PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **REVENUE 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 be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$1,500,000

FRANKLIN CENTRAL SCHOOL DISTRICT

DELAWARE AND OTSEGO COUNTIES, NEW YORK

GENERAL OBLIGATIONS

$1,500,000 Revenue Anticipation Notes, 2020

(referred to as the "Notes")

Dated: October 1, 2020 **Due: October 1, 2021**

The Notes are general obligations of the Franklin Central School District, Delaware and Otsego Counties, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "THE NOTES – Nature of the Obligation" and "TAX INFORMATION - Tax Levy Limitation Law" herein. The Notes will not be subject to redemption prior to maturity.

At the option of the purchaser, the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) 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"). The District will act as Paying Agent for the Notes.

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

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York City. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or at such place as may be agreed upon with the Purchaser(s) on or about October 1, 2020.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on September 17, 2020 by no later than 10:00 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 School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

September 15, 2020

THE SCHOOL 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 SCHOOL 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.

FRANKLIN CENTRAL SCHOOL DISTRICT
DELAWARE AND OTSEGO COUNTIES, NEW YORK

SCHOOL DISTRICT OFFICIALS

2020-2021 BOARD OF EDUCATION

STANLEY SWEARS
President

JOAN CRONAUER
Vice President

LINDA DEANDREA
PATRICIA TAGGART
JAMIE ARCHBALD

*　*　*　*　*　*　*

BRAD ZILLIOX
Superintendent of Schools

KELLIE RENWICK
Business Manager/District Treasurer

HOGAN, SARZYNSKI, LYNCH, DEWIND & GREGORY, LLP
School District Attorneys

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK HERRINGTON & SUTCLIFFE, LLP

No person has been authorized by the Franklin 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 the Franklin Central School District.

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For the Fiscal Year Ending June 30, 2019

PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

FRANKLIN CENTRAL SCHOOL DISTRICT

DELAWARE AND OTSEGO COUNTIES, NEW YORK

Relating To

$1,500,000 Revenue Anticipation Notes, 2020

This Official Statement, which includes the cover page, has been prepared by the Franklin Central School District, Delaware and Otsego Counties, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the School District of $1,500,000 principal amount of Revenue Anticipation Notes, 2020 (herein referred to as the "Notes").

The factors affecting the School 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 School 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 School 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 School District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

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

THE NOTES

Description of the Notes

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

The Notes are dated October 1, 2020 and mature, without option of prior redemption, on October 1, 2021. 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(s) 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, the Local Finance Law and pursuant to a revenue anticipation note resolution duly adopted by the Board of Education of the District authorizing the issuance of revenue anticipation notes in anticipation of revenues due from the State.

The Notes are being issued in anticipation of the receipt of State aid for the fiscal year ending June 30, 2021 and pursuant to a cumulative estimated cash flow statement attached hereto as "APPENDIX – C" and "APPENDIX – C1".

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

If issued in book entry only form, the Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. 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, a "banking organization" within the meaning of the New York Banking Law, is 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 School District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The School 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 School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE SCHOOL 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 SCHOOL 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 Under Certain Circumstances

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

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

THE SCHOOL DISTRICT

General Information

The District is located in the Southern Tier of New York State, encompassing the Towns of Davenport, Franklin, Meredith, Sidney and Walton in Delaware County and Otego in Otsego County (collectively, the "Towns"). The District encompasses approximately 67 square miles of land area and is approximately 51 miles northeast of the City of Binghamton, 77 miles southwest of the City of Schenectady and 12 miles south of the City of Oneonta.

Major highways within and in close proximity to the District include Interstate 88, which extends east to Schenectady and west to Binghamton, and State Routes 7, 357, and 28. Air transportation is provided by the Binghamton Regional Airport in Binghamton, which is served by US Airways, Northwest, United and Delta, as well as by the Albany International Airport, which features non-stop flights to major cities in both the United States and Canada.

The District is primarily residential and agricultural in nature. Employment opportunities are afforded to residents in and around the Cities of Oneonta and Binghamton. Institutions of higher learning located near the District include Hartwick College and the State University of New York with campuses located at Oneonta, Binghamton, Delhi and Cobleskill. Wayne Bank and Chen-Del-O Federal Credit Union provide local banking services to the residents of the District.

Police protection is afforded residents of the District through State and local agencies and fire protection is provided by various volunteer fire departments located throughout the District.

Source: District officials.

District Population

The 2018 population of the District is estimated to be 2,066. (Source: 2018 U.S. Census Bureau estimates)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Towns and Counties listed below. The figures set below with respect to such Towns and Counties 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 are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2014-2018	2000	2006-2010	2014-2018
Towns of:						
Davenport	$ 20,075	$ 20,610	$ 26,659	$ 37,917	$ 52,472	$ 59,844
Franklin	17,477	25,100	29,502	44,519	63,333	63,625
Meredith	19,715	27,554	31,217	43,102	71,875	71,161
Sidney	16,335	23,892	23,070	35,351	50,625	54,773
Walton	16,779	21,881	23,659	41,464	50,326	53,352
Otego	15,479	25,076	26,444	36,543	54,318	62,820
Counties of:						
Delaware	17,357	22,928	26,629	39,695	53,590	61,863
Otsego	16,806	22,902	27,680	41,110	56,797	66,399
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

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

Unemployment Rate Statistics

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

Annual Averages

	2012	2013	2014	2015	2016	2017	2018	2019
Delaware County	8.7%	7.9%	6.6%	6.0%	5.5%	5.6%	4.8%	4.7%
Otsego County	7.9%	6.8%	5.7%	5.4%	4.9%	5.1%	4.3%	4.2%
New York State	8.5%	7.7%	6.3%	5.3%	4.8%	4.7%	4.1%	4.0%

2020 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Delaware County	5.6%	5.4%	5.5%	12.5%	9.0%	9.1%	10.3%	N/A	N/A
Otsego County	5.5	5.1	5.2	12.1	8.5	9.2	10.7	N/A	N/A
New York State	4.1	3.9	4.2	15.0	14.2	15.5	16.0	N/A	N/A

Note: The unemployment rates for July through September of 2020 are not available as of the date of this Official Statement. Due to the COVID-19 pandemic, unemployment rates are anticipated to increase from the rates displayed above.

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

Form of School Government

The Board of Education of the District (the "Board" or "Board of Education"), the policy-making body of the District, consists of five members each with overlapping five-year terms so that as nearly an equal number as possible is elected to the Board each year. Each Board member must be a qualified voter of the District. The President (and chief fiscal officer of the School District) and the Vice President of the Board of Education are selected from among the Board members.

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) Savings Accounts or Money Market Accounts of designated banks; (2) Certificates of Deposit issued by a bank or trust company located in and authorized to do business in New York State; (3) Demand Deposit Accounts in a bank or trust company located in and authorized to do business in New York State; (4) Obligations of New York State; (5) Obligations of the United States Government (U.S. Treasury Bills and Notes); and (6) Repurchase Agreements involving the purchase and sale of direct obligations of the United States.

All funds except reserve funds, may be invested in Revenue Anticipation Notes or Tax Anticipation Notes of other school districts and municipalities, with the approval of the State Comptroller. Only reserve funds may be invested in obligations of the District.

State law and the District policy does not permit the District to enter into reverse repurchase agreements or make other derivative type investments.

The Treasurer is authorized to participate in the cooperative investment of school district funds with other school districts, BOCES and authorized governmental entities pursuant to a municipal cooperation agreement, where such agreement meets all of the requirements of Article 5-G of the General Municipal Law.

Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the School District for the ensuing fiscal year. A public hearing on such budget is held not less than seven 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.

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 "Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the Tax Cap also must receive at least 60% voter approval.

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

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). Clarification may be needed to determine whether a Board of Education must adopt a budget that requires the same tax levy amount as used in the prior fiscal year, or whether changes to the levy are permitted for such purposes as the permitted school district exclusions or the tax base growth factor. For a complete discussion of Chapter 97, see "TAX LEVY LIMITATION LAW" herein.

The State's 2018-19 Enacted Budget included a school building-based budget approval review process. Beginning with the 2018-19 school year, any school district with at least four schools that receives at least 50% percent of its total revenue through State aid will be required to annually report its budgeted support for individual schools within the school district. The report must follow a format, to be developed by the State Division of Budget ("DOB") in consultation with SED. In 2019-20, this requirement will expand to all school districts with at least four schools, regardless of State aid. In 2020-21, the requirement applies to all school districts in the State. This report will be due to the State by the beginning of the school year, and the State will have 30 days to respond. While DOB or SED will not formally approve a school district's school-based budget, DOB and SED will have authority to determine whether the information was provided in a timely and sufficient manner. The reporting must include demographic data, per pupil funding, source of funds and uniform decision rules regarding allocation of centralized spending to individual schools from all funding sources. Should either DOB or SED determine that a school district did not meet this requirement, the school district's State aid increase can be withheld for the applicable year until compliance is determined by DOB and SED. If either DOB or SED determines that a school district has not properly complied, the school district will have 30 days to "cure" the problem. In the event the problem is not cured in 30 days, the city comptroller or chief financial officer, and in the event a school district located outside a city, the chief financial officer in the municipality where the school district is most located, will be authorized, at his or her discretion, to gather information and submit on behalf of the school district. Under this newly enacted legislation, the School District will be required to annually report its budgeted support for individual schools beginning with the 2020-21 fiscal year.

Recent Budget Vote Results

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019. The District's proposed budget for 2019-20 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 2.98%, which is below the District tax levy limit of 3.15%.

The budget for the 2020-2021 fiscal year was approved by the qualified voters on June 16, 2020 by a vote of 327 to 130. The District's budget for 2020-2021 calls for a total tax levy increase of 2.68%, which is equal to the District's tax levy limit of 2.68%

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2020-21 fiscal year, approximately 58.54% 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.

COVID-19

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

Potential Reductions in Federal Aid Received by the State

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

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

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

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies 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 2020-21 preliminary building aid ratios, the District expects to receive State building aid of approximately 81.1% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State Aid History

School district fiscal year (2016-2017): The State 2016-17 Enacted 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.

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

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

On August 20, 2020, The State Education Department released a notice based on the August 13, 2020 New York State Division of Budget's (the "DOB") Fiscal Year 2021 Quarterly State Budget Financial Plan Update, which states that, in the absence of Federal action since enactment of the Fiscal Year 2021 budget, DOB began withholding 20 percent of most local aid payments in June, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any. In July, DOB began approving General Support for Public Schools (GSPS) payments to school districts (including 3609-a General Aid, 3609-b Excess Cost Aid, and 3609-d BOCES Aid payments) at 80% of the otherwise scheduled amounts. DOB's Updated Financial Plan includes $8.2 billion in recurring local aid reductions, and states that the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's Fiscal Year 2021, and that, in the absence of unrestricted Federal aid, DOB will continue to withhold a range of payments through the second quarter of FY 2021.

Source: NYS Dept. Of Education, State Aid Website. This source pertains only to the August 2020 updates detailed in the paragraph above.

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

State Aid Litigation

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

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

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

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

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years, unaudited figures for the 2019-2020 fiscal year, as well as budgeted figures for the 2020-2021 fiscal year comprised of State aid.

Fiscal Year	Total Revenues [(1)]	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2014-2015	$ 6,057,298	$ 3,410,373	56.30%
2015-2016	6,346,297	3,649,914	57.51
2016-2017	6,573,142	3,769,917	57.35
2017-2018	6,674,122	3,862,745	57.88
2018-2019	6,838,202	3,951,655	57.79
2019-2020 (Unaudited)	7,275,562	4,169,457	57.31
2020-2021 (Budgeted)	7,192,286	4,210,320	58.54

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

Source: Audited financial statements for the 2014-2015 fiscal year through and including the 2018-2019 fiscal year, Unaudited results of the District for the 2019-2020 fiscal year, and the adopted budget for the 2020-2021 fiscal year. The 2019-2020 unaudited figures are projected estimates and audited results may vary therefrom. This table is not audited.

School Facilities

Name	Grades	Capacity	Year(s) Built/Additions
Franklin Central School	Pre-K-12	569	1931,'53, '91, '06

Source: District Records.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2015-2016	273	2020-2021	265
2016-2017	277	2021-2022	265
2017-2018	257	2022-2023	265
2018-2019	275	2023-2024	260
2019-2020	267	2024-2025	260

Source: School District officials.

Employees

The District currently employs 71 full-time employees. The following employees are represented by the following bargaining agents:

Bargaining Agent	Employees	Contract Expiration Date
Franklin Teachers Association	32	June 30, 2020 (1)
Franklin Educational Support Personnel Association	13	June 30, 2020 (1)
Franklin Civil Service Employees Association	15	June 30, 2022

(1) Currently under negotiation

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the School 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 System 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. The Retirement Systems are non-contributory with respect to members working ten or more years. All members (other than those in Tier V and VI, as described below) 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 law became effective for new ERS and TRS hires on January 1, 2010. 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 a 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%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

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

Fiscal Year	ERS	TRS
2014-2015	$ 168,818	$ 333,495
2015-2016	174,966	278,909
2016-2017	140,256	211,807
2017-2018	149,996	182,390
2018-2019	143,436	199,524
2019-2020 (Unaudited)	148,815	170,496
2020-2021 (Budgeted)	155,000	191,742

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually.

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 School District does not currently have any early retirement incentive programs.

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

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

Year	ERS	TRS
2016-17	15.5%	11.72%
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53 [1]

(1) Estimated.

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 Adopted State Budget included a provision that authorized local governments, 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. For 2016-17 the stable contribution option rate is 15.1% for ERS and 14.13% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

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

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

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

Other Post-Employment Benefits

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

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2018, the District implemented GASB 75. 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, school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

The District contracted with Cirkiel Actuartial Consulting, LLC, an actuarial firm to calculate its OPEB in accordance with GASB 75. The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

Balance beginning at:	June 30, 2017	June 30, 2018
	$ 1,650,726	$ 1,707,359
Changes for the year:		
Service cost	82,441	84,914
Interest	51,015	52,898
Change in benefit terms	-	-
Differences between expected and actual experience	(11,007)	-
Changes in assumptions or other inputs	-	(65,932)
Benefit payments	(65,816)	(58,426)
Net Changes	$ 56,633	$ 13,454
Balance ending at:	June 30, 2018	June 30, 2019
	$ 1,707,359	**$ 1,720,813**

Note: The above table is not audited. For additional information see “APPENDIX - C” attached hereto. As of the date of this official statement the OPEB GASB 75 report for the 2020 fiscal year is not available.

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 were no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law. It is not possible to predict whether the Comptroller’s proposed legislation will be reintroduced or enacted if introduced.

Financial Statements

The School District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2019 and may be found attached hereto as “APPENDIX-E” to this Official Statement. Certain summary financial information of the School District can also be found attached as Appendices to this Official Statement.

The School 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).

The School District is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management’s Discussion and Analysis. The School District is currently in full compliance with GASB Statement No. 34

Unaudited Results for Fiscal Year Ending June 30, 2020:

The District expects to conclude the fiscal year ending June 30, 2020 with an unappropriated unreserved fund balance of approximately $290,000. Summary unaudited projected information for the General Fund for the period ending June 30, 2020 is as follows:

Projected Revenues:	$ 7,275,562
Projected Expenditures:	7,252,411
Projected Excess (Deficit) Revenues Over Expenditures:	$ 23,151
Total General Fund Balance at June 30, 2019:	$ 1,084,101
Total Projected General Fund Balance at June 30, 2020:	$ 1,107,251

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:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2019	No Designation	3.3%
2018	No Designation	3.3%
2017	No Designation	10.0%

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, nor inclusion by reference.

New York State Comptroller Reports of Examination

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

The most recent State Comptroller audit report of the District dated April 6, 2016 was to determine whether District officials implemented measures to achieve cost savings and address rising health insurance costs for the period January 1, 2013 through December 31, 2015.

Key Findings:

- District officials achieved health insurance cost savings by changing health insurance carriers and offering employees a buyout incentive

There were no recommendations as a result of this audit.

A copy of the complete report can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no State Comptroller's audits of the District that are currently in progress or pending release at this time.

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

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion by reference.

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 bonds and notes are to be issued is the Education Law and 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 Continuing Disclosure Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

TAX INFORMATION

Taxable Valuations

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Towns of:					
Davenport	$ 7,106,022	$ 7,227,902	$ 7,242,796	$ 7,299,830	$ 7,339,216
Franklin	132,084,782	133,295,293	133,852,036	133,690,189	133,897,109
Meredith	7,536,109	7,551,479	7,566,386	7,638,013	7,490,425
Sidney	5,184,822	5,254,574	5,255,793	5,253,789	5,276,707
Walton	743,156	2,869,145 (1)	2,860,125	2,969,125	2,969,125
Otego	1,354,872	1,356,322	1,357,860	1,362,091	1,363,678
Total Assessed Values	$ 154,009,763	$ 157,554,715	$ 158,134,996	$ 158,213,037	$ 158,336,260
State Equalization Rates					
Towns of:					
Davenport	77.14%	75.25%	75.25%	77.50%	71.33%
Franklin	96.00%	99.00%	90.50%	89.00%	87.50%
Meredith	100.00%	100.00%	100.00%	100.00%	100.00%
Sidney	82.45%	85.50%	85.50%	81.35%	74.00%
Walton	26.60%	100.00% (1)	100.00%	100.00%	100.00%
Otego	115.85%	115.85%	119.64%	116.88%	112.38%
Total Taxable Full Valuation	$ 164,588,044	$ 161,983,977	$ 175,236,372	$ 177,863,598	$ 182,118,056

(1) Significant change from prior year due to town-wide revaluation.

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Towns of:					
Davenport	$ 20.55	$ 21.99	$ 20.84	$ 20.54	$ 22.38
Franklin	16.51	16.71	17.33	17.88	18.24
Meredith	15.85	16.54	15.68	15.91	15.95
Sidney	19.23	19.35	18.35	19.56	21.56
Walton	59.59	16.54 (1)	15.68	15.91	15.96
Otego	13.68	14.28	13.11	13.62	14.20

(1) Significant change from prior year due to town-wide revaluation.

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charged during the month of September. After November 1st, uncollected taxes plus penalties are returnable to the County for collection. The District receives these amounts from the County prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

Tax Levy and Collection Record

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Total Tax Levy	$ 2,608,926	$ 2,679,889	$ 2,748,571	$ 2,830,478	$ 2,906,466
Amount Uncollected [(1)]	297,600	306,799	370,514	348,585	N/A
% Uncollected	11.41%	11.45%	13.48%	12.32%	N/A

(1) District taxes are made whole by the respective Counties. See "Tax Collection Procedure" hereunder.

Ten Largest Taxpayers – 2020 Assessment Roll for 2021 Tax Roll

Name	Type	Taxable Full Valuation
New York State Electric & Gas	Utility	3,039,921
Patricia & Scott Taggart	Residential/Rural/Forest	1,659,000
Yoko Ono	Residential / Rural	1,306,160
Citizens Communications Company of New York	Utility	1,223,850
George T. Morgan and Erna McReynolds	Residential / Rural	1,031,000
Maria Kujawski	Residential / Rural	944,000
Michael Wallace	Residential / Rural / Forest	952,000
Berritto Enterprises	Residential / Rural	925,000
Frank Walker	Agricultural / Commercial	838,000
Donald Smith	Residential/Rural/Agricultural	760,000

The ten largest taxpayers listed above have a total taxable full valuation of $12,678,931, which represents approximately 6.96% of the tax base of the District for the 2020-21 fiscal year.

As of the date of this Official Statement the District currently does not have any pending or outstanding tax certioraris that, if decided adversely to the District, would be reasonably expected to have a material impact on the District. A tax certiorari reserve is in place to cover any tax repayments that may be required.

Source: School District Tax Rolls.

Real Property Taxes

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years, the unaudited results for the 2019-20 fiscal year and the budgeted figures for the 2020-21 fiscal year comprised of Real Property Taxes and Tax Items.

Fiscal Year	Total Revenues [(1)]	Total Property Tax Levy & Other Tax Items [(1)]	Percentage of Total Revenues Consisting of Real Property Tax
2014-2015	6,057,298	2,495,027	41.19
2015-2016	6,346,297	2,553,945	40.24
2016-2017	6,573,142	2,621,621	39.88
2017-2018	6,674,122	2,691,582	40.33
2018-2019	6,814,211	2,758,594	40.48
2019-2020 (Unaudited)	7,275,562	2,842,656	39.07
2020-2021 (Budgeted)	7,192,286	2,906,466	40.41

Source: Audited financial statements for the 2014-2015 fiscal year through the 2018-2019 fiscal year, unaudited results of the District for the 2019-2020 fiscal year and the budgeted figures for the 2020-21 fiscal year. The 2019-2020 unaudited figures are projected estimates and audited results may vary therefrom. This table is not audited.

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 - 87%; Commercial - 3%; Industrial (which includes public utilities) - 4 % and Agricultural - 6%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the District is approximately $3,800 including County, Village, Town and School District taxes.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of $86,300 or less for 2019 benefits and $88,050 or less for 2020 benefits, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross income not in excess of $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

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

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

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

The below table lists the basic and enhanced exemption amounts for the 2019-20 District tax roll for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Davenport	$ 54,100	$ 23,250	4/10/2020
Franklin	62,120	26,700	4/10/2020
Meredith	69,800	30,000	4/10/2020
Sidney	56,780	24,410	4/10/2020
Walton	69,800	30,000	4/10/2020
Otego	81,580	35,060	4/10/2020

$277,662 of the District's $2,830,478 school tax levy for the 2019-2020 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2020.

Approximately $ 278,000 of the District's $ 2,906,466 school tax levy for the 2020-2021 fiscal year is expected to be exempted by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2021.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

See "State Aid" for a discussion of the New Yorkers for Students' Educational Rights v. State of New York case which includes a challenge to the supermajority requirements regarding school district property tax increases.

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STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the School 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 School 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 School District may contract indebtedness only for a School District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

The School District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the School District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. See "TAX LEVY LIMITATION LAW" for a discussion of the limitations on the power of the School District to levy taxes imposed by Chapter 97.

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2015	2016	2017	2018	2019
Bonds	$ 1,310,000	$ 1,150,000	$ 985,000	$ 810,000	$ 630,000
Bond Anticipation Notes	373,000	369,000	356,000	374,000	2,877,000
Total Debt Outstanding	$ 1,683,000	$ 1,419,000	$ 1,341,000	$ 1,284,000	$ 3,507,000

Note: The above table does not include Installment Purchase Agreements of the District. See "Installment Purchase Agreements" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as September 15, 2020:

	Maturity		Amount Outstanding
Bonds	2021-2023		$ 445,000
Bond Anticipation Notes			
Capital Project	June 30, 2021		4,758,000
Buses	July 30, 2021		469,000
		Total Indebtedness	$ 5,672,000

Installment Purchase Agreements

On March 12, 2020, the District entered into an Installment Purchase Agreement in the amount of $65,000 for computer equipment. Annual payments are due from the 2020-21 fiscal year through the 2024-2025 fiscal year.

The balance of the outstanding agreements with the Broome-Tioga BOCES for computer equipment are as follows:

Fiscal Year Issued	Remaining Balance
2016-2017	$ 10,592.53
2017-2018	20,959.78
2018-2019	32,310.60
2019-2020	61,491.56
2020-2021	72,348.05

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 15, 2020:

Full Valuation of Taxable Real Property			$ 182,118,056
Debt Limit – 10% thereof			18,211,806
Inclusions:			
Bonds	$ 445,000		
Bond Anticipation Notes	5,227,000		
Principal of this Issue	0		
Total Inclusions		$ 5,672,000	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 5,672,000
Net Debt-Contracting Margin			$ 12,539,806
The percent of debt contracting power exhausted is			31.14%

(1) Based on preliminary 2020-21 building aid estimates, the District anticipates State Building aid of 81.1% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: The State Constitution does not provide for the inclusion of tax anticipation notes or revenue anticipation notes in the computation of the net indebtedness of the District. Outstanding Installment Purchase Agreements are not included in the table above. See "Installment Purchase Agreements" herein.

Bonded Debt Service

A schedule of Bonded Debt Service may be found in "APPENDIX – B" to this Official Statement.

Cash Flow Borrowings

The District historically does not issue revenue or tax anticipation notes, or budget or deficiency notes, and does not have any current plans to issue any additional for the foreseeable future. Although the degree of the impact of COVID-19 on the operations and finances of the District is extremely difficult to predict due to the nature of the COVID-19 outbreak, the District may consider the issuance of additional obligations in the coming fiscal year to address cash flow needs.

Capital Project Plans and Financing

On February 7, 2017, the District voters authorized a capital project with a total estimated cost not to exceed $5.5 million. This project will include replacement of existing exterior windows and doors, roof and pavement resurfacing, bathroom and locker room renovations, and upgrades to existing technology, electrical, security and communications infrastructure. The project will take three to five years to complete. Construction began in the summer of 2018. On July 19, 2018, the District issued $2,500,000 bond anticipation notes to finance preliminary costs for this project and represents the first borrowing against the authorization. On July 18, 2019 the District issued $4,833,000 bond anticipation notes which along with $80,000 available funds of the District partially redeemed and renewed $2,500,000 bond anticipation notes maturing July 19, 2019 and provided $2,413,000 new money for the above-mentioned purpose. The proceeds $4,758,000 bond anticipation notes issued on July 16, 2020, along with $75,000 available funds of the District, partially redeemed and renewed $4,833,000 bond anticipation notes that matured on July 17, 2020. Depending on the status of the project, the District may permanently finance these projects with bonds in June 2021.

The District annually issues bond anticipation notes for the purchase of school buses. On June 16, 2020, the District voters authorized $160,000 for the purchase of school buses. The District issued $469,000 bond anticipation notes on July 30, 2020 for the purchase of buses. The $469,000 bond anticipation notes, along with $149,000 available funds of the District, partially redeemed and renewed the $453,000 bond anticipation notes that were outstanding for the purchase of buses and provided $160,000 new money.

Beginning in the 2014-15 budget year, the District began a series of planned annual $100,000 capital outlay projects to update facilities. These capital outlays are being financed by the District's operating budget and capital reserve fund.

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

Installment Purchase Agreement

Annually, the District enters into an Installment Purchase Agreement ("IPA") with the Broome-Tioga BOCES for the purchase of computer equipment. The IPA for the 2020-21 fiscal year is for $14,469.61 per year for the next five years at an interest rate of 5.0% with a total principal and interest balance of $72,348.05. The total balance outstanding of all the District's agreements with the Broome-Tioga BOCES for the purchase of computer equipment is $197,702.52.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Net Overlapping Indebtedness
County of:						
Delaware	12/31/2018	$ 9,305,000	$ -	$ 9,305,000	2.81%	$ 261,604
Otsego	12/31/2018	5,489,315	4,489,315	1,000,000	0.03%	259
Town of:						
Davenport	12/31/2018	-	-	-	4.65%	-
Franklin	12/31/2018	-	-	-	29.19%	-
Meredith	12/31/2018	79,450	7,450	72,000	5.27%	3,794
Sidney	12/31/2018	-	-	-	2.26%	-
Walton	12/31/2018	-	-	-	0.77%	-
Otego	12/31/2018	-	-	-	0.67%	-
					Total:	$ 265,657

(1) Bonds and bond anticipation notes are as of the close of the respective fiscal years, and are not adjusted to include subsequent bond or note 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 2018 and 2019.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of September 15, 2020:

	Amount of Indebtedness	Per Capita [a]	Percentage of Full Valuation [b]
Net Indebtedness [c]	$ 5,672,000	$ 2,745.40	3.11%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	5,937,657	2,873.99	3.26%

(a) The District's 2018 estimated population is 2,066. (See "District Population" herein.)

(b) The District's full valuation of taxable real estate for 2020-21 using regular rate equalization rates is $182,118,056. (See "TAXABLE INFORMATION –Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) The District's estimated applicable share of net underlying indebtedness is $265,657. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the State's ability to borrow funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the impact to the State's economy and financial condition due to the novel coronavirus ("COVID-19") outbreak and other circumstances, including State fiscal stress. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid. (See also "THE SCHOOL DISTRICT - State Aid").

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

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

COVID-19. The outbreak of COVID-19 has affected education, travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. Pursuant to Executive Order, the District suspended on-site instruction effective March 16, 2020, which suspension was extended for the balance of the academic year.

The amount of State aid to the District is dependent in part upon the financial condition of the State. With no assurance of direct Federal aid and in awareness that collections from taxes and other receipts are likely to fall materially below the level needed to fund authorized disbursements, the State's 2020 Enacted Budget grants the Budget Director the authority to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by the New York State Division of the Budget. In addition, the Budget Director is authorized to withhold and reduce specific local aid payments during the fiscal year.

There can be no assurance that the State's financial position will not change materially and adversely from prior 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. (See State Aid History" herein.)

The degree of the impact of COVID-19 on the operations and finances of the District is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, (ii) severity and (iii) ultimate geographic spread, as well as with regard to what actions may be taken by governmental authorities to contain or mitigate its impact. There can be no assurances that the spread of COVID-19 will not result in a delay and/or reduction in State aid paid to the District. Any delay or reduction in State aid payments to the District would have a negative impact on the District's finances and operations.

The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" and "State Aid History" herein).

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. The District has cybersecurity insurance.

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 – D, MATERIAL EVENT NOTICES".

Historical Compliance

The District has in the previous five years complied, in all material respects, with any previous undertakings pursuant to Securities Exchange Commission Rule 15c2-12; however,

On June 23, 2020, the District filed a Material Event Notice in connection with the Incurrence of a Financial Obligation, pursuant to its outstanding continuing disclosure undertakings. In addition, the District provided notice of its subsequent failure to provide event filing information in connection with this event within 10 business days as required by its outstanding undertaking agreements. On March 12, 2020, the District entered into an Installment Purchase Agreement with the Broome-Tioga BOCES in the principal amount of $65,500.00 for the purchase of computer equipment.

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 the 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 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's opinion will be in substantially the form attached hereto as "APPENDIX – E".

LITIGATION

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School 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 School 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 School District, threatened against or affecting the School 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 School District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the School District.

RATINGS

The Notes are <u>not</u> rated. Subject to the approval of the District, the purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action may result in a material event notification to be posted to EMMA and/or the provision of a supplement to the final Official Statement.

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

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

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 the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the School District's management's beliefs as well as assumptions made by, and information currently available to, the School 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 School District's files with the repositories. When used in School District's documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the School District, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the School District for use in connection with the offer and sale of the 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 School District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the School District, as to which no representation can be made.

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

The School 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.

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.

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 School 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 School 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 School District also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The School District's contact information is as follows: Ms. Kellie Renwick, District Treasurer, Franklin Central School District, 26 Institute Street, Franklin New York 13775-0888, Phone: 607.829.3551, Ext. 315, Fax: 607.829.2101, email address: krenwick@franklincsd.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

FRANKLIN CENTRAL SCHOOL DISTRICT

Dated: September 15, 2020

By: /s/ STANLEY SWEARS
President of the Board of Education
and Chief Fiscal Officer

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
ASSETS					
Unrestricted Cash	$ 615,426	$ 557,439	$ 404,884	$ 491,094	$ 528,556
Restricted Cash	531,015	489,666	454,946	455,166	419,781
Due from Other Funds	104,518	74,054	69,426	92,103	103,550
State and Federal Aid Receivable	358,114	355,420	373,968	329,028	297,642
Due from Other Governments	-	-	-	-	-
Other Receivables	3,252	3,871	-	9,315	23,733
Prepaid Expidentures	-	-	-	-	-
TOTAL ASSETS	$ 1,612,325	$ 1,480,450	$ 1,303,224	$ 1,376,706	$ 1,373,262
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ -	$ -	$ 457	$ -	$ -
Accrued Liabilities	31,480	79,356	6,578	57,370	25,767
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	17,246
Due to Teachers' Retirement System	350,354	278,909	211,807	191,537	210,143
Due to Employees' Retirement System	38,509	35,671	34,977	37,250	36,005
TOTAL LIABILITIES	$ 420,343	$ 393,936	$ 253,819	$ 286,157	$ 289,161
FUND EQUITY					
Reserved	$ 531,015	$ 489,666	$ 454,946	$ 455,166	$ 419,781
Unreserved:					
Appropriated	381,952	335,050	326,457	372,759	380,803
Unappropriated	279,015	261,798	268,002	262,624	283,517
TOTAL FUND EQUITY	$ 1,191,982	$ 1,086,514	$ 1,049,405	$ 1,090,549	$ 1,084,101
TOTAL LIABILITIES and FUND EQUITY	$ 1,612,325	$ 1,480,450	$ 1,303,224	$ 1,376,706	$ 1,373,262

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
REVENUES					
Real Property Taxes	$ 2,173,045	$ 2,225,330	$ 2,292,022	$ 2,366,880	$ 2,450,509
Other Tax Items	321,982	328,615	329,599	324,702	308,085
Charges for Services	56,832	70,355	43,038	41,864	52,706
Use of Money & Property	2,310	2,207	862	767	1,052
Sale of Property and Compensation for Loss	7,205	11,125	8,887	2,771	6,924
Miscellaneous	72,981	55,117	117,644	65,646	52,850
Revenues from State Sources	3,410,373	3,649,914	3,769,917	3,862,745	3,951,655
Revenues from Federal Sources	12,570	3,634	11,173	8,747	14,421
Total Revenues	$ 6,057,298	$ 6,346,297	$ 6,573,142	$ 6,674,122	$ 6,838,202
EXPENDITURES					
General Support	$ 1,074,837	$ 1,087,662	$ 1,012,567	$ 1,063,743	$ 1,117,553
Instruction	2,870,547	3,073,710	2,962,680	3,011,673	3,188,675
Pupil Transportation	431,992	415,207	424,804	450,388	462,484
Community Services	3,957	3,980	2,000	2,000	2,000
Employee Benefits	1,489,115	1,522,543	1,503,281	1,674,161	1,672,433
Debt Service	337,435	338,055	341,589	342,621	338,880
Total Expenditures	$ 6,207,883	$ 6,441,157	$ 6,246,921	$ 6,544,586	$ 6,782,025
Excess (Deficit) Revenues Over Expenditures	$ (150,585)	$ (94,860)	$ 326,221	$ 129,536	$ 56,177
Other Financing Sources (Uses):					
Operating Transfers (in)	100,000	100,000	-	25,000	50,000
Operating Transfers (out)	(113,581)	(110,608)	(363,330)	(113,392)	(112,625)
Total Other Financing Sources (Uses)	$ (13,581)	$ (10,608)	$ (363,330)	$ (88,392)	$ (62,625)
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	$ (164,166)	$ (105,468)	$ (37,109)	$ 41,144	$ (6,448)
FUND BALANCE					
Fund Balance - Beginning of Year	1,356,148	1,191,982	1,086,514	1,049,405	1,090,549
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 1,191,982	$ 1,086,514	$ 1,049,405	$ 1,090,549	$ 1,084,101

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:	2019 Adopted Budget	2019 Modified Budget	2019 Actual	2020 Adopted Budget	2021 Adopted Budget
REVENUES					
Real Property Taxes	$ 2,428,571	$ 2,428,571	$ 2,450,509	$ 2,830,478	$ 2,906,466
Other Tax Items	332,000	332,000	308,085	12,000	12,000
Charges for Services	-	-	52,706	-	-
Use of Money & Property	1,000	1,000	1,052	1,000	1,000
Sale of Property and Compensation for Loss	-	-	6,924	-	-
Miscellaneous	44,000	44,000	52,850	80,000	55,000
Revenues from State Sources	3,884,064	3,884,064	3,951,655	4,195,596	4,210,320
Revenues from Federal Sources	10,000	10,000	14,421	10,000	7,500
Total Revenues	$ 6,699,635	$ 6,699,635	$ 6,838,202	$ 7,129,074	$ 7,192,286
EXPENDITURES					
General Support	$ 1,126,276	$ 1,164,842	$ 1,117,553	$ 1,124,716	$ 1,970,412
Instruction	3,224,524	3,292,321	3,188,675	3,435,869	3,047,666
Pupil Transportation	514,541	514,541	462,484	511,964	-
Community Services	2,000	2,000	2,000	2,000	-
Employee Benefits	1,799,414	1,727,185	1,672,433	1,972,804	1,788,818
Debt Service	338,880	338,880	338,880	470,721	745,390
Total Expenditures	$ 7,005,635	$ 7,039,769	$ 6,782,025	$ 7,518,074	$ 7,552,286
Excess (Deficit) Revenues Over Expenditures	$ (306,000)	$ (340,134)	$ 56,177	$ (389,000)	$ (360,000)
Other Financing Sources (Uses):					
Operating Transfers (in)	80,000	80,000	50,000	140,000	120,000
Operating Transfers (out)	(104,000)	(112,625)	(112,625)	(104,000)	(110,000)
Total Other Financing Sources (Uses)	$ (24,000)	$ (32,625)	$ (62,625)	$ 36,000	$ 10,000
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	$ (330,000)	$ (372,759)	$ (6,448)	$ (353,000)	$ (350,000)
FUND BALANCE					
Fund Balance - Beginning of Year	330,000	372,759	1,090,549	353,000	350,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 1,084,101	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	2008 Bonds - Capital Project				Total	
	Principal		Interest			
2021	$	195,000	$	17,800	$	212,800
2022		200,000		10,000		210,000
2023		50,000		2,000		52,000
TOTALS	$	445,000	$	29,800	$	474,800

APPENDIX - C

FRANKLIN CENTRAL SCHOOL DISTRICT
2019-2020 MONTHLY CASH FLOW

(General Fund)

	2019			2021									
RECEIPTS	Actual October	Actual November	Actual December	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Estimated September	Total
Beginning Cash Balance	$ 1,517,413	$ 2,146,858	$ 1,763,364	$ 1,140,440	$ 913,209	$ 568,221	$ 1,158,365	$ 1,659,494	$ 1,283,072	$ 927,283	$ 605,861	$ 352,272	
General Cash Receipts													
- Taxes & Penalties	$ 777,076	$ 43,623	$ -	$ 277,661	$ -	$ -	$ 357,289	$ -	$ -	$ -	$ -	$ 1,250,000	$ 2,705,649
- Payment in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
- Gifts & Donations	-	-	-	-	-	-	2,000	-	-	-	-	-	2,000
- Admissions	-	-	-	-	-	-	-	-	-	-	-	-	-
- Medicaid	-	7,171	2,025	158	6,892	3,429	1,668	-	-	-	-	-	21,343
- Interest	96	79	61	52	32	40	78	59	54	32	20	20	623
- Insurance Settlements/Refunds	-	-	-	-	-	-	5,345	-	-	-	-	-	5,345
- Refund of Prior Year Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
- Sale of Equipment	1,825	-	-	-	-	-	-	-	2,000	-	-	-	3,825
- Miscellaneous/Accounts Receivable	1,085	207	4,549	6,631	-	1,511	525	1,742	418	-	-	-	16,668
- State Aid	437,312	212,978	317,782	-	97,577	1,098,649	692,582	218,992	571,692	131,358	56,307	-	3,835,229
- Federal Aid/ARRA	-	-	-	-	-	-	-	-	-	-	-	-	-
- Microsoft STVP	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interfund Loans (Due to's/from's)	-	-	-		-	-							-
- Interfund Transfers In	-	-	-	-	100,000	-	-	-	-	-	-	-	100,000
- Due From Other Funds	-	-	-	10,562	-	-	35,045	-	32,474	32,661	235	-	110,977
- Reimbursement of Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
- Revenue Anticipation Note (RAN)	-	-	-	-	-	-	-	-	-	-	-	-	-
- ERRP / Equity Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
- BOCES Aid	-	-	49,251	-	-	-	-	-	88,363	-	-	106,088	243,702
Total Receipts	$ 1,217,393	$ 264,059	$ 373,668	$ 295,064	$ 204,501	$ 1,103,629	$ 1,094,532	$ 220,793	$ 695,001	$ 164,051	$ 56,562	$ 1,356,108	$ 7,045,361
DISBURSEMENTS													
General Cash Disbursements													
- General Monthly Disbursements	$ 203,561	$ 141,087	$ 176,872	$ 173,690	$ 165,802	$ 163,436	$ 146,069	$ 135,966	$ 227,972	$ 80,341	$ 14,439	$ 250,000	$ 1,879,235
- Payroll & Related Benefits	267,984	399,885	376,007	252,540	277,829	249,809	247,334	280,795	580,878	134,398	83,295	275,000	3,425,754
- Health Insurance	101,404	106,580	103,682	96,065	105,858	90,240	-	180,454	44,340	82,294	97,417	130,000	1,138,334
- School Tax Refund	-	-	-	-	-	-	-	-	-	-	-	-	-
- Debt Service Principal	-	-	-	-	-	-	-	-	185,000	75,000	-	-	260,000
- Debt Service Interest	-	-	12,600	-	-	-	-	-	12,600	-	-	-	25,200
- Due to other funds	-	-	327,431	-	-	-	-	-	-	-	-	-	327,431
- Interfund Loans (Due to's/from's)	15,000	-	-	-	-	10,000	200,000	-	-	5,000	115,000	500,000	845,000
- Interfund Transfer (Capital Project)	-	-	-	-	-	-	-	-	-	-	-	-	-
- Miscellaneous	-	-	-	-	-		-	-	-	-	-	-	-
- Revenue Anticipation Note (RAN)	-	-	-	-	-	-	-	-	-	-	-	-	-
- Revenue Anticipation Note Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bond Anticipation Note Interest	-	-	-	-	-	-	-	-	-	108,440	-	-	108,440
	-	-	-	-	-	-	-	-	-		-	-	-
Total Estimated Disbursements	$ 587,948	$ 647,552	$ 996,592	$ 522,295	$ 549,489	$ 513,485	$ 593,403	$ 597,215	$ 1,050,790	$ 485,473	$ 310,151	$ 1,155,000	$ 8,009,393
Monthly Cash Increase/(Decrease)	$ 629,445	$ (383,493)	$ (622,924)	$ (227,231)	$ (344,988)	$ 590,144	$ 501,129	$ (376,422)	$ (355,789)	$ (321,422)	$ (253,589)	$ 201,108	$ (964,033)
Ending Cash Balance	$ 2,146,858	$ 1,763,364	$ 1,140,440	$ 913,209	$ 568,221	$ 1,158,365	$ 1,659,494	$ 1,283,072	$ 927,283	$ 605,861	$ 352,272	$ 553,380	
- Less Reserve Cash	$ (419,850)	$ (419,866)	$ (419,884)	$ (419,901)	$ (419,917)	$ (419,934)	$ (419,951)	$ (419,967)	$ (429,985)	$ (430,002)	$ (220,002)	$ (220,010)	
General Operating Cash	$ 1,727,007	$ 1,343,498	$ 720,556	$ 493,308	$ 148,304	$ 738,431	$ 1,239,543	$ 863,104	$ 497,298	$ 175,858	$ 132,270	$ 333,370	

FRANKLIN CENTRAL SCHOOL DISTRICT
2020-2021 ESTIMATED MONTHLY CASH FLOW (WITH RAN PROCEEDS)

(General Fund)

	2020						2021						
ESTIMATED RECEIPTS	**Estimated October**	**Estimated November**	**Estimated December**	**Estimated January**	**Estimated February**	**Estimated March**	**Estimated April**	**Estimated May**	**Estimated June**	**Estimated July**	**Estimated August**	**Estimated September**	**Total**
Beginning Cash Balance	$ 553,380	$ 2,335,965	$ 1,768,550	$ 1,297,230	$ 679,785	$ 87,360	$ 614,910	$ 1,292,460	$ 892,510	$ 28,107	$ (451,388)	$ (851,413)	
General Cash Receipts													
- Taxes & Penalties	$ 750,000	$ 35,000	$ -	$ 275,000	$ -	$ -	$ 605,000	$ -	$ -	$ -	$ -	$ 1,350,000	$ 3,015,000
- Payment in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
- Gifts & Donations	-	-	-	-	-	-	-	-	-	-	-	-	-
- Admissions	-	-	-	-	-	-	-	-	-	-	-	-	-
- Medicaid	-	-	-	2,500	-	-	-	2,500	-	-	-	-	5,000
- Interest	100	100	100	75	75	50	50	50	50	-	-	-	650
- Insurance Settlements/Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
- Refund of Prior Year Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
- Sale of Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
- Miscellaneous/Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
- State Aid	350,000	170,000	255,000	-	-	1,085,000	600,000	175,000	460,000	135,000	60,000	350,000	3,640,000
- Federal Aid/ARRA	-	-	-	-	-	-	-	-	-	-	-	-	-
- Microsoft STVP	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interfund Loans (Due to's/from's)	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
- Due From Other Funds	-	-	-	-	-	-	-	-	500,000	-	-	-	500,000
- Reimbursement of Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
- Revenue Anticipation Note (RAN)	1,500,000	-	-	-	-	-	-	-	-	-	-	-	1,500,000
- ERRP / Equity Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
- BOCES Aid	-	-	40,000	-	-	-	-	-	75,000	-	-	-	115,000
Total Receipts	$ 2,600,100	$ 205,100	$ 295,100	$ 277,575	$ 75	$ 1,085,050	$ 1,205,050	$ 177,550	$ 1,035,050	$ 135,000	$ 60,000	$ 1,700,000	$ 8,775,650
ESTIMATED DISBURSEMENTS													
General Cash Disbursements													
- General Monthly Disbursements	$ 220,000	$ 150,000	$ 180,000	$ 180,000	$ 190,000	$ 180,000	$ 150,000	$ 150,000	$ 250,000	$ 100,000	$ 50,000	$ 225,000	$ 2,025,000
- Payroll & Related Benefits	275,000	300,000	275,000	412,500	300,000	275,000	275,000	325,000	650,000	90,000	135,000	300,000	3,612,500
- Health Insurance	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500	165,000	125,000	125,000	125,000	1,360,000
- School Tax Refund	-	-	-	-	-	-	-	-	-	-	-	-	-
- Debt Service Principal	-	-	-	-	-	-	-	-	270,000	146,000	-	-	416,000
- Debt Service Interest	-	-	8,900	-	-	-	-	-	8,900	-	-	-	17,800
- Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interfund Loans (Due to's/from's)	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interfund Transfer (Capital Project)	-	-	-	-	-	-	-	-	-	-	-	-	-
- Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
- Revenue Anticipation Note (RAN)	-	-	-	-	-	-	-	-	500,000	-	-	-	500,000
- Revenue Anticipation Note Interest	-	-	-	-	-	-	-	-	25,000	-	-	-	25,000
- Bond Anticipation Note Interest	-	-	-	-	-	-	-	-	30,553	3,470	-	-	34,023
Total Estimated Disbursements	$ 597,500	$ 552,500	$ 566,400	$ 695,000	$ 592,500	$ 557,500	$ 527,500	$ 577,500	$ 1,899,453	$ 464,470	$ 310,000	$ 650,000	$ 7,990,323
Monthly Cash Increase/(Decrease)	$ 2,002,600	$ (347,400)	$ (271,300)	$ (417,425)	$ (592,425)	$ 527,550	$ 677,550	$ (399,950)	$ (864,403)	$ (329,470)	$ (250,000)	$ 1,050,000	$ 785,327
Ending Cash Balance	$ 2,555,980	$ 1,988,565	$ 1,497,250	$ 879,805	$ 87,360	$ 614,910	$ 1,292,460	$ 892,510	$ 28,107	$ (301,363)	$ (701,388)	$ 198,587	
- Less Reserve Cash	$ (220,015)	$ (220,015)	$ (200,020)	$ (200,020)	$ -	$ -	$ -	$ -	$ -	$ (150,025)	$ (150,025)	$ (150,025)	
General Operating Cash	$ 2,335,965	$ 1,768,550	$ 1,297,230	$ 679,785	$ 87,360	$ 614,910	$ 1,292,460	$ 892,510	$ 28,107	$ (451,388)	$ (851,413)	$ 48,562	

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, 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 Note, or other material events affecting the tax status of the Notes

(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 Note

(k) rating changes

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

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

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

(o) incurrence of a "financial obligation" (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 noteholders, if material; and

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

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

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

For the purposes of the event identified in paragraph (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for 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 governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

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

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

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

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APPENDIX – E

FORM OF BOND COUNSEL'S OPINION

October 1, 2020

Franklin Central School District,
Counties of Delaware and Otsego,
State of New York

Re: Franklin Central School District, Delaware and Otsego Counties, New York
$1,500,000 Revenue Anticipation Notes, 2020 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of $1,500,000 Revenue Anticipation Notes, 2020 ((the "Obligation"), of the Franklin Central School District, Delaware and Otsego Counties, New York (the "Obligor"), dated October 1, 2020, numbered 1, of the denomination of $1,500,000, bearing interest at the rate of ___% per annum, payable at maturity, and maturing October 1, 2021.

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, subject to applicable statutory limitations; 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 Obligation 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

FRANKLIN CENTRAL SCHOOL DISTRICT
DELAWARE AND OTSEGO COUNTIES, NEW YORK

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2019

The 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.

FRANKLIN CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Franklin Central School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Franklin Central School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Franklin Central School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund information of the Franklin Central School District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of changes in the total OPEB liability, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M10 and 47-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 an opinion on the financial statements that collectively comprise the Franklin Central School District's basic financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 9, 2019 on our consideration of the Franklin 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin Central School District's internal control over financial reporting and compliance.

Raymond G. Preusser CPA P.C.

Claverack, New York
September 9, 2019

FRANKLIN CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2019

INTRODUCTION

The Franklin Central School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

During the 2018-2019 fiscal year, the following items should be considered as financial highlights to the Franklin Central School District.

- The District experienced a change in Net Position from $3,842,128 in 2017-2018 to $3,575,883 in 2018-2019. This change is attributed to an overall increase in total assets compared to the decrease in total liabilities. The net affect was the overall decrease in total net position of $266,245.

- As of the close of the fiscal year 2019, the District's governmental funds reported combined fund balances of ($902,598), a decrease of $2,073,980 in comparison with the prior year. This change was primarily the result of the operating deficit in the Capital Fund of $2,018,865 due to the fact that permanent financing for the new capital project has not occurred.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1. Districtwide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

In addition to these statements, this report also includes required supplemental information and other supplemental information.

Our auditor has provided assurance in the independent auditor's report that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified below. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part in the financial statements.

Financial Statements

Required Supplemental Information (Part A)
Management's Discussion & Analysis (MD&A)

Basic Financial Statements

Districtwide Financial Statements	↔	Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplemental Information (Part B)

General Fund Budget to Actual Schedule

Changes in the Total OPEB Liability

District's Proportionate Share of the Net Pension Asset/Liability

District Contributions

Supplemental Information

General Fund Budget & Fund Balance Information

Capital Project Funds Schedule of Project Expenditures

Schedule of Net Investment in Capital Assets

DISTRICTWIDE FINANCIAL STATEMENTS

The districtwide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the districtwide financial statements as *governmental activities*, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

DISTRICTWIDE FINANCIAL ANALYSIS

Franklin Central School District's Net Position
June 30, 2019 and 2018

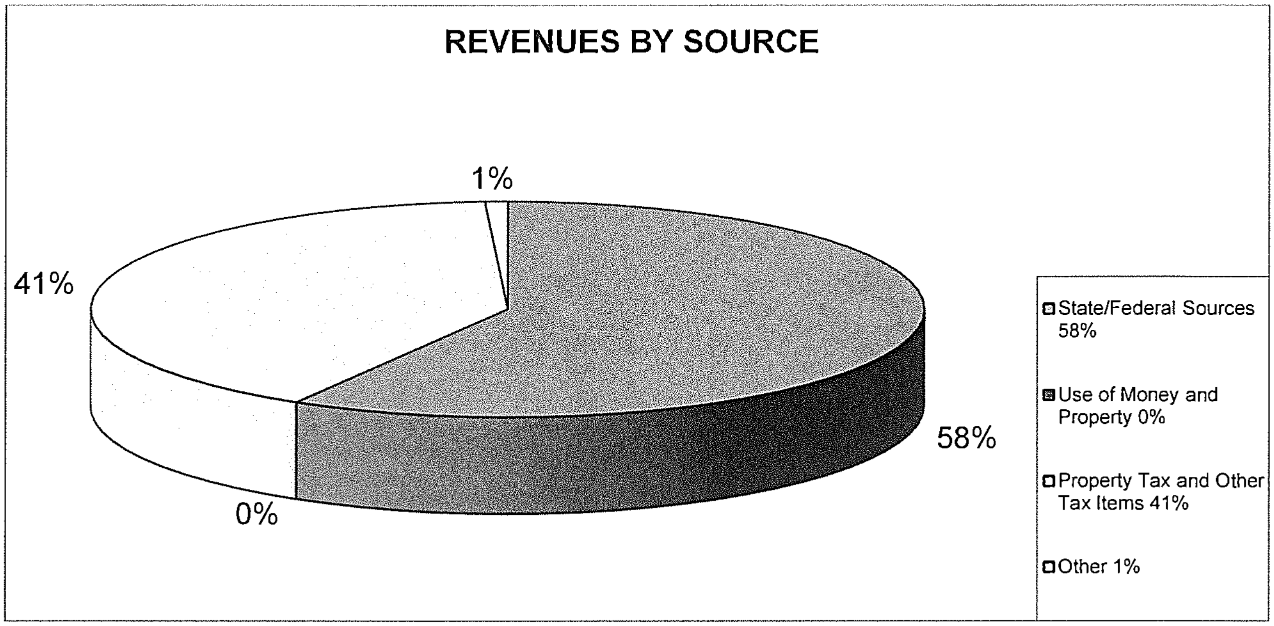
	Governmental Activities		Variance
	2019	2018	Increase (Decrease)
Current Assets	$ 2,248,431	$ 1,832,996	$ 415,435
Capital Assets	6,288,392	4,380,124	1,908,268
Net Pension Asset	206,613	82,960	123,653
Total Assets	8,743,436	6,296,080	2,447,356
Deferred Outflows of Resources	1,288,933	1,673,823	(384,890)
Total Assets and Outflows of Resources	10,032,369	7,969,903	2,062,466
Current Liabilities	3,205,889	669,823	2,536,066
Long-Term Obligations	2,565,314	2,742,135	(176,821)
Net Pension Liability	234,687	108,562	126,125
Total Liabilities	6,005,890	3,520,520	2,485,370
Deferred Inflows of Resources	450,596	607,255	(156,659)
Total Liabilities and Inflows of Resources	6,456,486	4,127,775	2,328,711
Net Position:			
Investment in capital assets, net of related debt	2,781,392	3,196,124	(414,732)
Restricted	765,311	850,500	(85,189)
Unrestricted	29,180	(204,496)	233,676
Total Net Position	$ 3,575,883	$ 3,842,128	$ (266,245)

Franklin Central School District's
Changes in Net Position
For the Years Ended June 30, 2019 and 2018

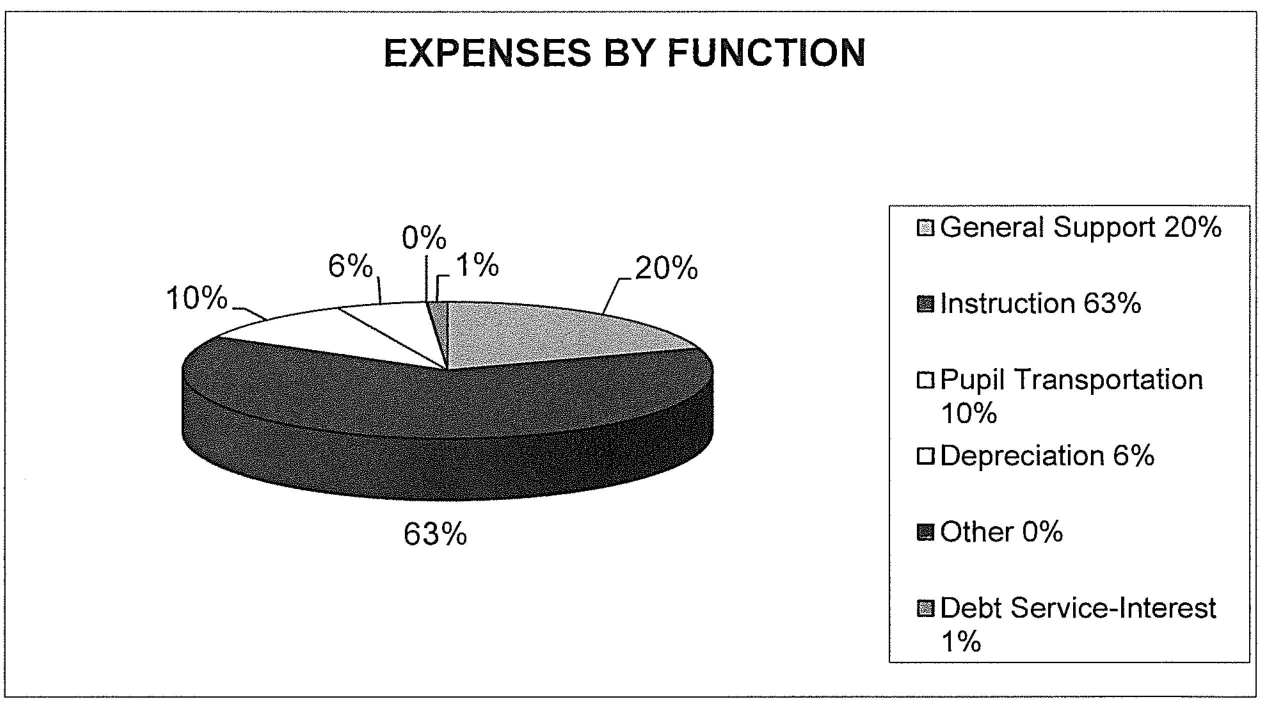
	Governmental Activities		
	2019	2018	Variance Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	$ 115,083	$ 99,876	$ 15,207
Operating Grants and Contributions	350,346	336,317	14,029
General Revenues:			
Real Property Taxes	2,450,509	2,366,880	83,629
Other Tax Items	308,085	324,702	(16,617)
Use of Money and Property	1,248	953	295
Sale of Property and Compensation for Loss	6,924	2,771	4,153
Miscellaneous	52,998	66,753	(13,755)
State Sources	3,951,655	3,862,745	88,910
Federal Sources	14,421	8,747	5,674
Total General Revenues	7,251,269	7,069,744	181,525
Expenses:			
Instruction	4,761,796	4,544,463	217,333
Support Services:			
General Support	1,399,353	1,345,353	54,000
Pupil Transportation	709,626	675,144	34,482
Community Service	2,000	2,000	-
Debt Service-Interest	86,533	45,922	40,611
Depreciation-Unallocated and Loss on Disposal	392,314	335,923	56,391
School Lunch	165,892	157,223	8,669
Total Expenses	7,517,514	7,106,028	411,486
Change in Net Position	$ (266,245)	$ (36,284)	$ (229,961)

The following charts provide the percentage of breakdown of all revenues by source and all expenses by function for the entire District:

Districtwide Revenues by Source
For the Year Ended June 30, 2019



Districtwide Expenses by Function
For the Year Ended June 30, 2019



FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds.

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District establishes other funds to control and 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). All of the funds of the District can be divided into two categories; governmental funds, and fiduciary funds.

- ***Governmental funds:*** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

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

FUND FINANCIAL ANALYSIS (DISTRICT'S FUNDS)

The District's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of ($.9) million, which is below last year's total of $1.2 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2019 and 2018.

	Fund Balance 2019	Fund Balance 2018	Variance Increase (Decrease)
General	$ 1,084,101	$ 1,090,549	$ (6,448)
School Lunch	11,807	10,669	1,138
Debt Service	345,530	395,334	(49,804)
Capital	(2,344,036)	(325,172)	(2,018,864)
Totals	$ (902,598)	$ 1,171,380	$ (2,073,978)

General Fund

The tables that follow assist in illustrating the financial activities and balance of the general fund.

Revenues:	**2019**	**2018**	**Variance Increase (Decrease)**
Taxes and Other Tax Items	$ 2,758,594	$ 2,691,582	$ 67,012
Use of Money and Property	1,052	767	285
State/Federal Sources	3,966,076	3,871,492	94,584
Other	112,480	110,281	2,199
Operating Transfer In	50,000	25,000	25,000
Totals	$ 6,888,202	$ 6,699,122	$ 189,080

Expenditures:	**2019**	**2018**	**Variance Increase (Decrease)**
General Support	$ 1,117,553	$ 1,063,743	$ 53,810
Instruction	3,188,675	3,011,673	177,002
Pupil Transportation	462,484	450,388	12,096
Community Service	2,000	2,000	-
Employee Benefits	1,672,433	1,674,161	(1,728)
Debt Service	338,880	342,621	(3,741)
Operating Transfer Out	112,625	113,392	(767)
Totals	$ 6,894,650	$ 6,657,978	$ 236,672
Net Change in Fund Balance	(6,448)	41,144	
Fund Balance - Beginning	1,090,549	1,049,405	
Fund Balance - Ending	$ 1,084,101	$ 1,090,549	

GENERAL FUND BUDGET INFORMATION

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

The difference between the general fund's original budget and the final amended budget was $42,759. This amount represents the carryover encumbrances from the 2017/18 school year.

CAPITAL ASSETS

The District's capital assets (net of accumulated depreciation) as of June 30, 2019 are as follows:

Asset Description	Amount
Land	$ 30,503
Work in Progress	2,263,880
Buildings and Improvements	3,155,636
Machinery, Equipment and Vehicles	838,373
Total	$ 6,288,392

The total increase in the District's capital assets (net of accumulated depreciation) for the current fiscal year was $1,908,268. Depreciation and loss on disposal of assets was less than current year capital expenditures.

DEBT

The District had total debt including serial bonds, a bond anticipation notes outstanding, compensated absences, net pension liability-proportionate share and the OPEB obligation in the amount of $5,677,001 as of June 30, 2019. The debt outstanding for the year ended June 30, 2019 is summarized as follows:

Debt Description	**Outstanding Balance**
Bonds	$ 630,000
OPEB Obligation	1,720,813
Compensated Absences	214,501
Net Pension Liability-Proportionate Share	234,687
Bond Anticipation Notes	2,877,000
Total	$ 5,677,001

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2019 the District's general obligation debt was significantly under its total debt limit. The District has a bond rating of A1.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of circumstances that could affect its financial well-being in the future.

One challenge facing the District is the ongoing dependence on State funding. Changes in the State's economy or other changes at the State level, that impact the manner in which state aid is paid have had an impact on the finances of the District.

Besides the impact of the State Aid funding for the School District, the new Property Tax Cap Law has a significant impact on the revenues of the District. In June of 2011, the New York State Legislature passed a Property Tax Cap Law, which began with the 2012 – 2013 school year budget. The legislation provides a calculation for a tax levy limit, which caps the amount of revenues the District can raise through the levy of taxes. In the circumstance of a defeat of an original budget with a tax levy increase calculated in accordance with the legislation and a resubmitted/revised budget defeat, the Board of Education is mandated by this legislation to adopt a budget that levies a tax no greater than that of the prior year; a zero percent tax levy increase. This would prove to be a serious strain on the ability of the District to meet its obligations and has the potential to diminish the District's fund balance.

Another challenge is to maintain and upgrade the existing facilities. In February 2017, District voters authorized a capital project, with total expenditures not to exceed $5.5 million, to upgrade District facilities. The scope of the project includes replacement of roofs, windows, and doors; renovation of locker rooms and restrooms; security and technology enhancements; asbestos abatement; and renovations to the bus garage. Renovations began in the summer of 2018 and are expected to continue for the next three to five years. Although the project will be funded partially with state aid, it will place an enhanced burden on the community.

Additionally, the cost of employee benefits continues to be a major budgetary factor for all school districts. The continued growth in the cost of health insurance combined with the costs of funding the Teachers' Retirement System and Employees' Retirement System are projected to have significant budgetary impact in the near to intermediate future.

The District continues to receive extraordinary community support. Despite declining state aid, and the limitations associated with the tax cap, the District's 2019-20 budget was overwhelmingly approved by District voters. Management believes that smaller rural schools have many advantages over our larger counterparts. Small classroom size and low staff turnover in critical academic areas facilitate student achievement. The District continues to be recognized as a high performing District by the New York State Education Department. The District's graduation rate continues to be well above the state standard of 80%. The District's graduation rate for the past five years averaged approximately 95%. In addition, State test scores continue to be above average.

Our commitment to leading edge instructional technology and pro-active promotion of the strengths inherent in progressive small rural schools makes us optimistic about our short and long term future. Our citizens, their elected Board of Education, and management believe that rural schools play a crucial role in our society. We face the future confident that the facilities, staff and financial resources we possess will efficiently deliver a superior educational opportunity to our students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

It is the intent of this report to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Franklin Central School District
PO Box 888
26 Institute Street
Franklin, New York 13775
ATTN: Business Office

FRANKLIN CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

ASSETS		
Unrestricted cash	$ 1,065,916	
Restricted cash	765,311	
Other receivables, net	23,787	
State and federal aid receivable	390,176	
Inventories	3,241	
Capital assets, net	6,288,392	
Net pension asset	206,613	
Total Assets		$ 8,743,436
DEFERRED OUTFLOW OF RESOURCES		
Pensions	$ 1,288,933	
Total Deferred Outflows of Resources		$ 1,288,933
LIABILITIES		
Current Liabilities:		
Accrued liabilities	$ 80,766	
Due to other governments	49	
Due to teachers' retirement system	210,143	
Due to employees' retirement system	36,005	
Bond anticipation notes payable	2,877,000	
Unearned revenue	1,926	
Long-Term Liabilities:		
Due and payable within one year		
Bonds payable	185,000	
Due and payable after one year		
Bonds payable	445,000	
Compensated absences payable	214,501	
Other postemployment benefits payable	1,720,813	
Net pension liability - proportionate share	234,687	
Total Liabilities		$ 6,005,890
DEFERRED INFLOWS OF RESOURCES		
Pensions	387,781	
OPEB-GASB 75	62,815	
Total Deferred Inflows of Resources		$ 450,596
NET POSITION		
Net Investment in Capital Assets	2,781,392	
Restricted	765,311	
Unrestricted	29,180	
Total Net Position		$ 3,575,883

See auditor's report. See notes to financial statements.

FRANKLIN CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For Year Ended June 30, 2019

	Expenses	Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	$ 1,086,833	$ 312,520	$ -	$ -	$ (1,399,353)
Instruction	3,378,162	1,383,634	52,706	249,842	(4,459,248)
Pupil transportation	489,192	220,434	-	-	(709,626)
Community services	2,000	-	-	-	(2,000)
Employee benefits	1,922,773	(1,922,773)	-	-	-
Debt service-Interest	86,533	-	-	-	(86,533)
Depreciation and loss on disposal	392,314	-	-	-	(392,314)
School lunch program	159,707	6,185	62,377	100,504	(3,011)
Total Functions and Programs	$ 7,517,514	$ -	$ 115,083	$ 350,346	(7,052,085)
GENERAL REVENUES					
Real property taxes					2,450,509
Other tax items					308,085
Use of money and property					1,248
Sale of property and compensation for loss					6,924
Miscellaneous					52,998
State sources					3,951,655
Federal sources					14,421
Total General Revenues					6,785,840
Change in Net Position					(266,245)
Total Net Position - Beginning of year					3,842,128
Total Net Position - End of year					$ 3,575,883

See auditor's report. See notes to financial statements.

FRANKLIN CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2019

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted cash	$ 1,065,916	$ -	$ -	$ 1,065,916
Restricted cash	765,311	-	-	765,311
Other receivables, net	23,787	-	-	23,787
Due from other funds	120,796	-	(120,796)	-
State and federal aid receivable	390,176	-	-	390,176
Inventories	3,241	-	-	3,241
Capital assets, (net)	-	6,288,392	-	6,288,392
Net pension asset	-	206,613	-	206,613
Total Assets	$ 2,369,227	$ 6,495,005	$ (120,796)	$ 8,743,436
DEFERRED OUTFLOW OF RESOURCES				
Pensions	$ -	$ 1,288,933	$ -	$ 1,288,933
Total Deferred Outflows of Resources	$ -	$ 1,288,933	$ -	$ 1,288,933
LIABILITIES				
Accrued liabilities	$ 25,906	$ 54,860	$ -	$ 80,766
Bond anticipation notes payable	2,877,000	-	-	2,877,000
Bonds payable	-	630,000	-	630,000
Due to other funds	120,796	-	(120,796)	-
Due to other governments	49	-	-	49
Due to teachers' retirement system	210,143	-	-	210,143
Due to employees' retirement system	36,005	-	-	36,005
Unearned revenue	1,926	-	-	1,926
Other postemployment benefits payable	-	1,720,813	-	1,720,813
Compensated absences	-	214,501	-	214,501
Net pension liability- proportionate share	-	234,687	-	234,687
Total Liabilities	$ 3,271,825	$ 2,854,861	$ (120,796)	$ 6,005,890
DEFERRED INFLOWS OF RESOURCES				
Pensions	$ -	$ 387,781	$ -	$ 387,781
OPEB-GASB 75	-	62,815	-	62,815
Total Deferred Inflows of Resources	$ -	$ 450,596	$ -	$ 450,596
FUND BALANCE\NET POSITION				
Total Fund Balance\Net Position	$ (902,598)	$ 4,478,481	$ -	$ 3,575,883
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	$ 2,369,227	$ 7,783,938	$ (120,796)	$ 10,032,369

See auditor's report. See notes to financial statements.

FRANKLIN CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For Year Ended June 30, 2019

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	$ 2,450,509	$ -	$ -	$ -	$ 2,450,509
Other tax items	308,085	-	-	-	308,085
Charges for services	52,706	-	-	-	52,706
Use of money and property	1,248	-	-	-	1,248
Sale of property and compensation for loss	6,924	-	-	-	6,924
Miscellaneous	52,998	-	-	-	52,998
State sources	4,024,501	-	-	-	4,024,501
Federal sources	291,921	-	-	-	291,921
Sales - school lunch	62,377	-	-	-	62,377
Total Revenues	7,251,269	-	-	-	7,251,269
EXPENDITURES\EXPENSES					
General support	1,117,553	-	(30,720)	-	1,086,833
Instruction	3,420,198	(10,275)	(31,761)	-	3,378,162
Pupil transportation	489,428	-	(236)	-	489,192
Community services	2,000	-	-	-	2,000
Employee benefits	1,678,618	244,155	-	-	1,922,773
Debt service-Principal	299,000	-	-	(299,000)	-
-Interest	39,880	46,653	-	-	86,533
Cost of sales	159,707	-	-	-	159,707
Capital outlay	2,237,865	-	(2,237,865)	-	-
Depreciation/Loss on disposal	-	-	392,314	-	392,314
Total Expenditures	9,444,249	280,533	(1,908,268)	(299,000)	7,517,514
Excess (Deficiency) of Revenues Over Expenditures	(2,192,980)	(280,533)	1,908,268	299,000	(266,245)
OTHER SOURCES AND USES					
Bond anticipation notes redeemed	119,000	-	-	(119,000)	-
Operating transfers in	162,625	(162,625)	-	-	-
Operating transfers (out)	(162,625)	162,625	-	-	-
Total Other Sources (Uses)	119,000	-	-	(119,000)	-
Net Change for the Year	$ (2,073,980)	$ (280,533)	$ 1,908,268	$ 180,000	$ (266,245)

See auditor's report. See notes to financial statements.

FRANKLIN CENTRAL SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30, 2019

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	$ 528,556	$ 15,663	$ 5,934	$ -	$ 515,763	$ 1,065,916
Restricted cash	419,781	-	-	345,530	-	765,311
Other receivables, net	23,733	-	54	-	-	23,787
State and federal aid receivable	297,642	84,994	7,540	-	-	390,176
Due from other funds	103,550	-	-	-	17,246	120,796
Inventories	-	-	3,241	-	-	3,241
Total Assets	$ 1,373,262	$ 100,657	$ 16,769	$ 345,530	$ 533,009	$ 2,369,227
LIABILITIES						
Accrued liabilities	$ 25,767	$ -	$ 139	$ -	$ -	$ 25,906
Bond anticipation notes payable	-	-	-	-	2,877,000	2,877,000
Due to teachers' retirement system	210,143	-	-	-	-	210,143
Due to employees' retirement system	36,005	-	-	-	-	36,005
Due to other funds	17,246	100,657	2,848	-	45	120,796
Due to other governments	-	-	49	-	-	49
Unearned revenue	-	-	1,926	-	-	1,926
Total Liabilities	289,161	100,657	4,962	-	2,877,045	3,271,825
FUND BALANCES						
Non-spendable	-	-	3,241	-	-	3,241
Restricted	419,781	-	-	345,530	-	765,311
Assigned	380,803	-	8,566	-	-	389,369
Unassigned (Deficit)	283,517	-	-	-	(2,344,036)	(2,060,519)
Total Fund Balances	1,084,101	-	11,807	345,530	(2,344,036)	(902,598)
Total Liabilities and Fund Balances	$ 1,373,262	$ 100,657	$ 16,769	$ 345,530	$ 533,009	$ 2,369,227

See auditor's report. See notes to financial statements.

FRANKLIN CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- GOVERNMENTAL FUNDS

For Year Ended June 30, 2019

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 2,450,509	$ -	$ -	$ -	$ -	$ 2,450,509
Other tax items	308,085	-	-	-	-	308,085
Charges for services	52,706	-	-	-	-	52,706
Use of money and property	1,052	-	-	196	-	1,248
Sale of property and compensation for loss	6,924	-	-	-	-	6,924
Miscellaneous	52,850	-	148	-	-	52,998
State sources	3,951,655	69,122	3,724	-	-	4,024,501
Federal sources	14,421	180,720	96,780	-	-	291,921
Sales	-	-	62,377	-	-	62,377
Total Revenues	6,838,202	249,842	163,029	196	-	7,251,269
EXPENDITURES						
General support	1,117,553	-	-	-	-	1,117,553
Instruction	3,188,675	231,523	-	-	-	3,420,198
Pupil transportation	462,484	26,944	-	-	-	489,428
Community services	2,000	-	-	-	-	2,000
Employee benefits	1,672,433	-	6,185	-	-	1,678,618
Debt service-principal	299,000	-	-	-	-	299,000
-interest	39,880	-	-	-	-	39,880
Cost of sales	-	-	159,707	-	-	159,707
Capital outlay	-	-	-	-	2,237,865	2,237,865
Total Expenditures	6,782,025	258,467	165,892	-	2,237,865	9,444,249
Excess (Deficiency) of Revenues Over Expenditures	56,177	(8,625)	(2,863)	196	(2,237,865)	(2,192,980)
OTHER SOURCES AND USES						
Bond anticipation notes redeemed	-	-	-	-	119,000	119,000
Operating transfers in	50,000	8,625	4,000	-	100,000	162,625
Operating transfers (out)	(112,625)	-	-	(50,000)	-	(162,625)
Total Other Sources (Uses)	(62,625)	8,625	4,000	(50,000)	219,000	119,000
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(6,448)	-	1,137	(49,804)	(2,018,865)	(2,073,980)
Fund Balance (Deficit) - Beginning of year	1,090,549	-	10,670	395,334	(325,171)	1,171,382
Fund Balance (Deficit) - End of year	$ 1,084,101	$ -	$ 11,807	$ 345,530	$ (2,344,036)	$ (902,598)

See auditor's report. See notes to financial statements.

FRANKLIN CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	Private Purpose Trusts	Agency
ASSETS		
Unrestricted cash	$ 247,954	$ 67,904
Restricted cash	110,185	-
Total Assets	$ 358,139	$ 67,904
LIABILITIES		
Extraclassroom activity balances	$ -	$ 39,448
Other liabilities	-	28,456
Total Liabilities	-	$ 67,904
NET POSITION		
Reserved for scholarships	$ 358,139	

See auditor's report. See notes to financial statements.

FRANKLIN CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For Year Ended June 30, 2019

	Private Purpose Trusts
ADDITIONS	
Contributions	$ 46,462
Interest	1,864
Total Additions	48,326
DEDUCTIONS	
Scholarships and awards	35,318
Change in Net Assets	13,008
Net Position - Beginning of year	345,131
Net Position - End of year	$ 358,139

See auditor's report. See notes to financial statements.

I. Summary of Significant Accounting Policies

The financial statements of the Franklin Central School District have been prepared in conformity with generally accepted accounting principles (GAAP). Those principles are as prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The Franklin 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 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

The Extraclassroom Activity Funds

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

I. Summary of Significant Accounting Policies (Continued)

B. Joint Venture

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

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

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

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

During the year ended June 30, 2019, the Franklin Central School District was billed $1,139,037 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to $291,833. Financial statements for the BOCES Aid are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

The Districtwide 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.

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

1. Districtwide Statements (Continued)

State Aid, intergovernmental revenues, and other exchange and nonexchange 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 Net Position presents the financial position of the District at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

2. Fund Financial Statements

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

The District reports the following funds:

a. **Major Governmental Funds**

(1) **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.

(2) **Special Aid Fund** – 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 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.

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

a. **Major Governmental Funds (Continued)**

(3) **School Lunch Fund** – Used to account for transactions of the District's lunch and breakfast programs.

(4) **Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

(5) **Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

b. **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 districtwide 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:

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

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

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Cash and 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. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

I. Summary of Significant Accounting Policies (Continued)

F. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on September 13. Taxes are collected during the period September 17 to November 2.

Uncollected real property taxes are subsequently enforced by the County of Delaware. An amount representing uncollected real property taxes is transmitted to the County for enforcement and is paid by the County to the District no later than the forthcoming April 1.

G. Restricted Resources

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

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

I. Summary of Significant Accounting Policies (Continued)

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

J. Receivables

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

K. Inventories and Prepaid Items

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

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

A portion of fund balance has been classified as nonspendable to indicate that inventory and prepaids do not constitute available spendable resources.

L. Other Assets/Restricted Assets

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

I. Summary of Significant Accounting Policies (Continued)

L. Other Assets/Restricted Assets (Continued)

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

M. Capital Assets

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

	Capitalization Threshold		Estimated Useful Life
Outside Improvements	$	500	20 years
Buildings and Improvements	$	500	40 years
Furniture, Equipment and Vehicles	$	500	5-15 years

N. Compensated Absences

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

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

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

I. Summary of Significant Accounting Policies (Continued)

N. Compensated Absences (Continued)

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

O. Accrued Liabilities and Long-Term Obligations

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

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

P. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the districtwide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

I. Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows of Resources

Deferred inflows of resources represent 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 District has two items that qualify for reporting in this category. The first item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

R. Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claim to the resources.

S. Other Benefits

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

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

I. Summary of Significant Accounting Policies (Continued)

T. Short-Term Debt

The School District may issue Revenue and Tax Anticipation Notes in anticipation of 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 revenue anticipation and tax anticipation notes represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

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

U. Equity Classifications

1. Districtwide Statements

In the districtwide statements there are three classes of net position:

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

Restricted net position – reports net position when constraints placed on the assets 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 all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of $3,241.

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:

1. Encumbrances
   Encumbrance accounting, under which purchase orders, contracts and 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.

2. Unemployment Insurance
   This reserve is 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. This reserve is accounted for in the General Fund.

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

3. Employee Benefit Accrued Liability
This reserve is used to set aside funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board. and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

4. Capital
This reserve is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and source of the funds. Expenditures 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.

5. Employee Retirement Contributions
This reserve is used for future employee's retirement obligations. 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.

Restricted fund balance includes the following:

General Fund:		
Employee Benefit Accrued Liability	$	136,915
Employee Retirement Contributions		157,318
Unemployment Insurance		15,000
Capital		110.548
Debt Service-Fund		345,530
Total restricted funds	$	765,311

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making, the Board of Education. The School District has no committed fund balances as of June 30, 2019.

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. Encumbrances reported in the General Fund amounted to $27,803 and the assigned fund balance amounted to $353,000.

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

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds 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. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

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

I. Summary of Significant Accounting Policies (Continued)

V. New Accounting Standards

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

W. Future Changes in Accounting Standards

GASB has issued Statement 87, Leases, effective for the year ending June 30, 2021.

GASB has issued Statement 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, effective for the year ending June 30, 2021.

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

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements

Due to differences in the measurement focus and basis of accounting used in the governmental fund statements and the districtwide 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.

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

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

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

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

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

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

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

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

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

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from 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 of their useful lives.

Original cost of capital assets	$11,952,343
Accumulated depreciation	5,663,951
Capital assets, net	$ 6,288,392

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

Bonds payable	$ 630,000
OPEB obligations	$1,720,813
Compensated Absences	$ 214,501
Net Pension Liability-Proportionate Share	$ 234,687

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation and loss on disposal of $392,314 was less than capital expenditures of $2,300,582 in the current year.

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

2. <u>Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued)</u>:

Repayment of bond principal of $180,000 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities increased by $46,653.

III. Cash and Investments

A. Deposits

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

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

Custodial credit risk is the risk that in an event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District's custodial bank in the School District's name.

The District did not have any investments at year end or during the year.

IV. Interfund Transaction

Interfund balances at June 30, 2019 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 103,550	$ 17,246	$ 50,000	$ 112,625
Special Aid Fund	-	100,657	8,625	-
School Lunch Fund	-	2,848	4,000	-
Capital Fund	17,246	45	100,000	-
Debt Service Fund	-	-	-	50,000
Total governmental activities	$ 120,796	$ 120,796	$ 162,625	$ 162,625

The District typically transfers from the General Fund to the Special Aid Fund to pay its' share of the Summer Handicapped Program.

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

V. Capital Assets

A summary of changes in general fixed assets follows:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Capital assets-not depreciated:				
Land	$ 30,503	$ -	$ -	$ 30,503
Construction in progress	244,563	2,118,995	99,678	2,263,880
Total capital assets-not depreciated:	275,066	2,118,995	99,678	2,294,383
Other capital assets:				
Buildings	6,733,524	4,889	-	6,738,413
Improvements	246,924	-	-	246,924
Equipment and Buses	2,760,132	276,376	363,885	2,672,623
Total other capital assets:	9,740,580	281,265	363,885	9,657,960
Less accumulated depreciation:				
Buildings	3,506,428	190,083	87,533	3,608,978
Improvements	216,882	3,841	-	220,723
Equipment and Buses	1,912,212	153,262	231,224	1,834,250
Total accumulated depreciation	5,635,522	347,186	318,757	5,663,951
Other capital assets, net	4,105,058	(65,921)	45,128	3,994,009
Total	$ 4,380,124	$ 2,053,074	$ (144,806)	$ 6,288,392

Depreciation expense and loss on disposal for the period was shown as unallocated in the Statement of Activities.

VI. Pension Plans

1. General Information

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

2. Plan Descriptions and Benefits Provided

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

Employees' Retirement System (ERS)
The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System 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.

VI. Pension Plans (Continued)

Funding Policies:

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

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

Contributions

	ERS	TRS
2019	$144,018	$191,537
2018	$138,731	$211,807
2017	$140,949	$278,637

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

At June 30, 2019, the District reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The District's proportion of the net pension (asset)/liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Actuarial valuation date	1-Apr-18	30-Jun-17
Net pension liability/(asset)	$234,687	($206,613)
District's portion of the Plan's total net pension asset/liability	.0033123%	.011426%
Change in proportion since the prior measurement date	.0000514%	.000512%

VI. Pension Plans (Continued)

For the year ended June 30, 2019, the District's recognized pension expense of $187,034 for ERS and $172,287 for TRS. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resource		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$46,215	$154,400	$15,754	$27,968
Changes of assumptions	58.991	722,247	0	0
Net difference between projected and actual earnings on pension plan investments	0	0	60,234	229,356
Changes in proportion and differences between the District's contributions and proportionate share of contributions	60,276	111,275	2,543	51,926
District's contributions subsequent to the measurement date	36,005	199,524	0	0
Total	$201,487	$1,187,446	$78,531	$309,250

District contributions subsequent to the measurement date which 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 pension expense as follows:

	ERS	TRS
Year ended:		
2019	$ -	$ 219,030
2020	$75,608	152,541
2021	($29,820)	26,764
2022	$6,188	152,054
2023	$34,974	109,776
Thereafter	$0	18,507

VI. Pension Plans (Continued)

4. 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. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	4.20%	1.90%-4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.25%

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

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

VI. Pension Plans (Continued)

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

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Asset Type	%	%
Domestic Equities	36%	33%
International Equities	14%	16%
Global equities	0%	4%
Private Equity	10%	8%
Real Estate	10%	11%
Domestic fixed income securities	0%	16%
Global fixed income securities	0%	2%
Private debt	0%	1%
Bonds and mortgages	17%	0%
Absolute return strategies	2%	0%
Opportunistic funds	3%	0%
Real estate debt	0%	7%
Cash Equivalents	1%	0%
Inflation-Indexed bonds	4%	0%
High yield fixed income securities	0%	1%
Real assets	3%	0%
Short-term	0%	1%

5. Discount Rate

The discount rate used to calculate the total pension liability was 7 % for ERS and 7.25 % for TRS. The projection of cash flows used to determine the discount rate assumes that contributions 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.

VI. Pension Plans (Continued)

6. Sensitivity of the Proportionate Share of Net Pension Asset/Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/liability calculated using the discount rate of 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% or ERS and 6.25% for TRS) or 1-percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate :

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share Of the net pension (asset) liability	$1,026,088	$234,687	($430,146)

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share Of the net pension (asset) liability	$1,419,463	($206,613)	($1,568,813)

7. Pension Plan Fiduciary Net Position

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

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Employers' total pension liability	$ 189,803,429	$ 118,107,253,288
Plan Fiduciary Net Position	182,718,124	119,915,517,622
Employers' net pension liability/(asset)	7,085,305	(1,808,264,334)
Ratio of plan fiduciary net position to the Employers' total pension (asset)/liability	96.2700%	101.5300%

VI. Pension Plans (Continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to $36,005.

For TRS. employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to $210,143.

VII. Short-Term Debt Obligations

Transactions in short-term debt for the year are summarized below:

	Maturity	Interest Rate	Balance 7/1/2018	Issued	Redeemed	Balance 6/30/19
BAN	2019	2.03%	$ 374,000	$ 377,000	$374,000	$ 377,000
BAN	2019	1.57%	-	2,500,000	-	2,500,000
			$374,000	$2,877,000	$374,000	$2,877,000

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

Interest paid	$ 7,480
Less interest accrued in the prior year	(6,857)
Plus, interest accrued in the current year	53,510
Total expense	$54,433

VIII. Long-Term Debt Obligations

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

1. Long-Term Debt Interest

Interest paid	$ 32,400
Less interest accrued in the prior year	(1,350)
Plus, interest accrued in the current year	1,050
Total expense	$32,100

2. Changes

	Restated Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019	Due Within One Year
Serial Bonds	$ 810,000	$ -	$ 180,000	$ 630,000	$ 185,000
Compensated Absences	224,776	-	10,275	214,501	
OPEB Obligations	1,707,359	13,454	-	1,720,813	
Net Pension Liability-Proportionate Share	108,562	126,125	-	234,687	
Totals	$ 2,850,697	$ 139,579	$ 190,275	$ 2,800,001	

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately. In addition, the District has funded the compensated absences in the amount of $136,915.

VIII. Long-Term Debt Obligations (Continued)

3. Maturity

a. The following is a summary of the debt issued:

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2019
Serial Bonds:				
Capital Improvements	6/15/2008	6/15/2023	3.13%-4.00%	$ 630,000

b. The following is a summary of maturing principal debt service requirements:

	Year	Principal	Interest	Total
Serial Bonds:	2020	$ 185,000	$ 25,200	$ 210,200
	2021	195,000	17,800	212,800
	2022	200,000	10,000	210,000
	2023	50,000	2,000	52,000
	2024	-	-	-
	2025 and thereafter	-	-	-
	Total	$ 630,000	$ 55,000	$ 685,000

IX. Postemployment (Health Insurance) Benefits

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms- At June 30, 2019, the following employees were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefit payments	7
Inactive members entitled to but not yet receiving benefit payments	-
Active members	63
Total membership	70

B. Total OPEB Liability

The District's total OPEB liability of $1,720,813 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs- The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

IX. Postemployment (Health Insurance) Benefits (Continued)

B. Total OPEB Liability (Continued)

Inflation	2.6%
Salary Increases	2.6%, average, including inflation
Discount Rate	3.50%
Healthcare Cost Trend Rates	7.5% for 2019, decreasing to an ultimate rate of 4.5% by 2025

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the April 1, 2010-March 31, 2015 NYSLRS experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

C. Changes in the Total OPEB Liability

Balance at June 30, 2018	$ 1,707,359
Changes for the Year	
Service cost	84,914
Interest	52,898
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(65,932)
Benefit payments	(58,426)
Net Changes	13,454
Balance at June 30, 2019	$ 1,720,813

IX. Postemployment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.0% in 2018 to 3.5% in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate- The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2%) or 1 percentage point higher (4%) than the current discount rate:

	(2.5%) 1% Decrease	Current Discount Rate (3.5%)	(4.5%) 1% Increase
Total OPEB Liability	$1,855,545	$1,720,813	$1,596,956

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 1,498,629	$ 1,720,813	$ 1,990,046

IX. Postemployment (Health Insurance) Benefits (Continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of $132,035. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	($ 9,093)
Changes of assumptions or other inputs	-	(53,722)
Total	$ -	($62,815)

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

Fiscal Year Ending June 30,	Amount
2020	($13,167)
2021	(13,167)
2022	(13,167)
2023	(13,167)
2024	(5,839)
Thereafter	(4,308)

X. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Grants

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

XI. Other Disclosures

A. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Total governmental fund balance	$	(902,598)
Capital assets (net)		6,288,392
Net pension asset		206,613
Deferred outflows of resources		1,288,933
Bonds payable		(630,000)
Accrued interest payable		(54,860)
Net pension liability- proportionate share		(234,687)
Deferred inflows of resources		(450,596)
Compensated absences		(214,501)
OPEB obligations		(1,720,813)
Total net position	$	3,575,883

XI. Other Disclosures (Continued)

B. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Net changes in fund balance – total governmental funds	($2,073,980)
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	2,300,582
Depreciation is not recorded as an expenditure in the governmental funds. but is recorded in the Statement of Activities	(392,314)
Repayments of Long-term Debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position	180,000
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The increase in accrued interest during 2018/19 results in more expense.	(46,653)
(Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers' Retirement System	(73,101)
Employee's Retirement System	(39,019)
Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
OPEB obligations	(132,035)
Compensated absences	10,275
Change in Net Position – Governmental Activities	($266,245)

XII. Stewardship, Compliance and Accountability

A. Budgetary Procedures and Budgetary Accounting

1. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations lapse at the fiscal year end 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.

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

Special Aid Fund and School Lunch Fund have not been included because they do not have legally authorized budgets.

XII. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Procedures and Budgetary Accounting (Continued)

2. Encumbrances

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

3. The Capital Fund has deficit fund balance of $2,344,036 at June 30, 2019. The deficit will be eliminated when the District issues serial bonds for the current capital project.

XIII. Subsequent Events

The District issued a Bond Anticipation Note (BAN) in the amount of $453,000 in August of 2019. The BAN has an interest rate of 2.03% and matures in August of 2020.

The District issued a Bond Anticipation Note (BAN) in the amount of $4,833,000 in July of 2019. The BAN has an interest rate of 1.57% and matures in July of 2020.

FRANKLIN CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES COMPARED TO BUDGET - GENERAL FUND
For Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	$ 2,428,571	$ 2,428,571	$ 2,450,509	$ 21,938
Other tax items	332,000	332,000	308,085	(23,915)
Charges for services	-	-	52,706	52,706
Use of money and property	1,000	1,000	1,052	52
Sale of property and compensation for loss	-	-	6,924	6,924
Miscellaneous	44,000	44,000	52,850	8,850
Total Local Sources	2,805,571	2,805,571	2,872,126	66,555
State Sources	3,884,064	3,884,064	3,951,655	67,591
Federal Sources	10,000	10,000	14,421	4,421
Total Revenues	6,699,635	6,699,635	6,838,202	138,567
Other Financing Sources				
Operating transfers in	80,000	80,000	50,000	(30,000)
Total Revenue and Other Financing Sources	6,779,635	6,779,635	6,888,202	$ 108,567
Appropriated Reserves	-	42,759		
Appropriated Fund Balance	330,000	330,000		
Total Revenues, Other Financing Sources, and Appropriated Fund Balance	$ 7,109,635	$ 7,152,394		

See paragraph on required supplementary information included in auditor's report.

FRANKLIN CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-
GENERAL FUND
For Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of education	$ 20,106	$ 19,832	$ 11,112	$ -	$ 8,720
Central administration	160,820	160,433	156,960	-	3,473
Finance	200,528	201,189	194,679	-	6,510
Staff	39,888	39,888	37,372	-	2,516
Central services	550,219	588,387	563,279	-	25,108
Special items	154,715	155,113	154,151	-	962
Total General Support	1,126,276	1,164,842	1,117,553	-	47,289
Instructional					
Instruction, administration and improvement	131,173	106,011	103,070	-	2,941
Teaching - regular school	1,422,644	1,424,241	1,381,784	27,638	14,819
Programs for children with handicapping conditions	914,158	986,060	973,230	-	12,830
Occupational education	184,110	184,110	184,032	-	78
Teaching - special school	10,000	10,297	10,091	-	206
Instructional media	252,708	253,947	244,368	-	9,579
Pupil services	309,731	327,655	292,100	165	35,390
Total Instructional	3,224,524	3,292,321	3,188,675	27,803	75,843
Pupil transportation	514,541	514,541	462,484	-	52,057
Community service	2,000	2,000	2,000	-	-
Employee benefits	1,799,414	1,727,185	1,672,433	-	54,752
Debt service					
Principal	299,000	299,000	299,000	-	-
Interest	39,880	39,880	39,880	-	-
Total Expenditures	7,005,635	7,039,769	6,782,025	27,803	229,941
OTHER FINANCING USES					
Operating transfers out	104,000	112,625	112,625	-	-
Total Expenditures and Other Uses	$ 7,109,635	$ 7,152,394	6,894,650	$ 27,803	$ 229,941
Net change in fund balance			(6,448)		
Fund balance- Beginning			1,090,549		
Fund balance- Ending			$ 1,084,101		

See paragraph on required supplementary information included in auditor's report.

FRANKLIN CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
For Year Ended June 30, 2019

		2019
Total OPEB Liability		
Service Cost at end of year	$	84,914
Interest		52,898
Changes of benefit terms		-
Difference between expected and actual experience		-
Changes of assumptions or other inputs		(65,932)
Benefit payments		(58,426)
Net change in Total OPEB Liability		13,454
Total OPEB Liability- beginning		1,707,359
Total OPEB Liability- ending	$	1,720,813
Covered-employee payroll		N/A
Total OPEB Liability as a percentage of covered-employee payroll		N/A

See paragraph on required supplementary information included in auditor's report

FRANKLIN CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
June 30, 2019

Teachers' Retirement System

	2019	2018	2017	2016
District 's proportion of the net pension asset	0.011426%	0.010914%	.013099%	.012802%
District's proportionate share of the net pension (asset)/liability	$ 206,613	$ 82,960	$ 140,298	$ (1,329,714)
District's covered-employee payroll	$ 1,878,759	$1,865,610	$ 1,658,955	$ 2,023,649
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11.00%	4.44%	8.50%	66.00%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	100.66%	99.01%	110.46%

Employees' Retirement System

	2019	2018	2017	2016
District 's proportion of the net pension liability	.0033123%	.0033637	.0030641%	.0028434%
District's proportionate share of the net pension liability	$ 234,687	$ 108,562	$ 287,907	$ 456,380
District's covered-employee payroll	$ 980,988	$ 979,806	$ 906,099	$ 894,275
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.92%	11.07%	31.77%	51.10%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%

See paragraph on required supplementary information included in auditor's report.

FRANKLIN CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
June 30, 2019

Teachers' Retirement System

	2019	2018	2017	2016
Contractually required contribution	$ 199,524	$ 182,830	$ 203,991	$ 278,909
Contributions in relation to the contractually required contribution	199,524	182,830	203,991	278,909
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,878,759	$ 1,865,610	$ 1,658,955	$ 2,023,649
Contributions as a percentage of covered employee payroll	10.62%	9.80%	12.30%	13.79%

Employees' Retirement System

	2019	2018	2017	2016
Contractually required contribution	$ 144,018	$ 138,731	$ 140,949	$ 177,804
Contributions in relation to the contractually required contribution	144,018	138,731	140,949	177,804
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 980,988	$ 979,806	$ 906,099	$ 894,275
Contributions as a percentage of covered employee payroll	14.68%	14.15%	15.55%	19.9%

FRANKLIN CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND
THE REAL PROPERTY TAX LIMIT
For Year Ended June 30, 2019

CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET

Original Budget	$	7,109,635
Additions:		
Prior year's encumbrances		42,759
Final Budget	$	7,152,394

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-20 Voter-approved Expenditure Budget			$	7,622,074
Maximum allowed (4% of 2019-2020 Budget)			$	304,883
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:				
Unrestricted fund balance:				
Committed fund balance	$	-		
Assigned fund balance		380,803		
Unassigned fund balance		283,517		
Total unrestricted fund balance	$	664,320		
Less:				
Appropriated fund balance		353,000		
Encumbrances included in committed and assigned fund balance		27,803		
Total adjustments	$	380,803		
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law			$	283,517
Actual percentage				3.72%

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

See auditor's report.

FRANKLIN CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
For Year Ended June 30, 2019

			Expenditures				Methods of Financing			
	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Local Sources	Total	Fund Balance June 30, 2019
PROJECT TITLE										
Project 1024	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 771
Project 1023	100,000	100,000	13,922	85,776	99,698	302	-	100,000	100,000	302
Project 1021	5,500,000	5,500,000	230,662	2,033,219	2,263,881	3,236,119	-	250,000	250,000	(2,013,881)
Buses	120,000	120,000	-	118,870	118,870	1,130	119,000	-	119,000	(331,228)
	$ 5,720,000	$ 5,720,000	$ 244,584	$ 2,237,865	$ 2,482,449	$ 3,237,551	$ 119,000	$ 350,000	$ 469,000	$ (2,344,036)

See auditor's report.

FRANKLIN CENTRAL SCHOOL DISTRICT
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2019

Capital assets, net		$ 6,288,392
Deduct:		
Bond anticipation notes payable	$ 2,877,000	
Short-term portion of bonds payable	185,000	
Long-term portion of bonds payable	445,000	3,507,000
Net investment in capital assets		$ 2,781,392

See auditor's report.

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

To the Board of Education of the
Franklin Central School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Franklin Central School District as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated September 9, 2019.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

Purpose of This Report

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

Claverack, New York
September 9, 2019