514 primarily due to the increase in the OPEB liability of \$25,807,190 for the implementation of GASB No. 75. The liability for OPEB increased \$1,275,851 from the restated liability of \$35,090,714. This increase was offset by decreases in the net pension liability of \$816,276 and the payment of debt of \$860,000. Current liabilities decreased \$153,381.
- Deferred inflows of resources increased by \$1,384,418. This was primarily in the pension related. The OPEB deferred inflows were \$4,736.
- Beginning net position was decreased by \$24,531,339 for the restatement required for the implementation of GASB No. 75.

Net Position from Operating Results

	Governmental Activities and Total School District		Percentage
	2018	2017	Change
Revenues			
Program Revenues			
Charges for Services	\$ 165,600	\$ 122,895	34.7%
Operating Grants and Contributions	2,259,814	2,402,570	(5.9%)
General Revenues			
Property Taxes and Other Tax Items	5,273,377	5,281,728	(0.2%)
State Formula Aid	14,121,636	13,843,787	2.0%
Federal Aid	36,536	38,231	(4.4%)
Interest Earnings	5,840	3,584	62.9%
Sale of Property and Compensation for Loss	6,668	(749,766)	(100.9%)
Other Use of Money and Property	23,499	25,963	(9.5%)
Miscellaneous	<u>306,285</u>	<u>199,629</u>	53.4%
Total Revenues	<u>22,199,255</u>	<u>21,168,621</u>	4.9%
Expenses			
General Support	3,069,894	3,034,679	1.2%
Instruction	17,507,279	17,252,208	1.5%
Transportation	1,502,572	1,519,039	(1.1%)
Community Service	170	5,000	(96.6%)
Debt Service - Interest on Bonds	356,309	385,952	(7.7%)
School Food	<u>445,406</u>	<u>476,109</u>	(6.4%)
Total Expenses	<u>22,881,630</u>	<u>22,672,987</u>	0.9%
Decrease in Net Position	<u>\$ (682,375)</u>	<u>\$ (1,504,366)</u>	(54.6%)

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**



See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Governmental Activities

This section presents the cost of six major District activities: general support, instruction, transportation, community service, debt service and school food. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Net Cost of Governmental Activities

	Total Cost of Services		%	Net Cost of Services		%
	2018	2017	Change	2018	2017	Change
General Support	\$ 3,069,894	\$ 3,034,679	1.2 %	\$ 3,069,894	\$ 3,034,679	1.2%
Instruction	17,507,279	17,252,208	1.5%	15,751,923	15,348,701	2.6%
Pupil Transportation	1,502,572	1,519,039	(1.1%)	1,344,897	1,402,645	(4.1%)
Community Service	170	5,000	(96.6%)	170	5,000	(96.6%)
Debt Service	356,309	385,952	(7.7%)	356,309	385,952	(7.7%)
School Food	445,406	476,109	(6.4%)	(66,977)	(29,455)	127.4%
Total	<u>\$ 22,881,630</u>	<u>\$22,672,987</u>	0.9%	<u>\$ 20,456,216</u>	<u>\$20,147,522</u>	1.5%

District operations are supported predominantly by property taxes and State and Federal aid, of which a majority is not specifically allocated to individual programs. The State aid that the District receives cannot be completely allocated to individual categories. Comparisons from year to year will fluctuate with the formulas that the State uses to distribute aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near term inflows, outflows and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year and amounts to be applied against next year's fund balance.

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (continued)

Government Funds (continued)

At the end of the current fiscal year, the District's Governmental funds reported a combined fund balance of \$10,433,735. Of this amount, \$805,025 constitutes undesignated and unassigned fund balance in the general fund. Unassigned reserved for tax reduction totals \$107,958 in the general fund. Assigned fund balance totals \$3,034,634, which represents amounts that the District has identified for specific purposes, but these funds have not been committed or reserved. Non-spendable fund balance of \$272,262 includes food service inventory of \$10,806 and prepaid expenditures of \$261,456. The remainder of the combined fund balance, \$6,175,086 is reserved to indicate that it is not available for new spending because it has already been committed. These reserves have been established in accordance with New York State educational law and their use is restricted for the intended purpose.

The District's reserves include:

Reserve for unemployment insurance	\$ 85,818
Reserve for tax certiorari	20,000
Reserve for employee benefit accrued liabilities	294,491
Insurance reserve	497,052
Workers compensation reserve	311,710
Reserve for liability	564,161
Reserve for retirement	1,481,574
Reserve for capital building	1,063,786
Reserve for school vehicles	1,404,880
Reserve for debt service	<u>451,614</u>
	<u>\$ 6,175,086</u>

General Fund

At June 30, 2018 the District's fund balance in the General Fund amounted to \$6,682,545. The amount of the fund balance that is unassigned and undesignated amounted to \$805,025, which is 4.0% of the General Fund budget appropriations for the year ending June 30, 2018. \$107,958 has been set aside for tax reduction.

School Lunch Fund

At June 30, 2018, the District's fund balance in the School Lunch Fund amounted to \$60,513. The District's lunch program has been managed very diligently. As the result of legislation and mandates from the Healthy Hunger-Free Kids Act and the Affordable Care Act an operating transfer was necessary. The District will continue to maintain prices and quality while continuing to be creative and innovative.

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had capital assets of \$26,618,456, net of accumulated depreciation, invested in a broad range of capital assets including land, buildings and improvements, and machinery and equipment. Capital asset additions include the purchase of two school buses and equipment. The change in capital assets, net of accumulated depreciation, is reflected below.

	Governmental Activities and Total School District		Total Percentage Change
	2018	2017	
Land	\$ 264,341	\$ 264,341	-%
Construction in Progress	2,443,454	418,782	483.5%
Buildings and Improvements (net of depreciation)	22,522,671	23,830,533	(5.5%)
Vehicles (net of depreciation)	878,230	789,420	11.3%
Equipment and Furniture (net of depreciation)	<u>509,760</u>	<u>462,023</u>	10.3%
Total	<u>\$ 26,618,456</u>	<u>\$ 25,765,099</u>	3.3%

The District has established a capital reserve for \$1,063,786 and bus reserve for \$1,404,880 to plan for future bus purchases and maintain the quality of its facilities. During the year, \$981,442 was transferred from the General Fund to the Capital Fund.

Long-Term Debt

The District's long-term debt consists of serial bonds maturing in 2029. The serial bonds outstanding were issued in connection with the District's building improvements project. The OPEB 2017 balance is reflected before a restatement increase of \$24,531,339 for a change in accounting principle for the implementation of GASB Statement No. 75.

	Governmental Activities and Total School District		Total Percentage Change
	2018	2017	
General Obligation Bonds	\$ 10,190,000	\$ 11,050,000	(7.8%)
Compensated Absences	466,690	440,710	5.9%
Other Postemployment Benefits	36,366,565	10,559,375*	2,861.2%
Net Pension Liability – Proportionate Share	<u>232,158</u>	<u>1,048,434</u>	(77.9%)
Total	<u>\$ 47,255,413</u>	<u>\$ 23,098,519</u>	104.6%

* Before restatement for GASB No. 75 of \$24,531,339, restated 2017 OPEB liability is \$35,090,714.

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

FACTORS BEARING ON THE DISTRICT'S FUTURE

The factor that will most likely have the largest impact on the District is the District's diminishing tax base in a climate of increasing cost. The District will be challenged in its ability to maintain stable, manageable tax increases in the future. The economic condition of the State along with unfunded mandates will undoubtedly also have an impact on the District's future financial condition.

Rising benefit costs and increasing personnel costs will undoubtedly lead to increased program costs. The District will continue to evaluate class sizes and programs and the related cost.

The state aid calculations over the next few years will determine the severity of the program cuts the districts may be faced with. Uncertainties surrounding maintaining the existing formula could adversely affect the District's ability to fund educational programs without significant increases in local tax effort. A court decision involving funding for New York City Schools resulted in increased state aid for New York City without reducing state aid for the rest of the state. It still remains unclear at this time whether the state will continue to provide increased funding for New York City without impacting other schools around the state, or whether funding will need to be reduced for other schools to be able to fund additional increases in school aid for New York City.

Increased costs for employee benefits such as teachers' retirement, employees' retirement, and health insurance will continue to put a strain on the District's ability to fund current educational programs without significant increases in local tax effort. Decisions to eliminate current programs or start new ones will be topics of discussion during planning for the 2018-19 Budget. The District's five-year financial plan will determine the use of reserves and fund balances. Changes in educational standards mandated by the State legislation will further erode available resources, along with the Country's economic climate.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

See paragraph on supplementary schedules included in auditors' report.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Total Governmental Funds
ASSETS	
Unrestricted Cash	\$ 9,866,945
Restricted Cash held with Fiscal Agent	-
Due from Fiduciary Funds	42,890
Due from Other Governments	649,654
Due from State and Federal	819,729
Accounts Receivable	3,059
Prepaid Expenditures	261,456
Inventories	10,806
Capital Assets, Net	26,618,456
Net Pension Asset-Proportionate Share	316,671
Total Assets	38,589,666
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	4,936,179
Other Post Employment Benefits Related (GASB 75)	42,153
Total Deferred Outflows of Resources	4,978,332
LIABILITIES	
Accounts Payable	207,657
Accrued Liabilities	73,858
Due to Fiduciary Funds	-
Due to Other Governments	2,271
Due to Teachers' Retirement System	704,021
Due to Employees' Retirement System	68,658
Retainage Payable	-
Bond Anticipation Notes Payable	-
Other Liabilities	779,356
Long-term Liabilities	
Due and Payable Within One Year	
Compensated Absences Payable	164,438
Bond Payable	890,000
Due and Payable After One Year	
Compensated Absences Payable	302,253
Bond Payable	9,300,000
Other Postemployment Benefits	36,366,565
Net Pension Liability - Proportionate Share	232,158
Total Liabilities	49,091,235
DEFERRED INFLOWS OF RESOURCES	
Pension Related	1,725,029
Other Post Employment Benefits Related (GASB 75)	4,736
Total Deferred Inflows of Resources	1,729,765
NET POSITION	
Net Investment in Capital Assets	16,428,456
Restricted	6,175,086
Unrestricted	(29,856,544)
Total Net Position	\$ (7,253,002)

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense)</u>
		<u>Charges For</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Changes In</u>
		<u>Operating</u>	<u>Net Position</u>
		<u>Grants</u>	
FUNCTIONS/PROGRAMS			
General Support	\$ 3,069,894	\$ -	\$ -
Instruction	17,507,279	15,999	1,739,357
Pupil Transportation	1,502,572	124,758	32,917
Community Service	170	-	-
Debt Service Expense	356,309	-	-
School Lunch Program, Excluding Benefits	445,406	24,843	487,540
	<u> </u>	<u> </u>	<u> </u>
Total Functions And Programs	<u><u>\$ 22,881,630</u></u>	<u><u>\$ 165,600</u></u>	<u><u>\$ 2,259,814</u></u>
GENERAL REVENUES			
Real Property Taxes			4,932,674
Other Tax Items			340,703
Interest Income			5,840
Other Use of Money And Property			23,499
Sale of Property and Compensation for Loss			6,668
Miscellaneous			306,285
State Sources			14,121,636
Federal Sources			36,536
			<u> </u>
Total General Revenues			<u>19,773,841</u>
Changes in Net Position			<u>(682,375)</u>
Net Position - Beginning of Year			17,960,712
Restatement - Change in Accounting (Note 18)			<u>(24,531,339)</u>
Net Position - Beginning of Year As Restated			<u>(6,570,627)</u>
Net Position - End of year			<u><u>\$ (7,253,002)</u></u>

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	Governmental Fund Types					Total Governmental Funds
	General	Special Aid	School Food Service	Debt Service	Capital	
ASSETS						
Unrestricted Cash	\$ 6,113,782	\$ 569,758	\$ 37,116	\$ 451,614	\$ 2,694,675	\$ 9,866,945
Restricted Cash held with Fiscal Agent	-	-	-	-	-	-
Due from Other Funds	1,082,155	-	50,000	-	690,934	1,823,089
Due from Fiduciary Funds	42,890	-	-	-	-	42,890
Due from Other Governments	649,654	-	-	-	-	649,654
Due from State and Federal	300,741	487,662	31,326	-	-	819,729
Other Receivables	1,529	-	1,530	-	-	3,059
Prepaid Expenditures	261,456	-	-	-	-	261,456
Inventories	-	-	10,806	-	-	10,806
Total Assets	8,452,207	1,057,420	130,778	451,614	3,385,609	13,477,628
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows of Resources	-	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-	-	-
LIABILITIES AND FUND BALANCE						
Accounts Payable	57,032	4,079	-	-	146,546	207,657
Accrued Liabilities	33,589	39,398	871	-	-	73,858
Due to Other Funds	740,934	1,013,943	68,212	-	-	1,823,089
Due to Fiduciary Funds	-	-	-	-	-	-
Due to Other Governments	2,271	-	-	-	-	2,271
Due to Teachers' Retirement System	704,021	-	-	-	-	704,021
Due to Employees' Retirement System	68,658	-	-	-	-	68,658
Retainage Payable	-	-	-	-	-	-
Bond Interest and Matured Bonds	-	-	-	-	-	-
Bond Anticipation Notes Payable	-	-	-	-	-	-
Compensated Absences	112,028	-	-	-	-	112,028
Other Liabilities	51,129	-	1,182	-	-	52,311
Total Liabilities	1,769,662	1,057,420	70,265	-	146,546	3,043,893
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows of Resources	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balance:						
Non-spendable	261,456	-	10,806	-	-	272,262
Restricted	5,032,538	-	-	451,614	690,934	6,175,086
Committed	-	-	-	-	-	-
Assigned	475,568	131	10,806	-	2,548,129	3,034,634
Unassigned	912,983	(131)	38,901	-	-	951,753
Total Fund Balance	6,682,545	-	60,513	451,614	3,239,063	10,433,735
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 8,452,207	\$ 1,057,420	\$ 130,778	\$ 451,614	\$ 3,385,609	\$ 13,477,628

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted Cash	\$ 9,866,945	\$ -	\$ -	\$ 9,866,945
Restricted Cash held with Fiscal Agent	-	-	-	-
Due from Other Funds	1,823,089	-	(1,823,089)	-
Due from Fiduciary Funds	42,890	-	-	42,890
Due from Other Governments	649,654	-	-	649,654
Due from State and Federal	819,729	-	-	819,729
Accounts Receivable	3,059	-	-	3,059
Prepaid Expenditures	261,456	-	-	261,456
Inventories	10,806	-	-	10,806
Capital Assets, (Net)	-	26,618,456	-	26,618,456
Net Pension Asset-Proportionate Share	-	316,671	-	316,671
Total Assets	13,477,628	26,935,127	(1,823,089)	38,589,666
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	-	4,936,179	-	4,936,179
Other Post Employment Benefits Related (GASB 75)	-	42,153	-	42,153
Total Deferred Outflows of Resources	-	4,978,332	-	4,978,332
LIABILITIES				
Accounts Payable	207,657	-	-	207,657
Accrued Liabilities	73,858	-	-	73,858
Due to Other Funds	1,823,089	-	(1,823,089)	-
Due to Fiduciary Funds	-	-	-	-
Due to Other Governments	2,271	-	-	2,271
Due to Teachers' Retirement System	704,021	-	-	704,021
Due to Employees' Retirement System	68,658	-	-	68,658
Retainage Payable	-	-	-	-
Other Liabilities	52,311	727,045	-	779,356
Bond Anticipation Notes Interest Payable	-	-	-	-
Bond Anticipation Notes Payable	-	-	-	-
Compensated Absences Payable Within One Year	112,028	52,410	-	164,438
Bond Payable Due Within One Year	-	890,000	-	890,000
Compensated Absences Payable Due After One Year	-	302,253	-	302,253
Bonds Payable Due After One Year	-	9,300,000	-	9,300,000
Other Postemployment Benefits	-	36,366,565	-	36,366,565
Net Pension Liability - Proportionate Share	-	232,158	-	232,158
Total Liabilities	3,043,893	47,870,431	(1,823,089)	49,091,235
DEFERRED INFLOWS OF RESOURCES				
Pension Related	-	1,725,029	-	1,725,029
Other Post Employment Benefits Related (GASB 75)	-	4,736	-	4,736
Total Deferred Inflows of Resources	-	1,729,765	-	1,729,765
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	10,433,735	(17,686,737)	-	(7,253,002)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 13,477,628	\$ 31,913,459	\$ (1,823,089)	\$ 43,567,998

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Fund Types					Total Governmental Funds
	General	Special Aid	School Food Service	Debt Service	Capital	
REVENUES						
Real Property Taxes	\$ 4,932,674	\$ -	\$ -	\$ -	\$ -	\$ 4,932,674
Other Tax Items	340,703	-	-	-	-	340,703
Charges For Services	140,756	-	-	-	-	140,756
Use of Money And Property	28,969	-	-	370	-	29,339
Sale of Property And Compensation For Loss	790	-	-	-	-	790
Miscellaneous	284,726	5,218	16,341	-	-	306,285
State Sources	14,121,636	539,080	14,247	-	-	14,674,963
Federal Sources	36,536	1,233,194	440,190	-	-	1,709,920
Surplus Food - Federal Source	-	-	33,103	-	-	33,103
Sales	-	-	24,843	-	-	24,843
Total Revenues	19,886,790	1,777,492	528,724	370	-	22,193,376
EXPENDITURES						
General Support	2,472,745	-	-	-	-	2,472,745
Instruction	9,816,896	1,522,129	137,692	-	-	11,476,717
Pupil Transportation	854,146	32,917	-	-	-	887,063
Community Services	-	170	-	-	-	170
Employee Benefits	4,242,887	252,580	53,984	-	-	4,549,451
Debt Service	1,361,255	-	-	-	-	1,361,255
Cost of Sales	-	-	348,738	-	-	348,738
Capital Outlay	-	-	-	-	2,315,180	2,315,180
Total Expenditures	18,747,929	1,807,796	540,414	-	2,315,180	23,411,319
Excess (Deficit) Revenues Over Expenditures	1,138,861	(30,304)	(11,690)	370	(2,315,180)	(1,217,943)
OTHER FINANCING SOURCES AND (USES)						
Demand Bonds	-	-	-	-	-	-
Operating Transfers In	-	30,304	60,000	-	981,442	1,071,746
Operating Transfers (Out)	(1,071,746)	-	-	-	-	(1,071,746)
Total Other Sources (Uses)	(1,071,746)	30,304	60,000	-	981,442	-
Excess (Deficit) Revenues and Other Sources Over Expenditures and Other (Uses)	67,115	-	48,310	370	(1,333,738)	(1,217,943)
Fund Balance (Deficit), Beginning of Year	6,615,430	-	12,203	451,244	4,572,801	11,651,678
Fund Balance (Deficit), End of Year	\$ 6,682,545	\$ -	\$ 60,513	\$ 451,614	\$ 3,239,063	\$ 10,433,735

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Total Governmental Funds	Capital Related Items	Long-term Revenue, Expenses	Long-term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
REVENUES						
Real Property Taxes	\$ 4,932,674	\$ -	\$ -	\$ -	\$ -	\$ 4,932,674
Other Tax Items	340,703	-	-	-	-	340,703
Charges for Services	140,756	-	-	-	-	140,756
Other Use of Money and Property	29,339	-	-	-	-	29,339
Sale of Property and Compensation for Loss	790	5,878	-	-	-	6,668
Miscellaneous	306,285	-	-	-	-	306,285
State Sources	14,674,963	-	-	-	-	14,674,963
Federal Sources	1,709,920	-	-	-	-	1,709,920
Surplus Food	33,103	-	-	-	-	33,103
Sales	24,843	-	-	-	-	24,843
Total Revenues	<u>22,193,376</u>	<u>5,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,199,254</u>
EXPENDITURES						
General Support	2,472,745	90,411	-	-	506,738	3,069,894
Instruction	11,476,717	1,124,172	-	-	4,906,390	17,507,279
Pupil Transportation	887,063	230,562	-	-	384,947	1,502,572
Community Services	170	-	-	-	-	170
Employee Benefits	4,549,451	-	1,322,735	-	(5,872,186)	-
Debt Service	1,361,255	-	-	(1,004,946)	-	356,309
Cost of Sales	348,738	22,557	-	-	74,111	445,406
Capital Outlay	2,315,180	(2,315,180)	-	-	-	-
Total Expenditures	<u>23,411,319</u>	<u>(847,478)</u>	<u>1,322,735</u>	<u>(1,004,946)</u>	<u>-</u>	<u>22,881,630</u>
Excess (Deficit) Revenues Over Expenditures	<u>(1,217,943)</u>	<u>853,356</u>	<u>(1,322,735)</u>	<u>1,004,946</u>	<u>-</u>	<u>(682,376)</u>
OTHER FINANCING SOURCES AND (USES)						
Proceeds (Uses) From Debt	-	-	-	-	-	-
Operating Transfers In (Out)	-	-	-	-	-	-
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change for the Year	<u>\$ (1,217,943)</u>	<u>\$ 853,356</u>	<u>\$ (1,322,735)</u>	<u>\$ 1,004,946</u>	<u>\$ -</u>	<u>\$ (682,376)</u>

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

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

Net Change in Fund Balances - Total Governmental Funds \$ (1,217,943)

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

Capital Outlays - Net	2,024,672
Depreciation Expense	(1,565,829)
Additions to Assets	388,636

In the Statement of Activities, the gain/loss on the disposal of assets is reported as an increase/decrease in the financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed. 5,878

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period. 860,000

Proceeds from bond premiums are reported in governmental funds as revenues, however in the Statement of Activities, the unearned revenue is allocated over the life of the bonds as a reduction of interest expense. This is the amount that the current year premiums received exceeds the amortization in the period. 144,946

(Increases) decreases in accrued compensated absences reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. (7,425)

On the Statement of Activities, the actual and projected long term expenditures for post employment benefits are reported, whereas, on the governmental funds only the actual expenditures are recorded for post employment benefits. (1,238,434)

(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds

Teachers' Retirement System	(78,127)
Employees' Retirement System	1,251

Change in net position of governmental activities \$ (682,375)

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Private Purpose Trusts	Agency
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ -	\$ 35,261
Restricted Cash	300,968	68,253
Accounts Receivable	-	-
Due from Other Funds	<u>-</u>	<u>-</u>
 Total Assets	 <u><u>\$ 300,968</u></u>	 <u><u>\$ 103,514</u></u>
 LIABILITIES		
Due to Other Funds	\$ -	\$ 42,890
Other Liabilities	-	32,812
State Retirement	-	-
Extraclassroom Activity Balances	<u>-</u>	<u>27,812</u>
 Total Liabilities	 <u>-</u>	 <u>103,514</u>
 NET POSITION		
Unrestricted	-	-
Restricted for Other Purposes	<u>300,968</u>	<u>-</u>
 Total Net Position	 <u>300,968</u>	 <u>-</u>
 Total Liabilities and Net Position	 <u><u>\$ 300,968</u></u>	 <u><u>\$ 103,514</u></u>

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Private Purpose Trusts
	<u> </u>
ADDITIONS	
Contributions	\$ 200
Investment Interest Earnings	<u> -</u>
Total Additions	<u> 200</u>
DEDUCTIONS	
Scholarships and awards	<u> 8,600</u>
Total Deductions	<u> 8,600</u>
Change in Net Position	(8,400)
Net Position - Beginning of year	<u> 309,368</u>
Net Position - End of Year	<u><u> \$ 300,968</u></u>

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

District-wide statements

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

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

Fund financial statements

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

The District reports the following major governmental funds:

- **General Fund** - this is the District’s primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- **Special Revenue Funds** - these funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, school food service, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
- **Capital Projects Funds** - these funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

BASIS OF PRESENTATION (continued)

Fund financial statements (continued)

The District reports the following non-major fund as a major governmental fund, displayed in a separate column.

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

The District reports the following fiduciary funds:

- **Fiduciary Funds** - Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:
 - **Agency Funds:** These funds are custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or Extraclassroom activity funds and for payroll or employee withholding.
 - **Private Purpose Trust Fund:** These funds are used to account for trust arrangements 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.

REPORTING ENTITY

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

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

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

REPORTING ENTITY (continued)

Extraclassroom Activity Funds

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

JOINT VENTURE

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

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

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

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

CASH AND INVESTMENTS

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

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

Investments are stated at fair value.

PROPERTY TAXES

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

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

ACCOUNTS RECEIVABLE

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that all accounts receivable will be collected.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

INVENTORIES AND PREPAID ITEMS

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items are payments made by the District for which benefits extend beyond year-end.

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

CAPITAL ASSETS

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 50,000	straight-line	15-50 years
Machinery and Equipment	\$ 5,000	straight-line	5-25 years
Vehicles	\$ 5,000	straight-line	5-10 years

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

VESTED EMPLOYEE BENEFITS

Compensated Absences

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

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employee contracts. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end. In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Other Benefits

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

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

The School District follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 10 for additional information.

The District has established a reserve for employee benefit accrued liabilities which have been calculated at rates in effect as of the balance sheet date. The amount recognized at June 30, 2018 for the value of long-term employee benefits was \$354,663 which is included in the District's net position at June 30, 2018.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING

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

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

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.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

UNEARNED REVENUES

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized. In the current year, these amounts are recognized as other liabilities as \$52,311 in the governmental funds.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN 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 School District reports a deferred charge on refunding reported in the district-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows related to pensions and OPEB plans reported in the district-wide Statement of Net Position. The types of deferred outflows related to pensions and OPEB plans are described in Note 1 and 10, respectively.

In addition to the liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District can have deferred inflows that arise only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available. In the current year, no amounts are recognized as deferred inflows in the governmental funds from property taxes. The School District can have deferred inflows related to pensions and OPEB plans reported in the district-wide Statement of Net Position. The types of deferred inflows related to pensions and OPEB plans are further described in Note 1 and 10, respectively.

PENSION OBLIGATIONS

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS) (the Systems).

PLAN DESCRIPTIONS AND BENEFITS PROVIDED

Teachers' Retirement Systems (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
PLAN DESCRIPTIONS AND BENEFITS PROVIDED (continued)

Teachers' Retirement Systems (TRS) (continued)

Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nysstrs.org.

Employees' Retirement Systems (ERS)

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

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
PLAN DESCRIPTIONS AND BENEFITS PROVIDED (continued)

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2017-2018	\$ 695,178	\$ 278,599
2016-2017	\$ 903,113	\$ 252,188
2015-2016	\$ 1,129,258	\$ 244,784

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

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

At June 30, 2018, 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, 2018 for ERS and June 30, 2017 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.

	<u>ERS</u>	<u>TRS</u>
Measurement date	31-Mar-18	30-Jun-17
Net pension asset/(liability)	\$ (232,158)	\$ 316,671
District's portion of the Plan's total net pension asset/(liability)	0.0071932%	0.041662%

For the year ended June 30, 2018, the District recognized pension expense of \$266,960 for ERS and the actuarial value of \$784,480 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 82,803	\$ 260,542	\$ 68,425	\$ 123,466
Changes of assumptions	\$ 153,940	\$ 3,222,188	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 337,191	\$ -	\$ 665,581	\$ 745,852
Changes in proportion and differences between the District's contributions and proportionate share of contributions	\$ 36,805	\$ -	\$ 41,823	\$ 79,882
District's contributions subsequent to the measurement date	<u>\$ 68,658</u>	<u>\$ 774,052</u>	<u>\$ -</u>	<u>\$ -</u>
Total	\$ 679,397	\$ 4,256,782	\$ 775,829	\$ 949,200

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Fiscal year ended June 30,		
2019	\$ 35,991	\$ 61,614
2020	36,505	840,824
2021	(165,143)	598,389
2022	(72,443)	139,779
2023	-	596,614
Thereafter	-	296,310

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2018	June 30, 2017
Actuarial Valuation Date	April 1, 2017	June 30, 2016
Investment Rate of Return	7.0%	7.25%
Salary Scale	3.8%, indexed by Service	1.90% - 4.72%
Projected COLAs	1.3%	1.5%
Decrement Tables	April 1, 2010-March 31, 2015	July 1, 2009-June 30, 2014
	System's Experience	System's Experience
Inflation Rate	2.5%	2.5%

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

For ERS, the actuarial assumptions used in the April 1, 2017 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, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Measurement Date	ERS March 31, 2018	Long-Term Expected Real Rate of Return
<u>Asset Type</u>	<u>Target Allocation</u>	<u>of Return</u>
Domestic Equity	36%	4.55%
International Equity	14	6.35
Private Equity	10	7.50
Real Estate	10	5.55
Absolute Return Strategies	2	3.75
Opportunistic Portfolio	3	5.68
Real Asset	3	5.29
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.25
	<u>100%</u>	
Measurement Date	TRS June 30, 2017	Long-Term Expected Real Rate of Return*
<u>Asset Type</u>	<u>Target Allocation</u>	<u>of Return*</u>
Equities:		
Domestic Equity	35%	5.9%
International Equity	18	7.4
Real Estate	11	4.3
Private Equities	8	9.0
Total Equities	72	
Fixed Income:		
Domestic Fixed Income Securities	16	1.6
Global Fixed Income Securities	2	1.3
High-Yield Fixed Income Securities	1	3.9
Mortgages	8	2.8
Short Term	1	0.6
Total Fixed Income	28	
Total	<u>100%</u>	

*Real rates of return are net of a long-term inflation assumption of 2.2% for 2017.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0% for ERS and 6.25% for TRS) or 1-percentage-point higher (8.0% for ERS and 8.25% for TRS) than the current rate :

	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
ERS			
Employer's proportionate share of the net pension asset (liability)	\$(1,756,568)	\$ (232,158)	\$ 1,057,432
	1% Decrease <u>(6.25%)</u>	Current Assumption <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
TRS			
Employer's proportionate share of the net pension asset (liability)	\$(5,455,301)	\$ 316,671	\$ 5,150,411

PENSION PLAN FIDUCIARY NET POSITION

The components of the collective net pension liability of ERS as of March 31, 2018 measurement date were as follows:

Total pension liability	\$ 183,400,590,000
ERS fiduciary net position	<u>(180,173,145,000)</u>
Employers' net pension liability	<u>\$ 3,227,445,000</u>
ERS fiduciary net position as a Percentage of total pension liability	<u>98.24%</u>

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

PENSION PLAN FIDUCIARY NET POSITION (continued)

The components of the collective net pension liability of TRS as of June 30, 2017 measurement date were as follows:

Total pension liability	\$ 114,708,261,032
TRS fiduciary net position	<u>(115,468,360,316)</u>
Employers' net pension liability (asset)	<u>\$ (760,099,284)</u>

TRS fiduciary net position as a	
Percentage of total pension liability	<u>100.66%</u>

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

	ERS	TRS	Total
Measurement Date	March 31, 2018	June 30, 2017	
Employers' total pension liability	\$ 13,192,371	\$ 47,789,757	\$ 60,982,128
Plan Net Position	<u>(12,960,213)</u>	<u>(48,106,428)</u>	<u>(61,066,641)</u>
Employers' net pension (asset) liability	\$ 232,158	\$ (316,671)	\$ (84,513)
Ration of plan net position to the			
Employers' total net pension asset/(liability)	98.24%	100.66%	100.14%

PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contributions for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$68,658.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October, and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 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, 2018 amounted to \$704,021.

RESTRICTED RESOURCES

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

EQUITY CLASSIFICATIONS

District-wide Statements

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

- **Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- **Restricted net position** – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Funds Statements

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

	General Fund	Special Aid Fund	School Food Service Fund	Debt Service Fund	Capital Fund	Total
Non-spendable:						
Inventory	\$ -	\$ -	\$ 10,806	\$ -	\$ -	\$ 10,806
Prepaid Expense	261,456	-	-	-	-	261,456
Restricted:						
Debt Service Reserve	-	-	-	451,614	-	451,614
Employee Benefits Accrued Liability	294,491	-	-	-	-	294,491
Insurance	497,052	-	-	-	-	497,052
Capital Building Reserve	372,852	-	-	-	690,934	1,063,786
Liability Claims	564,161	-	-	-	-	564,161
Retirement Contribution	1,481,574	-	-	-	-	1,481,574
Tax Certiorari	20,000	-	-	-	-	20,000
Unemployment Insurance	85,818	-	-	-	-	85,818
Workers' Compensation	311,710	-	-	-	-	311,710
Transportation Vehicle Reserve	1,404,880	-	-	-	-	1,404,880
Assigned:						
Capital Projects	-				3,359	3,359
Special Aid	-	131	-	-	-	131
General Services	214,973	-	-	-	-	214,973
Instruction, Administration & Improv	672	-	-	-	-	672
Teaching-Regular School	46,152	-	-	-	-	46,152
Instructional Media	1,071	-	-	-	-	1,071
Pupil Services	11,891	-	-	-	-	11,891
Pupil Transportation	809	-	-	-	-	809
Appropriated Fund Balance	200,000	-	10,806	-	2,544,770	2,755,576
Unassigned:						
Tax Reduction	107,958	-	-	-	-	107,958
Unassigned Undesignated:	805,025	(131)	38,901	-	-	843,795
	<u>\$ 6,682,545</u>	<u>\$ -</u>	<u>\$ 60,513</u>	<u>\$ 451,614</u>	<u>\$ 3,239,063</u>	<u>\$ 10,433,735</u>

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

EQUITY CLASSIFICATIONS (continued)

Funds Statements (continued)

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

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

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

Capital

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

Debt Service

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

Employee Benefit Accrued Liability

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

Liability Claims and Property Loss

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

EQUITY CLASSIFICATIONS (continued)

Funds Statements (continued)

Insurance

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

Repairs

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

Retirement Contribution

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

Tax Certiorari

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

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.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

EQUITY CLASSIFICATIONS (continued)

Funds Statements (continued)

Workers' Compensation

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

Encumbrances

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

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has not committed fund balances as of June 30, 2018.

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund.

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

Reserve for Tax Reduction

Reserve for Tax Reduction ((Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in the mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the general fund. The District established a reserve for \$107,958 at June 30, 2018.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

EQUITY CLASSIFICATIONS (continued)

Funds Statements (continued)

Unassigned Fund Balance

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

Order of Use of Fund Balance:

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

NEW ACCOUNTING STANDARDS

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2018 the District implemented the following applicable new standards issued by GASB:

GASB has issued Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

GASB has issued Statement No. 85, *Omnibus*, effective for the year ending June 30, 2018.

GASB has issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for the year ending June 30, 2018.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

FUTURE ACCOUNTING STANDARDS

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

GASB has issued Statement No. 84, *Fiduciary Activities* effective for the year ending June 30, 2020. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.

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

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

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

The District is currently studying the statements and plans adoption if and when required.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

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

TOTAL OF GOVERNMENTAL FUND BALANCES VERSUS NET POSITION OF GOVERNMENTAL ACTIVITIES

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

Long-term Assets

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

Original cost of capital assets	\$ 48,926,532
Accumulated depreciation	<u>(22,308,076)</u>
Net Capital Assets	<u>\$ 26,618,456</u>

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

TOTAL OF GOVERNMENTAL FUND BALANCES VERSUS NET POSITION OF GOVERNMENTAL ACTIVITIES (continued)

Long-term Liabilities

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

Bonds Payable	\$ 10,190,000
Compensated Absences	354,663
Unamortized Bond Premium	727,045
Postemployment Benefits	<u>36,366,565</u>
	<u>\$ 47,638,273</u>

Pension

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

Pension Asset	\$ (316,671)
Pension Liability	<u>232,158</u>
	<u>\$ (84,513)</u>

Deferred Outflows and Inflows of Resources

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

Deferred Outflow of Resources	\$ 4,978,332
Deferred Inflows of Resources	<u>1,729,765</u>
	<u>\$ 3,248,567</u>

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 3 - CASH AND INVESTMENTS

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

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

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

- A. \$ 500,000
- B. \$ 10,344,412
- C. \$ -

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$369,221 in the Fiduciary Funds.

NOTE 4 - PARTICIPATION IN BOCES

During the year, the District was billed \$3,592,816 for BOCES administrative and program costs. The District utilizes Central Business Office services during the year, which is included in the total amount billed. The District's share of BOCES aid amounted to \$1,263,930. General purpose financial statements for the BOCES are available from the BOCES administrative office.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 5 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 264,341	\$ -	\$ -	\$ 264,341
Construction in Progress	418,782	2,024,672	-	2,443,454
Total cost non-depreciable assets	<u>683,123</u>	<u>2,024,672</u>	<u>-</u>	<u>2,707,795</u>
Capital assets that are depreciated:				
Buildings and Improvements	42,894,687	-	-	42,894,687
Equipment	872,900	98,127	-	971,027
Vehicles	2,275,164	303,009	(225,150)	2,353,023
Total cost depreciable assets	<u>46,042,751</u>	<u>401,136</u>	<u>(225,150)</u>	<u>46,218,737</u>
Less accumulated depreciation:				
Buildings and Improvements	(19,064,154)	(1,307,862)	-	(20,372,016)
Equipment	(410,877)	(50,390)	-	(461,267)
Vehicles	(1,485,744)	(207,577)	218,528	(1,474,793)
Total accumulated depreciation	<u>(20,960,775)</u>	<u>(1,565,829)</u>	<u>218,528</u>	<u>(22,308,076)</u>
Net capital assets	<u>\$ 25,765,099</u>	<u>\$ 859,979</u>	<u>\$ (6,622)</u>	<u>\$ 26,618,456</u>
Depreciation expense was charged to Governmental functions as follows:				
General Support	\$ 188,538			
Instruction	1,124,172			
Pupil Transportation	230,562			
School Lunch	22,557			
	<u>\$ 1,565,829</u>			

NOTE 6 - SHORT-TERM DEBT

The District may issue Revenue Anticipation Notes and Tax Anticipation Notes, 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 an insufficient or no provision is 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, 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.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 7 - LONG-TERM DEBT

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

Interest paid	\$ 501,255
Less interest accrued in the prior year	-
Plus interest accrued in the current year	-
Less Bond premium recognized	<u>(144,946)</u>
 Total Expense	 <u>\$ 356,309</u>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed/ Refunded</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government activities:					
2013 Serial Bonds, final maturity 6/15/27, interest ranging from 2.0% through 5.0% through final maturity	\$ 7,835,000	\$ -	\$ 630,000	\$ 7,205,000	\$ 655,000
2014 Serial Bonds, final maturity 2/1/29, interest ranging from 2.0% through 4.0% through final maturity	<u>3,215,000</u>	<u>-</u>	<u>230,000</u>	<u>2,985,000</u>	<u>235,000</u>
Total bonds payable	<u>\$ 11,050,000</u>	<u>\$ -</u>	<u>\$ 860,000</u>	<u>\$ 10,190,000</u>	<u>\$ 890,000</u>
Long-term accrued employee benefits	<u>\$ 440,710</u>	<u>\$ 180,930</u>	<u>\$ 154,950</u>	<u>\$ 466,690</u>	<u>\$ 164,437</u>
Total long-term liabilities	<u>\$ 11,490,710</u>	<u>\$ 180,930</u>	<u>\$ 1,014,950</u>	<u>\$ 10,656,690</u>	<u>\$ 1,054,437</u>

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 7 - LONG-TERM DEBT (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2019	\$ 890,000	469,155	1,359,155
2020	930,000	427,005	1,357,005
2021	975,000	382,955	1,357,955
2022	1,020,000	336,755	1,356,755
2023	1,070,000	288,405	1,358,405
2024	1,120,000	237,655	1,357,655
2025-2029	<u>4,185,000</u>	<u>415,905</u>	<u>4,600,905</u>
	<u>\$ 10,190,000</u>	<u>\$ 2,557,835</u>	<u>\$ 12,747,835</u>

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,125,045	\$ 740,934	\$ -	\$ 1,071,746
Special Aid Fund	-	1,013,943	30,304	-
School Food Service Fund	50,000	68,212	60,000	-
Debt Service Fund	-	-	-	-
Capital Fund	<u>690,934</u>	<u>-</u>	<u>981,442</u>	<u>-</u>
Total governmental activities	1,865,979	1,823,089	1,071,746	1,071,746
Fiduciary Agency Fund	<u>-</u>	<u>42,890</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,865,979</u>	<u>\$ 1,865,979</u>	<u>\$ 1,071,746</u>	<u>\$ 1,071,746</u>

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

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

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

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

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 9 - PENSION PLANS

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

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and benefits to employees. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2017-2018	\$ 695,178	\$ 278,599
2016-2017	\$ 903,113	\$ 252,188
2015-2016	\$ 1,129,258	\$ 244,784

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 10 - POST-EMPLOYMENT BENEFITS

During the year ended June 30, 2018, the School District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employer and Agent Multiple-Employer Plans, for OPEB*.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description

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

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions*, in the school year ended June 30, 2009. This required the District to calculate and record a net other post-employment benefit obligation at year end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

Benefits Provided

The health insurance plan is a single employer, defined benefit plan. Retired employees have elected to participate and contribute health insurance payments under the District's group plan, the Medical Only Plan (referred to as the "Plan"). Participants must be eligible to retire under the New York State Retirement System (ERS or TRS) and meet the minimum requirements of age 55 with 5 years of service. This plan pays for 91.5% of the cost of premiums for single coverage and up to \$1,500 for family coverage for teachers who retire and have 20 years of service with the District if hired prior to September 1, 1988 and 25 years of service if hired after September 1, 1988.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 10 - POST-EMPLOYMENT BENEFITS (continued)
GENERAL INFORMATION ABOUT THE OPEB PLAN (continued)

The Plan pays for 90% of the cost of premiums for single coverage and 80% for family coverage for school related employees (CSEA) and transportation employees who retire and have 20 years of service with the District. The Plan pays 80% of the cost of premiums for retired Superintendents until age 65, and 90% of the cost of premiums for single coverage and 80% for family coverage for retired Assistant Superintendents with no age limit. For Administrative employees with ten years of service with the District the plan pays the cost of premiums for single coverage up to 90%, if under age 65, and 80%, if over 65; and unassigned employees who retire and have 20 years of service with the District, 90% of the cost of premiums for single coverage and 80% for family coverage. Spousal benefits continue for the life of the retiree and surviving spouses are permitted to continue coverage after the death of the retiree, but are responsible for paying 100% of the plan premium, administrative spouses receive the same cost sharing arrangement. Separate financial statements are not issued for the Plan.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries	
currently receiving benefit payments	102
Active Plan Members	<u>127</u>
Total	<u><u>229</u></u>

Total OPEB Liability

The District's total OPEB liability of \$36,366,565 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate:	3.00%
Single Discount Rate	3.00%
Salary Scale	3.00%
Rate of Inflation	2.60%
Marital Assumption	80.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	7.5% for 2018, decreasing 0.5% per year to an ultimate rate of 4.5% in 2022

The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index as of the measurement date (or the nearest business day thereto).

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 10 - POST-EMPLOYMENT BENEFITS (continued)

Mortality rates were based on the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2015 mortality improvement scale on a fully generational basis.

Rates of turnover and retirement rates are based on the experience under the New York State Employees' Retirement System (ERS) and the New York state Teachers' Retirement System (TRS). The ERS rates are based on the April 1, 2010-March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP2014, applied on a generational basis.

Election percentage: It was assumed that 95% of future retirees eligible for coverage will elect retiree group benefits. It was assumed that participants who are currently not Medicare eligible will migrate into the Gold Anywhere PPO with MVP Part D Prescription Plan upon Medicare eligibility. Retirees already Medicare eligible and still participating in NY44 are assumed to continue in NY44.

Spousal Coverage: It was assumed that 80% of future retirees will elect spousal coverage upon retirement.

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

The actuarial assumptions used in the June 30, 2017 valuation were consistent with the requirements of GASB Statement No. 75 and the Actuarial Standards of Practice (ASOPs)

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 10 - POST-EMPLOYMENT BENEFITS (continued)

CHANGES IN THE TOTAL OPEB LIABILITY FOR THE PERIOD ENDING JUNE 30, 2018

	Total OPEB Liability
Balance at June 30, 2017	\$ 35,090,714
Changes for the year:	
Service cost	1,207,255
Interest cost	1,073,351
Changes of benefit terms	-
Differences between expected and actual experience	42,153
Changes in assumptions or other inputs	-
Benefit payments	(1,046,908)
Net change in Total OPEB Liability	<u>1,275,851</u>
Balance at June 30, 2018	<u>\$ 36,366,565</u>

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 (2.00%) or 1-percentage point higher (4.00%) than the current discount rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Total OPEB liability	\$43,224,217	\$36,366,565	\$30,944,069

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB liability	\$29,624,782	\$36,366,565	\$45,341,308

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 10 - POST-EMPLOYMENT BENEFITS (continued)

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$2,285,342.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 37,417	\$ -
Changes in assumptions or other inputs	-	
Contributions subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 37,417</u>	<u>\$ -</u>
	<u>Amount</u>	
Fiscal year ended June 30,		
2019	\$ 4,736	
2020	4,736	
2021	4,736	
2022	4,736	
2023	4,736	
Thereafter	13,737	

NOTE 11 - RISK MANAGEMENT

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 11 - RISK MANAGEMENT(continued)

For its employee health insurance coverage, Clyde-Savannah Central School District is a participant in the Non-Monroe County Municipal School District Program (the Plan), a public entity risk pool operated for the benefit of governmental units located within Finger Lakes Municipal School District. The School District pays an annual premium to the Plan for this employee health insurance coverage. The Plan is considered a self-sustaining risk pool that will provide coverage for its members. Clyde-Savannah Central School District has essentially transferred all related risk to the Plan.

Clyde-Savannah Central School District participates in a risk sharing pool, Risk Retention, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims.

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. The balance of the fund at June 30, 2018 was \$85,818 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2018, no loss contingencies existed or were considered probable or estimated for incurred but not reported claims payable.

NOTE 12 - TAX ABATEMENTS

The County of Wayne, enters into various property tax abatement programs for the purpose of economic development. The Wayne County Industrial Development Agency & Economic Development (the Agency), created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively "the Act"), has three real property tax abatement agreements with various businesses in the District under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of economic development in the District. Generally, these agreements provide for an abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements, the PILOT will discontinue as outlined in each agreement. Additionally, the Towns of Galen and Savannah have entered into residential PILOTS with three entities. As a result of these tax abatement agreements, for the year ended June 30, 2018, the District's property tax revenues were reduced by \$76,544. The District received payment in Lieu of Tax (PILOT) payments totaling \$52,908.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 13 - FUND BALANCES

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

NOTE 14 - DONOR-RESTRICTED ENDOWMENTS

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

NOTE 15 - CONTINGENT LIABILITIES

Grants

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

Construction Contracts

The District has remaining commitments to various contractors for the current capital project totaling \$2,503,921 at June 30, 2018.

NOTE 16 - USE OF ESTIMATES

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

NOTE 17 - SUBSEQUENT EVENTS

The District has evaluated events and transactions that occurred between June 30, 2018 and September 25, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 18 - RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The implementation of Statement No. 75 resulted in the restatement of the prior other postemployment benefits liability on the statement of net position by removing the net OPEB obligation balance determined in accordance with Statement No. 45 and replacing with the net OPEB liability at the beginning of the initial period of implementation determined as of the measurement date that would have been applied in the prior fiscal year if Statement No. 75 had been in effect. The liability increased and net position decreased by \$24,531,339 at July 1, 2017.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 19,748,605
Add: Prior Year's Encumbrances	<u>319,911</u>
Original Budget	20,068,516
Budget Adjustments	<u>890,507</u>
Final Budget	<u><u>\$ 20,959,023</u></u>

Next year's budget is a voter-approved budget of: \$ 20,125,692

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-2019 Voter-approved Expenditure Budget	
Maximum Allowed 4% of 2017-2018 Budget	\$ 20,125,692

General Fund Balance Subject to Section 1318 of Real Property Tax Law:

Unrestricted Fund Balance:	
Committed Fund Balance	-
Assigned Fund Balance	475,568
Unassigned Fund Balance	<u>912,983</u>
Total Unrestricted Fund Balance	<u><u>\$ 1,388,551</u></u>

Less:	
Appropriated Fund Balance	200,000
Insurance Recovery Reserve	-
Tax Reduction Reserve	107,958
Encumbrances Included in Committed and Assigned Fund Balance	<u>275,568</u>
Total Adjustments	<u><u>\$ 583,526</u></u>

General Fund Balance Subject to Section 1318	
Real Property Tax Law	<u><u>\$ 805,025</u></u>

Actual Percentage	4.00%
-------------------	-------

See paragraph on supplementary schedules included in auditors' report.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources:				
Real Property Taxes	\$ 4,872,345	\$ 4,872,345	\$ 4,932,674	\$ 60,329
Other Tax Items	61,573	61,573	-	(61,573)
Nonproperty taxes	310,000	310,000	340,703	30,703
Charge for Services	45,250	45,250	140,756	95,506
Use of Money and Property	30,500	30,500	28,969	(1,531)
Sale of Property and Compensation for Loss	300	300	790	490
Miscellaneous	95,000	95,000	284,726	189,726
Total Local Sources	5,414,968	5,414,968	5,728,618	313,650
State Sources	14,033,935	14,033,935	14,121,636	87,701
Federal Sources	25,000	25,000	36,536	11,536
Total Revenues	19,473,903	19,473,903	19,886,790	412,887
OTHER FINANCING SOURCES				
Appropriated Fund Balance	229,702	1,440,120	-	(1,440,120)
Transfers from Other Funds	45,000	45,000	-	(45,000)
Total Revenues and Other Financing Sources	\$ 19,748,605	\$ 20,959,023	\$ 19,886,790	\$ (1,072,233)

See paragraph on supplementary schedules included in auditors' report.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support:					
Board of Education	\$ 25,800	\$ 23,600	\$ 21,744	\$ -	\$ 1,856
Central Administration	186,952	199,428	194,855	-	4,573
Finance	452,403	452,678	443,083	-	9,595
Staff	150,100	184,359	178,705	-	5,654
Central Services	1,475,970	1,791,311	1,411,338	214,973	165,000
Special Items	208,955	238,464	223,017	-	15,447
Total General Support	<u>2,500,180</u>	<u>2,889,840</u>	<u>2,472,742</u>	<u>214,973</u>	<u>202,125</u>
Instruction					
Instruction, Administration and Improvement	819,091	912,890	900,815	672	11,403
Teaching - Regular School	4,655,419	4,641,804	4,388,474	46,152	207,178
Programs for Students with Disabilities	2,593,534	2,486,708	2,339,415	-	147,293
Occupational Education	220,000	220,000	194,552	-	25,448
Teaching - Special Schools	97,000	97,000	96,933	-	67
Instructional Media	869,132	1,078,679	1,069,405	1,071	8,203
Pupil Services	807,461	886,418	827,305	11,891	47,222
Total Instruction	<u>10,061,637</u>	<u>10,323,499</u>	<u>9,816,899</u>	<u>59,786</u>	<u>446,814</u>
Pupil Transportation	1,012,533	958,237	854,146	809	103,282
Community Services	1,000	1,000	-	-	1,000
Employee Benefits	4,742,000	4,314,684	4,242,887	-	71,797
Debt Service	1,361,255	1,361,255	1,361,255	-	-
Total Expenditures	<u>19,678,605</u>	<u>19,848,515</u>	<u>18,747,929</u>	<u>275,568</u>	<u>825,018</u>
OTHER FINANCING USES					
Transfers to Other Funds	<u>70,000</u>	<u>1,110,508</u>	<u>1,071,746</u>	<u>-</u>	<u>38,762</u>
Total Expenditures and Other Uses	<u>\$ 19,748,605</u>	<u>\$ 20,959,023</u>	<u>19,819,675</u>	<u>\$ 275,568</u>	<u>\$ 863,780</u>
Deficit Revenue and Other Sources over Expenditures and Other Uses			67,115		
Fund Balance - Beginning of the Year			<u>6,615,430</u>		
Fund Balance - End of the Year			<u><u>\$ 6,682,545</u></u>		

See paragraph on supplementary schedules included in auditors' report.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2018

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Proceeds of Obligations	Excel	Local Sources	Total	Fund Balance June 30, 2018
			Prior Year	Current Year	Total						
Project Title											
2010 Building Renovation Project	\$ 17,785,000	\$ 17,950,000	\$ 16,871,865	\$ 1,057,450	\$ 17,929,315	\$ 20,685	\$ 16,102,345	\$ 436,456	\$ 1,411,199	\$ 17,950,000	\$ 20,685
Capital Outlay	100,000	100,000	86,310	185	86,495	13,505	-	-	100,000	100,000	13,505
Capital Improvement Project	27,100,000	27,100,000	55,765	967,038	1,022,803	26,077,197	-	-	3,536,740	3,536,740	2,513,937
Bus Purchases	290,508	290,508	-	290,508	290,508	-	-	-	290,508	290,508	-
	<u>\$ 45,275,508</u>	<u>\$ 45,440,508</u>	<u>\$ 17,013,940</u>	<u>\$ 2,315,181</u>	<u>\$ 19,329,121</u>	<u>\$ 26,111,387</u>	<u>\$ 16,102,345</u>	<u>\$ 436,456</u>	<u>\$ 5,338,447</u>	<u>\$ 21,877,248</u>	<u>\$ 2,548,127</u>

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2018**

Capital Assets, Net	\$ 26,618,456
Deduct:	
Short-term portion of bonds payable	890,000
Long-Term portion of bonds payable	<u>9,300,000</u>
Net Investment in Capital Assets	<u><u>\$ 16,428,456</u></u>

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS**

Measurement Date	2018 June 30, 2018
Total OPEB Liability	
Service cost	\$ 1,207,255
Interest	1,073,351
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total OPEB liability	42,153
Changes of assumptions or other inputs	-
Benefit payments	<u>(1,046,908)</u>
Net change in total OPEB liability	1,275,851
 Total OPEB liability - beginning	 <u>35,090,714</u>
 Total OPEB liability - ending	 <u><u>\$ 36,366,565</u></u>
 Covered payroll	 <u><u>\$ 8,511,844</u></u>
 Total OPEB liability as a percentage of covered payroll	 427.25%

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate each period. The discount rate in effect at the current measurement date is 3.6%.

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

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

* Ratios not provided

See paragraph on supplementary schedules included in auditors' report.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS

New York State Teachers Retirement System (TRS)

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	<u>0.041662%</u>	<u>0.041134%</u>	<u>0.040824%</u>	<u>0.039549%</u>
District's proportionate share of the net pension liability (asset)	\$ (316,671)	\$ 440,559	\$ (4,240,332)	\$ (4,405,516)
District's covered-employee payroll	\$ 6,651,859	\$ 6,388,970	\$ 6,175,779	\$ 6,175,779
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>-4.76%</u>	<u>6.90%</u>	<u>(66.37%)</u>	<u>(71.34%)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

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

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

New York State Employees Retirement System (ERS)

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	<u>0.0071932%</u>	<u>0.0064694%</u>	<u>0.0063815%</u>	<u>0.0061202%</u>
District's proportionate share of the net pension liability (asset)	\$ 232,158	\$ 607,875	\$ 1,024,244	\$ 206,756
District's covered-employee payroll	\$ 1,904,453	\$ 1,683,176	\$ 1,583,430	\$ 1,566,457
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>12.19%</u>	<u>36.11%</u>	<u>64.69%</u>	<u>13.20%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

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

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

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE LOCAL GOVERNMENT'S SHARE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

New York State Teachers Retirement System (TRS)

	2018	2017	2016	2015
Contractually required contribution	\$ 774,052	\$ 841,506	\$ 1,075,094	\$ 949,327
Contributions in relation to the contractually required contribution	774,052	841,506	1,075,094	949,327
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 6,651,859	\$ 6,388,970	\$ 6,175,779	\$ 6,175,779
Contributions as a percentage of covered employee payroll	11.64%	13.17%	17.41%	15.37%

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

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

New York State Employees Retirement System (ERS)

	2018	2017	2016	2015
Contractually required contribution	\$ 272,666	\$ 242,210	\$ 248,291	\$ 289,596
Contributions in relation to the contractually required contribution	272,666	242,210	248,291	289,596
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 1,904,453	\$ 1,683,176	\$ 1,583,430	\$ 1,566,457
Contributions as a percentage of covered employee payroll	14.32%	14.39%	15.68%	18.49%

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

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

See paragraph on supplementary schedules included in auditors' report.



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Government Audit Quality Center
Employee Benefit Plan Audit Quality Center

INDEPENDENT AUDITORS' REPORT ON THE EXTRACLASROOM ACTIVITY FUND

To the Board of Education
Clyde-Savannah Central School District

We have audited the accompanying Statement of Assets, Liabilities and Fund Balance - Cash Basis and the Statement of Cash Receipts and Disbursements of the Extraclassroom Activity Fund of Clyde-Savannah Central School District as of and for the year ended June 30, 2018, and the related note to the financial statements, as shown on pages 71-73.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Crowley & Halloran, CPAs, P.C.
Certified Public Accountants, Auditors, and Consultants

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Fund of Clyde-Savannah Central School District as of June 30, 2018, and its cash receipts and cash disbursements – cash basis for the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

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

Crowley & Halloran CPAs, P.C.

Watertown, NY
September 25, 2018

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2018**

ASSETS

Cash	<u>\$ 27,812</u>
Total Assets	<u><u>\$ 27,812</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Activity Accounts	<u>\$ 27,812</u>
Total Liabilities	<u>27,812</u>
Total Liabilities and Fund Balance	<u><u>\$ 27,812</u></u>

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

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND -
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

	Cash Balances <u>June 30, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balances <u>June 30, 2018</u>
Class of 2017	\$ 500	\$ 978	\$ 1,478	\$ -
Class of 2018	8,092	34,601	41,823	870
Class of 2019	2,381	10,182	8,433	4,130
Class of 2020	886	1,403	597	1,692
Class of 2021	-	4,579	3,454	1,125
Drama Club	1,849	8,837	8,845	1,841
Middle School Year Book	2,461	7,010	5,527	3,944
Clyde Elementary Year Book	-	2,501	2,501	-
JH Chorus	1,126	2,829	2,729	1,226
JH Student Council	3,119	5,308	5,410	3,017
Elementary National Honor Society	321	179	119	381
National Honor Society	-	410	374	36
SH Chorus	4,050	13,073	16,179	944
SH Student Council	1,084	704	1,090	698
Ski Club	1,560	1,175	2,288	447
Spanish	1	-	-	1
Varsity Club	175	22,710	20,992	1,893
Yearbook	4,141	7,748	9,229	2,660
Yorker	2,907	-	-	2,907
Sales Tax	-	2,249	2,249	-
	<u>-</u>	<u>2,249</u>	<u>2,249</u>	<u>-</u>
Totals	<u>\$ 34,653</u>	<u>\$ 126,476</u>	<u>\$ 133,317</u>	<u>\$ 27,812</u>

See paragraph on supplementary schedules included in auditors' report.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
EXTRAClassroom Activity Fund
NOTE TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered a part of the reporting entity of Clyde-Savannah Central School District. The transactions for the year are not included in the combined financial statements of the School District, however the June 30, 2018 cash balances are included in the Trust and Agency Fund.

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

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

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<u>U.S. Department of Education</u>			
Passed Through New York State			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	0021-17/18-3550	\$ 264,949
Title I Grants to Local Educational Agencies, School Improvement	84.010A	0011-17/18-2540	32,601
ESEA Title V Rural & Low Income Schools	84.358	0006-17/18-3550	12,071
ESEA Title VI Rural & Low Income Schools	84.358	0006-16-17-3550	14,899
Supporting Effective Instruction State Grants	84.367	0147-17/18-3550	80,846
Subtotal			<u>405,366</u>
Special Education Cluster:			
Special Education-Grants to States (IDEA, Part B)	84.027	0032-17/18-1032	269,611
Special Education-Preschool Grants (IDEA Preschool)	84.173	0033-17/18-1032	21,965
Total Special Education Cluster			<u>291,576</u>
Total Passed through New York State Education Department			<u>696,942</u>
Passed Through Lyons Central School District			
Twenty-First Century Community Learning Centers	84.287	6505010400	222,803
School Climate Transformation Grant Program - State Educational Agency Grants	84.184G	6503010400	93,448
Total Passed through Lyons Central School District			<u>316,251</u>
Passed Through North Rose Wolcott Central School District			
Twenty-First Century Community Learning Centers	84.287	65150106000	220,000
Total Passed through North Rose Wolcott Central School District			<u>220,000</u>
Total-Department of Education			<u>1,233,193</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Direct:			
National School Lunch Program- Surplus Food	10.555	N/A	33,103
Passed Through New York State			
Education Department:			
School Breakfast Program	10.553	650301040000	155,842
National School Lunch Program	10.555	650301040000	264,252
Summer Food Service Program for Children	10.559	650301040000	20,096
Total Passed through New York State Education Department			<u>440,190</u>
Total- Department of Agriculture and Child Nutrition Cluster			<u>473,293</u>
Total All Federal Programs			<u>\$ 1,706,486</u>

See paragraph on supplementary schedules included in auditors' report.

CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Indirect costs may be included in the reported expenditures, to the extent they are included in the federal financial reports used as the source for the data presented. Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The District has not elected to use the 10 percent *de minimis* cost rate as covered in CFR200.414 Indirect (F&A) costs.

NOTE 2 - ALLOCATIONS

The District allocates a portion of Special Education for Handicapped Children (IDEA Cluster) funds to approved special education programs for contractual services. Total purchased services for the year ended June 30, 2018 are as follows:

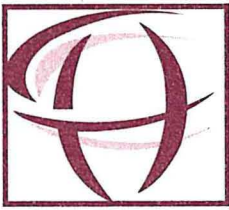
CFDA 84.027	\$	21,088
CFDA 84.173	\$	9,028

NOTE 3 - OTHER DISCLOSURES

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

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

Federal award non-cash assistance of \$33,103 was given from the USDA in the form of surplus food.



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Employee Benefit Plan Audit Quality Center

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

To the Board of Education
Clyde-Savannah Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clyde-Savannah Central School District, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise Clyde-Savannah Central School District's basic financial statements and have issued our report thereon dated September 25, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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.



Crowley & Halloran, CPAs, P.C.
Certified Public Accountants, Auditors, and Consultants

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

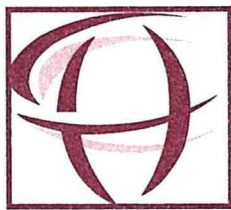
Compliance and Other Matters

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

Purpose of this Report

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

Crowley & Halloran CPAs P.C.
Watertown, NY
September 25, 2018



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

To the Board of Education
Clyde-Savannah Central School District

Report on Compliance for Each Major Federal Program

We have audited Clyde-Savannah Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of Clyde-Savannah Central School District's major federal programs for the year ended June 30, 2018. Clyde-Savannah Central School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Clyde-Savannah Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Clyde-Savannah Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowley & Halloran CPAs P.C.
Watertown, NY
September 25, 2018

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. The auditors' report expresses an unmodified opinion on the general purpose financial statements of Clyde-Savannah Central School District.
2. There were no significant deficiencies disclosed during the audit of the general purpose financial statements of Clyde-Savannah Central School District.
3. No instances of noncompliance material to the financial statements of Clyde-Savannah Central School District were disclosed during the audit.

Federal Awards

4. There were no significant deficiencies disclosed during the audit of the major federal award programs of Clyde-Savannah Central School District.
5. The auditors' report on compliance for the major federal award programs for Clyde-Savannah Central School District expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for Clyde-Savannah Central School District were reported.

7. The programs tested as major programs include:

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.287	Twenty-First Century Community Learning Centers
10.555	National School Lunch Program
10.553	School Breakfast Program
10.559	Summer Food Service Program for Children

8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Clyde-Savannah Central School District was determined to be a low-risk auditee.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018
(CONTINUED)**

SECTION II - FINANCIAL STATEMENT FINDINGS

None Noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

**CLYDE-SAVANNAH CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018**

None Noted