PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 20, 2020

RENEWAL ISSUE | **BOND ANTICIPATION NOTES**

In the opinion of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel, assuming continuing compliance by the School District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the alternative minimum tax imposed by the Code on individuals. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision therein (including The City of New York). See "TAX MATTERS" herein for discussion of certain Federal taxes applicable to corporate owners of the Notes.

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

$2,000,000

KEENE CENTRAL SCHOOL DISTRICT

ESSEX COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE#: 487409

$2,000,000 Bond Anticipation Notes, 2020 (Renewals)

(the "Notes")

Dated: November 19, 2020 | **Due: November 19, 2021**

The Notes are general obligations of the Keene Central School District, Essex County, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "TAX LEVY LIMITATION LAW" and "THE NOTES - Nature of the Obligation" herein.

The Notes are not subject to redemption prior to maturity.

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

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

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on or about November 19, 2020.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on November 3, 2020 by no later than 10:45 A.M., Eastern 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.

November ___, 2020

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

KEENE CENTRAL SCHOOL DISTRICT
ESSEX COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2020-2021 BOARD OF EDUCATION

SHERYL QUINN
President

JENNIFER KAZMIERCZAK
Vice-President

AARON MILLER
MOLLY JACOBSON
LAUREN CROWL

* * * * * * * * *

DANIEL J. MAYBERRY
Superintendent of Schools

MELISSA I. DURHAM
School District Treasurer

CINDY SUMMO
School District Clerk

STAFFORD OWENS LAWFIRM
Jacqueline Kelleher, Esq.
School District Attorney

BOND SCHOENECK & KING
Bond Counsel

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

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

TABLE OF CONTENTS

PREPARED WITH THE ASSISTANCE OF

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

OFFICIAL STATEMENT

of the

KEENE CENTRAL SCHOOL DISTRICT
ESSEX COUNTY, NEW YORK

Relating To

$2,000,000 Bond Anticipation Notes, 2020 (Renewals)

This Official Statement, which includes the cover page, has been prepared by the Keene Central School District, Essex County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $2,000,000 principal amount of Bond Anticipation Notes, 2020 (Renewals) (the "Notes").

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

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

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 "TAX LEVY LIMITATION LAW" and "THE NOTES - Nature of the Obligation" herein.

The Notes will be dated November 20, 2019 and will mature November 20, 2020. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The District will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s).

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 issued pursuant to the Constitution and statutes of the State of New York, including among other things, the Education Law and the Local Finance Law, and bond resolution adopted by the Board of Education on June 18, 2019 authorizing the issuance of $7,859,566 serial bonds to finance capital improvements consisting of the construction, reconstruction, and improvements of school buildings and facilities at a maximum estimated cost of $7,859,566.

The proceeds of the Notes will redeem and renew in full $2,000,000 bond anticipation notes which are currently outstanding and mature November 20, 2020 for the aforementioned purpose.

Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number 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, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The District has a land area of approximately 155 square miles and an estimated population of 1,227. It is located in upstate New York in the middle of Essex County in the Adirondack State Park.

The District is 45 miles south of Plattsburgh, 60 miles southwest of Burlington, Vermont and 12 miles east of Lake Placid (home of the 1980 Olympics). Serving the District is the New York State Northway (I-87) which runs from New York City to Montreal.

Gas and electric services are provided by New York State Electric & Gas Corporation. Water services are available to residents in most areas by municipalities located in the District. Broadband Internet service is available throughout most of the district. Banking services are provided by the Champlain National Bank.

The District is primarily residential in nature.

Source: District officials.

District Population

The 2018 estimated population of the District is 1,227 (Source: 2018 U.S. Census Bureau estimate.)

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-10	2014-2018	2000	2006-10	2014-2018
Towns of:						
Jay	$ 16,672	$ 16,673	$ 31,020	$ 39,954	$ 39,954	$ 72,969
Keene	17,037	17,037	39,321	44,250	44,250	69,000
County of:						
Essex	18,194	18,194	30,273	41,927	41,927	69,266
State of:						
New York	23,389	23,389	37,470	51,691	51,691	80,419

Note: 2014-2018 American Community Survey estimates are not available as of the date of this Official Statement.

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

Larger Employers

Name	Type	Employed
O.R.D.A.	Olympic Facilities	500-1,000
Adirondack Health	Hospital/ Health Centers	900
Essex County, NY	County Government	600
E' Town Community Hospital	Hospital/ Health Centers	250
Boquet Valley Central School	Public School	150

Note: The list and the figures provided above are based on information prior to the outbreak of the COVID-19 pandemic. See "State Aid – COVID-19" and "MARKET AND RISK FACTORS – COVID-19" herein.

Source: District officials.

Unemployment Rate Statistics

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

Annual Averages

	2013	2014	2015	2016	2017	2018	2019
Essex County	8.3%	6.9%	6.0%	5.3%	5.5%	4.8%	4.7%
New York State	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%	4.0%

2020 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Essex County	6.0%	5.8%	6.2%	17.1%	11.6%	10.3%	10.5%	7.7%	N/A	N/A
New York State	4.1%	3.9%	4.2%	15.1%	14.2%	15.5%	16.0%	12.6%	N/A	N/A

Note: Unemployment rates for the months of August through October 2020 are unavailable 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, which is the policy-making body of the District, consists of five members with overlapping three-year terms so that as nearly as possible an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District and no Board member may hold certain other district offices or position while serving on the Board of Education. The President and the Vice President are selected by the Board members.

Budgetary Procedures 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 the Tax Levy Limitation Law, 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, then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Levy Limitation Law, 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 Levy Limitation Law 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) but that permits a levy of a tax no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

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

Recent Budget Votes

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019 by a vote of 208 Yes to 110 No. The budget called for a total tax levy increase of 1.62% which was above the District's Tax Cap of -4.28%* for the 2019-20 fiscal year.

* Regular spending in the 2019-2020 budget matched the -4.28% tax cap. The District opted to payoff its $302,875 share of a recent CEWW BOCES Capital Project in order to save financing fees and to retire the debt before our own Capital Project debt service comes online resulting in the District exceeding the tax cap for the 2019-2020 budget.

The budget for the 2020-21 fiscal year was approved by the qualified voters on June 16, 2020 by a vote of 229 to 94. The budget called for a total tax levy increase of 1.43% which was equal to the District's Tax Cap of 1.43% for the 2020-21 fiscal year.

Investment Policy

Pursuant to the statutes of the State, 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; (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; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State; 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 the State; (3) demand deposit accounts in a bank or trust company located in and authorized to do business in the State; (4) obligations of New York State; and (5) obligations of the United States Government (U.S. Treasury Bills and Notes).

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

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2020-21 fiscal year, approximately 11.91% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

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.

The Federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2019-2020 Budget continues authorization for a process by which the State would manage significant reductions in Federal aid during fiscal year 2019-2020 and fiscal year 2020-2021 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the Federal government (i) reduces Federal financial participation in Medicaid funding to the State or its subdivisions by $850 million or more; or (ii) reduces Federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

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 10.7% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State Aid History

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

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

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District was not part of the Community Schools Grant Initiative (CSGI).

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. Since its inception, the total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $417,643. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

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

School district fiscal year (2018-2019): The State's 2018-19 Enacted Budget includes nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at $26.03 billion statewide, a 3.4% increase over the last year. The State's 2018-19 Enacted Budget includes an increase of $618 million in Foundation Aid for school districts. Foundation Aid now totals nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase will be distributed using a one year, off formula methodology. The State's 2018-19 Enacted Budget guarantees that all school districts receive an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase will be "set aside" for certain school districts to fund community schools. The State's 2018-19 Enacted Budget fully funds all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government are less than what was expected.

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 the below fiscal years comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2014-15	$ 5,632,244	$ 763,660	13.56%
2015-16	5,739,261	746,487	13.01
2016-17	5,842,107	743,779	12.73
2017-18	6,044,879	769,337	12.73
2018-19	6,061,471	725,198	11.96
2019-20 (Budgeted)	6,381,471	725,198	11.36
2019-20 (Unaudited)	6,065,853	719,692	11.86
2020-21 (Budgeted)	6,089,278	725,198	11.91

Source: 2014-15 through 2018-19 audited financial statements, 2019-20 unaudited estimates and 2020-21 adopted budget of the District. This table is not audited. 2019-20 unaudited figures are preliminary and are subject to change.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions/Reconstruction
Keene Central School	K-12	250	1935, ’76, ’97

Source: District officials.

Enrollment Trends

School Year	Enrollment	School Year	Projected Enrollment
2016-17	167	2021-22	161
2017-18	172	2022-23	157
2018-19	164	2023-24	161
2019-20	162	2024-25	156
2020-21	163	2025-26	153

Source: District officials.

Employees

The District employs a total of approximately 45 full-time and 9 part-time employees. The number of employees represented by the various collective bargaining units and the expiration dates of the collective bargaining agreements are as follows:

Number of Members	Union Representation	Contract Expiration Date
31	New York State United Teachers Association	June 30, 2021
13	New York State United Teachers Association (Support Staff)	June 30, 2020 (1)

(1) The process was delayed due to the COVID-19 pandemic; however, the agreement is anticipated to be under negotiation in November 2020.

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. 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 contributions for the below fiscal years are as follows:

Fiscal Year	ERS	TRS
2015-16	$ 97,863	$ 375,613
2016-17	87,143	281,288
2017-18	85,782	268,705
2018-19	86,071	231,469
2019-20	79,260	218,260
2020-21 (Budgeted)	95,000	310,000

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.

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

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

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

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by 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. 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, and does not intend to do so in the foreseeable future.

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

Retirement System Assumptions. The investment of monies and assumptions underlying same, of the Retirement Systems covering the School District's employees is not subject to the direction of the School 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 School 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.

While the School District is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

Other Post-Employment Benefits

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

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

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

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

The District contracted with Armory Associates, LLC to calculate its first actuarial valuation under GASB. The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

Balance beginning at:	June 30, 2018	June 30, 2019
	$ 12,655,318	$ 12,729,617
Changes for the year:		
Service cost	489,778	441,758
Interest on total OPEB liability	467,840	503,764
Changes in Benefit Terms	-	-
Differences between expected and actual experience	-	2,572,275
Changes in Assumptions or other inputs	(584,237)	(242,438)
Benefit payments	(299,082)	(308,448)
Net Changes	$ 74,299	$ 2,966,911
Balance ending at:	June 30, 2019	June 30, 2020
	$ 12,729,617	$ 15,696,528

Source: Actuarial valuation report for other post-employment benefits for July 1, 2018 to June 30, 2019. The above table is not audited. For additional information see "APPENDIX – C" attached hereto.

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

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

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last completed audited financial report covers the period ending June 30, 2019 is available and is attached hereto as "APPENDIX – C" to this Official Statement. The audited financial report for fiscal year ending June 30, 2019 has not been completed as of the date of this Official Statement but is expected to be completed on or about November 30, 2019. Certain summary financial information of the District can also be found attached as Appendices to the Official Statement.

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

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

Barbara S. Dwyer, C.P.A., the District's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Barbara S. Dwyer, C.P.A. also has not performed any procedures relating to this Official Statement.

Unaudited Results for Fiscal Year Ending June 30, 2020.

Summary unaudited information for the General Fund for the period ending June 30, 2020 is as follows:

Projected Revenues:	$	6,381,471
Projected Expenditures:		6,300,400
Projected Excess (Deficit) Revenues Over Expenditures:	$	81,071
Total General Fund Balance at June 30, 2019:	$	1,395,060
Total Projected General Fund Balance at June 30, 2020:	$	1,476,131

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

Source: District officials.

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 January 15, 2016 was to examine the District's claims auditing process for the period July 1, 2014 through August 31, 2015. 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 currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The classification of the District for the 2015 through 2019 fiscal years are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2019	Not Filed	Not Filed
2018	No Designation	0.0
2017	No Designation	0.0
2016	No Designation	0.0
2015	No Designation	0.0

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein 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 the Notes are to be issued is the Education Law and the Local Finance Law.

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Towns of:					
Jay	$ 1,676,460	$ 1,773,515	$ 1,772,645	$ 1,772,610	$ 1,656,541
Keene	551,865,498	551,605,526	541,595,167	548,512,999	544,423,045
Total Assessed Values	$ 553,541,958	$ 553,379,041	$ 543,367,812	$ 550,285,609	$ 546,079,586
State Equalization Rates					
Towns of:					
Jay	100.00%	100.00%	100.00%	100.00%	100.00%
Keene	100.00%	100.00%	100.00%	100.00%	91.66% [1]
Total Taxable Full Valuation	$ 553,541,958	$ 553,379,041	$ 543,367,812	$ 550,285,609	$ 595,615,787

[1] An Equalization Rate of 100% was erroneously used for the Town of Keene when the tax levy was calculated for the 2020-21 fiscal year. For the 2020-2021 fiscal year, the tax rates per $1,000 assessed for the Towns of Keene and Jay that were sent to taxpayers were $9.69 for each. This error resulted in in the misassignment of $1,322 in tax levy to the Town of Jay. In September 2020, the State informed the District of the error, and per the recommendation received by the District from the NYS Department of Taxation and Finance Office of Real Property Tax Services, the District intends to make the correction of $1,322 in assigned tax levy by reassigning the aforementioned $1,322 levy amount from the Town of Jay to the Town of Keene in the 2021-22 fiscal year.

Source: District officials.

Tax Rates Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Towns of:					
Jay	$ 8.77	$ 8.99	$ 9.44	$ 9.41	$ 8.89 [1]
Keene	8.86	9.00	9.55	9.47	9.69 [1]

[1] An Equalization Rate of 100% was erroneously used for the Town of Keene when the tax levy was calculated for the 2020-21 fiscal year. For the 2020-2021 fiscal year, the tax rates per $1,000 assessed for the Towns of Keene and Jay that were sent to taxpayers were $9.69 for each. This error resulted in in the misassignment of $1,322 in tax levy to the Town of Jay. In September 2020, the State informed the District of the error, and per the recommendation received by the District from the NYS Department of Taxation and Finance Office of Real Property Tax Services, the District intends to make the correction of $1,322 in assigned tax levy by reassigning the aforementioned $1,322 levy amount from the Town of Jay to the Town of Keene in the 2021-22 fiscal year.

Source: District officials.

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged from October 1st to October 31st. On or about November 1st, uncollected taxes are returnable to the County of Essex for collection. The District receives this amount of uncollected taxes from said County prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually.

Real Property Taxes.

The District derives its power to levy tax an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the various Town and City Assessors. Assessment valuations are determined by the Town and City Assessors and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations.

Tax Levy and Collection Record

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Total Tax Levy	$ 4,905,310	$ 4,981,181	$ 5,131,663	$ 5,213,773	$ 5,289,580
Amount Uncollected (1)	432,325	456,026	225,821	248,764	N/A
% Uncollected	8.81%	9.15%	4.40%	4.77%	N/A

(1) The District receives 100% of its tax levy each year. See "Tax Collection Procedures".

Source: District officials.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2014-15	$ 5,632,244	$ 4,725,610	83.90%
2015-16	5,739,261	4,866,094	84.79
2016-17	5,842,107	4,917,547	84.17
2017-18	6,044,879	4,996,324	82.65
2018-19	6,072,386	5,046,859	83.11
2019-20 (Budgeted)	6,061,471	5,214,773	86.03
2019-20 (Unaudited)	6,065,853	5,162,740	85.11
2020-21 (Budgeted)	6,089,278	5,289,580	86.87

Source: 2014-15 through 2018-19 audited financial statements, 2019-20 unaudited estimates and 2020-21 adopted budget of the District. This table is not audited. 2019-20 unaudited figures are preliminary and are subject to change.

Ten Largest Taxpayers 2020 Assessment Roll for 2020-21 Tax Roll

Name	Type	Taxable Assessed Valuation
State of New York	Forest Lands	$ 115,333,410
Adirondack Mountain Reserve	Private Forest/Resort	30,633,739
New York State Electric & Gas	Utility	3,069,905
McKeige, Douglas	Multiple Residences	2,607,200
Paternotte, William L. Trust	Estate	2,600,000
Northern Sky LLC	Estate	2,516,000
BarkEater Hospitality Group LLC	Inn/Lodge	1,902,000
Mountain Song Productions LLC	Inn/Lodge	1,700,500
Beede Farm LLC	Multi. Residential/Vacant	1,635,400
Gallogly, Mark T	Rural Residence/Vacant	1,624,200

The ten larger taxpayers listed above have a total taxable assessed valuation of $163,622,354, which represents 27.47% of the tax base of the District for the 2020-21 fiscal year.

The District currently does not have any pending or outstanding tax certioraris that are known or believed could have a material impact on the finances of the District.

Source: District officials.

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. Chapter 60 of the Laws of 2016 has "converted" STAR to a personal income tax credit instead of a property tax exemption for all new homeowners who purchased their home after August 1, 2015.

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 $88,050 or less for 2020, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of $500,000 are eligible for a "basic" exemption on their primary residence.

The 2020-21 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 most current basic and enhanced exemption amounts for the municipalities applicable to the District:

Town of:	Enhanced Exemption	Basic Exemption	Date Certified
Jay	$ 69,800	$ 30,000	4/10/2020
Keene	69,800	30,000	4/10/2020

$88,396 of the District's $5,214,773 school tax levy for the 2019-20 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2020.

Approximately $85,951 of the District's $5,289,580 school tax levy for the 2020-21 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2021.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

The total valuation of the District is estimated to be categorized as follows: Residential 25%, State Land 70% and Commercial 5%.

The estimated total annual property tax bill of a $50,000 market value residential property located in the District is approximately $1,600 including County, Town, School District and Fire District taxes.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

Real Property Tax Rebate

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

<u>General.</u> The District is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under "THE NOTES – Nature of the Obligation," the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, Chapter 97 of the Laws of 2011 imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law. See "TAX LEVY LIMITATION LAW" herein.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject 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 District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking 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 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 District complied with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

Statutory Law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

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

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

Fiscal Years Ending:	2016	2017	2018	2019	2020
Bonds	$ 860,000	$ 435,000	$ 0	$ 0	0
Bond Anticipation Notes	0	0	0	0	2,000,000
Energy Performance Contract	462,403	429,995	395,507	358,805	279,842
Capital Leases	24,831	82,740	62,863	44,140	22,070
Total Debt Outstanding	$ 1,347,234	$ 947,735	$ 458,370	$ 402,945	$ 2,301,912

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of October 20, 2020.

	Maturity		Amount
Bonds	--		$ 0
Bond Anticipation Notes	November 20, 2020		2,000,000 (1)
		Total Indebtedness	$ 0

(1) To be redeemed and renewed in full with the proceeds of the Notes.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of October 20, 2020:

Full Valuation of Taxable Real Property			$ 595,615,787
Debt Limit – 10% thereof			59,561,579
Inclusions:			
Bonds	$ 0		
Bond Anticipation Notes	0		
Principal of the Notes	2,000,000		
Total Inclusions		$ 2,000,000	
Exclusions:			
Building Aid (1)	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 2,000,000
Net Debt-Contracting Margin			$ 57,561,579
The percent of debt contracting power exhausted is			3.36%

(1) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2020-21 Building Aid Ratios, the School District anticipates State building aid of 10.7% for debt service on SED approved expenditures from July 1, 2004 to the present. The School 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 School District will receive in relation to its capital project indebtedness

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

Bonded Debt Service

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

Cash Flow Borrowings

The District has not issued tax or revenue anticipation notes in the last five fiscal years, and the District does not currently anticipate issuing either tax anticipation notes or revenue anticipation notes in 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.

Lease Obligations

The District currently has an outstanding installment purchase for a full-size bus. The bus was purchased in the fall of 2016. As of June 30, 2020, there was an outstanding balance of $22,070 ($21,228.00 principal, $842 interest). Three payments have been made and there is one payment remaining due January 2021 in the amount of $22,070.

In 2010, the District entered into a lease for the purchase of equipment in the amount of $630,325. There is currently $279,842 outstanding as of the date of this Official Statement.

Capital Project Plans

On May 21, 2019, the qualified voters of the District approved a proposition authorizing certain capital improvements consisting of the construction of additions to and renovation, construction, reconstruction, improvement, rehabilitation and repairing the District's buildings, sidewalks and athletic field at a combined maximum estimated cost of $7,859,566. The current issuance of the Notes will renew in full $2,000,000 in original financing for the project.

The District has no other projects authorized nor contemplated at this time.

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 of the respective municipalities are listed below.

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Essex	12/31/2018	$ 32,015,000	$ -	$ 32,015,000	7.78%	$ 2,490,767
Town of:						
Jay	12/31/2018	2,618,727	2,457,727	161,000	0.64%	1,030
Keene	12/31/2018	2,265,462	2,177,962	87,500	99.78%	87,308
					Total:	$ 2,579,105

Notes:

(1) Outstanding 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/or appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2018 and 2019.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of October 20, 2020:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 2,000,000	$ 1,629.99	0.34%
Net Indebtedness Plus Net Overlapping Indebtedness [d]............	4,579,105	3,731.95	0.77%

(a) The 2018 estimated population of the District is 1,227. (See "THE SCHOOL DISTRICT – District Population" herein.)

(b) The District's full value of taxable real estate for 2020-21 is $595,615,787. (See "TAX INFORMATION – Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is $2,579,105. (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.

MARKET AND RISK FACTORS

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

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

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

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

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

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

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).

CONTINUING DISCLOSURE

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

Historical Continuing Disclosure Compliance

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

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. These requirements include provisions which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Notes and other amounts and require that certain earnings be rebated to the federal government. The District will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Notes. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Notes is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Notes.

Prospective purchasers should consult their tax advisors with respect to the calculations of the alternative minimum tax or foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

In addition, in the opinion of Bond Counsel, under existing laws, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amounts (ii) 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; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth as Bond Counsel's opinion in the Official Statement).

LITIGATION

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

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

RATINGS

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale pending approval by the District and 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.

The District does not currently have any outstanding general obligation serial bonds, and is not currently rated by Moody's Investors Service, Inc. or S&P Global Ratings.

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

The Municipal Advisor intends to provide the purchaser of the issue with CUSIP identification numbers, in compliance with MSRB Rule G-34, (a)(i) (A)-(H). As is further discussed in Rule G-34 the purchaser, as the "dealer who acquires" the issue, is responsible for the registration fee to the CUSIP Bureau for this service. 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 this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

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

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

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

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

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

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

The District's contact information is as follows: Daniel J. Mayberry, School Business Official, Keene Central School District, P.O. Box 67, 33 Market Street, Keene Valley, New York 12943, Phone: (518) 576-4555, Fax: (518) 576-4599, Email: dmayberry@keenecentralschool.org.

The District's Bond Counsel contact information is as follows: Paul W. Reichel. Esq., Bond, Schoeneck & King, PLLC, One Lincoln Center – 18th Floor, Syracuse, New York 13202, Phone: (315) 218-8135, Fax: (315) 218-8100, Email: preichel@bsk.com

Additional information may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at www.fiscaladvisors.com

KEENE CENTRAL SCHOOL DISTRICT

Dated: October 20, 2020

/s/________________________________

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 and Cash Equivalents	$ 843,053	$ 994,728	$ 711,784	$ 1,003,306	$ 909,719
Restricted Cash and Cash Equivalents	500,807	638,232	1,003,806	903,647	1,065,014
Accounts Receivable	38,091	26,824	30,092	43,799	43,062
State and Federal Aid Receivable	-	-	-	-	-
Due from Other Funds	32,433	39,415	89,034	53,368	52,904
Prepaid Expenses	37,776	-	-	-	-
Deferred Expenditures	97,882	-	-	-	-
TOTAL ASSETS	$ 1,550,042	$ 1,699,199	$ 1,834,716	$ 2,004,120	$ 2,070,699
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ -	$ -	$ -	$ -	$ -
Accrued Liabilities	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Teachers' Retirement System	375,613	281,288	268,705	231,469	243,547
Due to Employees' Retirement System	24,362	16,332	19,022	19,464	18,806
TOTAL LIABILITIES	$ 399,975	$ 297,620	$ 287,727	$ 250,933	$ 262,353
FUND EQUITY					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved:					
Appropriated	500,807	649,053	1,032,157	903,647	1,150,684
Unappropriated	649,260	752,526	514,832	849,540	657,662
TOTAL FUND EQUITY	$ 1,150,067	$ 1,401,579	$ 1,546,989	$ 1,753,187	$ 1,808,346
TOTAL LIABILITIES and FUND EQUITY	$ 1,550,042	$ 1,699,199	$ 1,834,716	$ 2,004,120	$ 2,070,699

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:	2014	2015	2016	2017	2018
REVENUES					
Real Property Taxes	$ 4,523,769	$ 4,619,702	$ 4,758,432	$ 4,815,982	$ 4,887,830
Nonproperty Taxes	110,603	105,908	107,662	101,565	108,494
Charges for Services	68,957	92,061	78,881	105,668	120,793
Use of Money & Property	4,037	4,349	5,649	4,865	8,156
Sale of Property and Compensation for Loss	-	-	-	-	-
Miscellaneous	24,910	46,564	34,495	60,990	138,412
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	624,121	763,660	746,487	743,779	769,337
Revenues from Federal Sources	24,888	-	7,655	9,258	11,857
Total Revenues	$ 5,381,285	$ 5,632,244	$ 5,739,261	$ 5,842,107	$ 6,044,879
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 5,381,285	$ 5,632,244	$ 5,739,261	$ 5,842,107	$ 6,044,879
EXPENDITURES					
General Support	$ 997,157	$ 1,053,282	$ 1,018,244	$ 1,060,817	$ 1,080,308
Instruction	2,349,469	2,376,984	2,410,789	2,654,490	2,692,765
Pupil Transportation	257,347	270,655	290,217	302,716	263,105
Community Services	2,068	2,116	2,000	2,000	2,125
Employee Benefits	1,195,089	1,260,471	1,170,059	1,204,106	1,231,986
Debt Service	457,769	452,894	452,894	454,568	450,225
Total Expenditures	$ 5,258,899	$ 5,416,402	$ 5,344,203	$ 5,678,697	$ 5,720,514
Other Uses:					
Interfund Transfers	18,000	18,000	18,000	18,000	18,000
Total Expenditures and Other Uses	$ 5,276,899	$ 5,434,402	$ 5,362,203	$ 5,696,697	$ 5,738,514
Excess (Deficit) Revenues Over Expenditures	104,386	197,842	377,058	145,410	306,365
FUND BALANCE					
Fund Balance - Beginning of Year	889,776	1,035,617	1,150,067	1,401,579	1,546,980
Prior Period Adjustments (net)	41,455	(83,392)	(125,546)	-	(100,158)
Fund Balance - End of Year	$ 1,035,617	$ 1,150,067	$ 1,401,579	$ 1,546,989	$ 1,753,187

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	$ 5,036,663	$ 5,036,663	$ 5,046,859	$ 5,214,773	$ 5,289,580
Real Property Tax Items	98,500	98,500	95,929	-	-
Charges for Services	92,000	92,000	89,414	105,000	60,500
Use of Money & Property	3,500	3,500	46,527	16,500	14,000
Sale of Property and				-	
Compensation for Loss	-	-	-	-	-
Miscellaneous	-	-	84,858	-	-
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	759,083	759,083	700,137	725,198	725,198
Revenues from Federal Sources	-	-	8,662	-	-
Total Revenues	$ 5,989,746	$ 5,989,746	$ 6,072,386	$ 6,061,471	$ 6,089,278
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 5,989,746	$ 5,989,746	$ 6,072,386	$ 6,061,471	$ 6,089,278
EXPENDITURES					
General Support	$ 1,102,872	$ 1,156,301	$ 1,128,421	$ 978,049	$ 1,026,124
Instruction	2,884,741	2,893,496	2,610,138	2,897,149	3,032,877
Pupil Transportation	342,187	353,248	309,207	404,587	352,670
Community Services	2,070	2,070	2,000	2,070	2,000
Employee Benefits	1,489,876	1,468,582	1,399,325	1,778,766	1,914,800
Debt Service	415,000	415,000	430,996	302,850	28,000
Total Expenditures	$ 6,236,746	$ 6,288,697	$ 5,880,087	$ 6,363,471	$ 6,356,471
Other Uses:					
Interfund Transfers	18,000	18,000	18,000	18,000	25,000
Total Expenditures and Other Uses	$ 6,254,746	$ 6,306,697	$ 5,898,087	$ 6,381,471	$ 6,381,471
Excess (Deficit) Revenues Over Expenditures	(265,000)	(316,951)	174,299	(320,000)	(292,193)
FUND BALANCE					
Fund Balance - Beginning of Year	265,000	316,951	1,753,187	320,000	292,193
Prior Period Adjustments (net)	-	-	(119,140)	-	-
Fund Balance - End of Year	$ -	$ -	$ 1,808,346	$ -	$ -

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

APPENDIX - B

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

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

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

With respect to event (d) the 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.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

KEENE CENTRAL SCHOOL DISTRICT
ESSEX COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FISCAL YEAR ENDED 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.

BARBARA S. DWYER
Certified Public Accountant
P.O. Box 775
5694 Cascade Road
Lake Placid, NY 12946
518-523-9892

TABLE OF CONTENTS

SUPPLEMENTAL INFORMATION

BARBARA S. DWYER

Certified Public Accountant
P.O. Box 775
5694 Cascade Road
Lake Placid, NY 12946
518-523-9892

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Keene Central School District
Keene Valley, New York

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of the Keene Central School District, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise of the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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 misstatements 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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Keene Central School District, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity 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, pension information, and net investment in capital assets on pages MDA 4 to MDA 10 and pages 43 to 50, 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. I 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 in financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Keene Central School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 11, 2019 on my consideration of the Agency's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audits.

Barbara S. Dwyer, CPA

Barbara S. Dwyer, CPA

Lake Placid, New York
December 11, 2019

BARBARA S. DWYER

Certified Public Accountant
P.O. Box 775
5694 Cascade Road
Lake Placid, NY 12946
518-523-9892

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Keene Central School District
Keene Valley, New York

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Keene Central School District as of and for the year ended June 30, 2019 which collectively comprise the School District's basic financial statements, and have issued my report thereon dated December 11, 2019. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Keene 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 my opinions on the financial statements, but not for the purpose of opinion on the effectiveness of Keene Central School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Keene 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 School Districts' 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given the limitations, during my audit I did not identify any deficiencies internal control over financial reporting that I consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatements, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Barbara S. Dwyer, CPA

Barbara S. Dwyer, CPA

Lake Placid, New York
December 11, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

As management of the Keene Central School District, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2019. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3- 10 of this report.

Overview of the Financial Statements: This discussion and analysis are intended to serve as an introduction to the District's financial statements. The District's basic financial statements comprise three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements themselves.

District-wide financial statements: The *district-wide 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 assets and liabilities of the District, with the difference between the two reported as the net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* and changes in net position presents information showing how the net position of the district changed during the most recent fiscal year. All changes in the net position is 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. uncollected taxes and earned but unused vacation leave).

The district wide financial statements can be found on page 6 of this report.

Fund financial statements: A fund is a group of related accounts that 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. All of the funds of the District are government funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all six funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrated compliance with this budget.

The basic governmental fund financial statements can be found on page 11of the financial statements.

Notes to the financial statements The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 19-40 of the financial statements.

Other information The combining statements referred to earlier in connection with non- major governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 13 and 14 of the financial statements.

Government-wide Financial Analysis

As noted earlier, the net position may serve over time as useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by $5,891,404 at the close of the most recent fiscal year.

	Governmental activities	
	2019	2018
Current and other assets	$ 4,247,688	4,341,364
Capital assets, net of accumulated depreciation	6,290,427	6,618,765
Total assets	10,438,115	10,960,129
Long-term liabilities outstanding	16,424,078	710,951
Other liabilities	284,934	16,140,547
Total liabilities	16,727,818	16,851,498
Net position:		
Invested in capital assets, net of related debt	6,247,968	6,160,395
Assigned net assets	1,153,300	903,647
Unassigned net assets (deficit)	(13,672,165)	(12,955,446)
Total net position	$ (6,270,897)	(5,891,369)

The largest portion of the District's assets (59.8 %) is the District's investment in its capital assets reported net of related debt net of the unassigned deficit. It should be noted that the resources need to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets net of the unassigned deficit (11.0 %) represents resources that are subject to external restrictions on how they may be used. The remaining deficit unassigned net assets $13,672,165 cannot be used to meet the District's ongoing obligations to students, employees, and creditors. Additionally, $12,729,617 of the net assets has been committed to post employment benefit obligations and retirement plan funding in the future. The committed and assigned net asset amounts have been earmarked for the following purposes:

Assigned for repairs of $446,449 net assets within the general fund are reserved to pay unanticipated building repairs which were not included in the annual budget.

Assigned for unemployment benefits of $53,643 net assets within the general fund are reserved to pay unemployment benefits to employees such that their respective termination of employment would have entitled the employee for benefits.

Assigned for encumbrance of $88,424 net assets within the general fund are reserved to pay for commitments at June 30, 2019 that will be re-appropriated and honored during the subsequent year.

Assigned for Tax Certiorani- this reserve of $102,084 is used to accumulate finds to pay possible school tax assessment judgments and claims arising out of pending proceedings.

Assigned for Employee Benefit Accrued Liability - this reserve of $462,700 is used to accumulate funds for any accrued employee benefit due an employee upon termination of the employee's service.

At this time, the District has a negative balance in its undesignated reserve in the government wide statement of net position. The intent of the District is to gradually restore the undesignated reserve to 4% of the general fund as allowed by state law. This undistributed reserve in the general fund is usually available for contingencies or possible reductions in state funding and is not to be used in negotiation or settlement of contract salaries. The District is aware that the maintenance of a sufficient reserve is a factor in consideration of the rating of the District's serial bonds outstanding.

As to the *post retirement healthcare obligations*, the District provides healthcare benefits for eligible retired employees. The benefit is recorded as an expense as healthcare premiums are paid. The obligation for post retirement healthcare benefits has been estimated. The District continues to study the future impact of this benefit on an annual basis.

In the fiscal year ended June 30, 2016, the District has added to its government wide statement of net position deferred inflows and deferred outflows related to the employee and the teacher retirement systems. The District contributes to both plans as assessed by the respective plans. Current obligations have been fully paid. The District will continue to monitor the deferred inflows and deferred outflows on an annual basis.

In the fiscal year ended June 30, 2018, the District has added to its government wide statement of net position deferred inflows and deferred outflows related to the other post employment employee benefits (OPEB) which is the retiree health insurance obligation. The actuarial OPEB liability as of June 30, 2018 is also fully valued in the government wide statement of net position. The District pays annual retiree health insurance premiums from current budget dollars. The District will continue to monitor the deferred inflows and deferred outflows on an annual basis.

At the end of the current fiscal year, the District is able to report positive balances in its three categories of net assets for the District as a whole, as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

Restricted net assets did decrease by $249,653 during the year ended June 30, 2019. Most of this increase is attributable to a transfer of $260,000 to reserves, improved interest earnings, and a larger balance in encumbrances. The repair reserve decreased $65,960 and the employee benefit received reserve decreased $53,180 during the 2019 fiscal year.

The total net assets of the District decreased during the current fiscal year primarily due to the allocation of the net assets to the post-employment benefit obligation and the net deferred inflows and deferred outflows related to retirement plan funding and other postemployment benefits as a committed net asset.

Financial analysis of the District's Funds

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

Governmental funds The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities and post employment obligations that are not recognized in the governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

General fund The general fund is the chief operating fund for the District. At the end of the current fiscal year, the unassigned fund balance was a surplus of $174,299 while the total fund balance was $1,808,346.

Expenditures for general District purposes totaled $5,898,089 including the $18,000 transfer to the school lunch fund.

General fund salaries totaled $2,962,044 while the associated fringe benefits of retirement, social security, unemployment, industrial insurance, and health and accident insurance added $1,554,805 to arrive at 76.5% of total general fund expenditures.

The capital projects fund has a total fund balance of $-0-, all of which is restricted for acquisition of capital assets, the purchase of supplies, and related expenditures.

The debt service fund has a total fund balance of $42,459, most of which is reserved for the payment of debt service on general obligation bonds. The fund balance decreased by a net of $412,911 during the current year due to principal payment on the debt service. The District has debt for equipment purchased to meet the goals of an energy performance bond. One bus was purchased this fiscal year but not financed.

The school lunch program had an excess of expenditures over revenues of $12,155 after the transfer of $18,000 from the general fund. The School Board has decided to absorb some of the employee benefits costs of the school lunch program in the general District funds. The lunch program focuses on local farms as suppliers. Greater demand of their product has increased prices.

General Fund Budgetary Highlights

There was a difference between the original budget and the final amended budget for the District to include encumbrances of $51,592 from the prior fiscal year.

During the year actual revenues did exceed budget estimates by $82,640 or1.36%. The appropriated fund balance included in the original budget was to be used but was not.

During the current fiscal year, the $82,640 negative budget to actual variance in total general fund revenues, and the $408,610 negative budgets to actual variance in total general fund expenditures are largely a result of tight fiscal monitoring, an unannounced retirement and a mild winter resulting in significantly decreased utilities expense. Program revenues are budgeted to spend all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to subsequent year. Program revenues received but not spent are restricted and deferred to the subsequent year. As a result, overall fund revenues variances will be negative and overall fund expenditures variances will be positive.

Capital Asset and Debt Administration

Capital Assets The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. The District began various remodeling projects and renovation project in 1999 at projected cost of $5,300,000. The project was essentially completed in fiscal 2001.

Capital assets at June 30, 2019 and June 30, 2018 respectively are as follows:

CAPITAL ASSETS

	2019	2018
Land	$ 25,000	25,000
Buildings and Improvements	8,719,181	8,719,181
Furniture and equipment	2,251,485	2,205,314
Total capital assets	$10,995,666	10,949,495

Additional information on the District's capital assets can found in Note 4 to the basic financial statements.

Debt Administration In fiscal 1999, the public voted to authorize the District to issue $5,815,300 general obligation school building bonds for new school construction and renovation of existing school facilities, related equipment purchase and improvements. Authorization was sought to modernize the infrastructure of the building, add six elementary classrooms and a new gymnasium. The bonds were issued April 15, 1999. The bonds were refinanced on April 14, 2010. The refinancing costs of $110,000 were added to the current outstanding bond principal. As of June 30, 2018, the bond obligation is fully satisfied.

The District completed financing for energy performance capital improvements during the fiscal year ended June 30, 2010. The capital lease principal balances total -0- as of June 30, 2019 and $395,507 as of June 30, 2018. The majority of the capital improvements which included window replacements were completed in the June 2012 fiscal year. The loan was paid in full during the fiscal year ended June 30, 2019.

During the fiscal year 2017, the District was obligated for the financing for two buses with capital leases whose principal balances total $35,489 as of June 30, 2019 and $62,863 as of June 30, 2018. A new bus purchased in the 2019 fiscal year cost $46,171 with no financing.

DISTRICT'S OUTSTANDING DEBT

	2019	2018
Bonds payable	$ --	395,507
Capital leases	42,459	62,863
	$ 42,459	458,370

Additional information on the District's long-term debt can be found in Note 8 to the basic financial statements.

Changing Enrollment within the District

The components of changing enrollment are migration and the kindergarten to grade 12(K-12) differentials. The K-12 differential is size of the grade 12 leaving, and the size of the kindergarten students entering the District in a given year. District births and number of students per grade are known data. District growth occurs when the number of kindergarten students entering the system exceeds the grade 12 students leaving the system in a given fiscal year. The current expectation is for slight increase in enrollment in the next fiscal year.

KEENE CENTRAL SCHOOL DISTRICT'S Changing Enrollment
Kindergarten - Grade 12 Differential

Birth year of Kindergarten Students	2015	2016	2017	2018	2019
District Fiscal Year	2020	2021	2022	2023	2024
Kindergarten Students Entering	12	7	15	6	11
12th Grade leaving	13	12	18	10	12
K-12 differential	0	(5)	(3)	(4)	(1)

Since fiscal year 2012-2013, the school has been recruiting international student's representative of different cultural regions in the world to be part of the student body. There were four international students in fiscal year 2018-2019 who were living with four families in the community. The school has hired its own facilitator/coordinator for this program.

The pressure on real estate prices in a resort area with very limited growth due to strict zoning laws is resulting in rising residential costs beyond the average resident's earnings capability. The District has been reviewing the projected enrollment data conscientiously, and has been developing plans to maintain enrollment.

Request for Information

This financial report is designed to provide a general overview of the Keene Central School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Keene Central School District, Market Street, Keene Valley, NY 12943.

FINANCIAL STATEMENTS

Keene Central School District
Statement of Net Position - Governmental Activities
Year ended June 30, 2019

EXHIBIT A

ASSETS	
Cash	
Unrestricted	$ 911,169
Restricted	1,065,014
Receivables	
Accounts receivable	43,062
State and Federal aid	56,023
Inventories	1,887
Capital assets, net of accumulated depreciation	6,290,427
Net pension asset, proportionate share	240,144
Deferred outflows of resources- pensions	1,037,627
Deferred outflows of resources - OPEB	792,762
Total Assets	$ 10,438,115
LIABILITIES	
Payables	
Due to other governments	1,635
Long term liabilities	
Due and payable within one year	
Capital leases payable	20,946
Due to teachers' retirement system	243,547
Due to employee retirement system	18,806
Due and payable after one year	
Capital leases payable	21,513
Compensated absences payable	1,165,161
Other post employment obligations payable	12,729,617
Net pension liability, proportionate share	-
Deferred inflows of resources - pensions	558,051
Deferred inflows of resources - OPEB	1,949,736
Total Liabilities	16,709,012
NET POSITION	
Net Investment in capital assets, net of related debt	6,247,968
Assigned Net Assets	1,153,300
Unassigned Net Assets	(13,672,165)
Total Net Position	(6,270,897)
Total Liabilities and Net Position	$ 10,438,115

See notes to financial statements

EXHIBIT B

Keene Central School District
Statement of Activities and Changes in Net Position - Governmental Activities
Year ended June 30, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues Charges for Services	Program Revenues Operating Grants	Net (Expense) Revenue and Changes in Net Assets
General support	$ 1,216,587	(88,166)		1,128,421
Instruction	2,676,771	(66,633)		2,610,138
Pupil transportation	309,207			309,207
Employee benefits	2,028,628			2,028,628
Depreciation	374,509			374,509
Debt service	35,489			35,489
Other expenses	2,000			2,000
School lunch program	143,345	(54,574)		88,771
Total Functions and Programs	6,786,536	(209,373)	-	6,577,163
GENERAL REVENUES				
Real property taxes				5,142,788
Use of money and property				135,941
Miscellaneous				84,858
State sources				702,261
Federal Sources				131,787
Total General Revenues				6,197,635
Change in Net Position				(379,528)
Total Net Position - Beginning of year				(5,891,369)
Total Net Position - End of year				$ (6,270,897)

See notes to financial statements.

EXHIBIT C

KEENE CENTRAL SCHOOL DISTRICT
Balance Sheet of Governmental Funds
Year ended June 30, 2019

ASSETS	General	Special Revenue Funds	Total Governmental Funds
Cash			
Unrestricted cash	$ 909,719	1,450	911,169
Restricted investments	1,065,014		1,065,014
Receivable			
Account receivable	43,062	-	43,062
Due from other funds	52,904		52,904
State and Federal aid		56,023	56,023
Inventories		1,887	1,887
			-
Total Assets	2,070,699	59,360	2,130,059
LIABILITIES			
Payables			
Due to other funds		52,904	52,904
Due to other governments		1,635	1,635
Due to teacher's retirement system	243,547		243,547
Due to Employee's retirement system	18,806		18,806
Total Liabilities	262,353	54,539	316,892
FUND BALANCES NET POSITION			
Assigned Fund Balances	1,150,684	2,616	1,153,300
Unassigned Fund Balances	657,662	2,205	659,867
Total Fund Balances	1,808,346	4,821	1,813,167
Total Liabilities and Fund Balances	$ 2,070,699	59,360	2,130,059

See notes to financial statements.

KEENE CENTRAL SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet
To the Statement of Net Assets
Year ended June 30, 2019

	Total Government Funds	Long-term Assets Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS				
Cash				
Unrestricted cash	$ 911,169			911,169
Restricted cash	1,065,014			1,065,014
Receivables				
Accounts receivable	43,062			43,062
Due from other funds	52,904		(52,904)	-
State and Federal aid	56,023			56,023
Inventories	1,887			1,887
Land, buildings and equipment (net)		6,290,427		6,290,427
Net pension asset, proportionate share		240,144		240,144
Deferred Outflows on Resources - pensions		1,037,627		1,037,627
Deferred Outflows on Resources - OPEB		792,762		792,762
				-
Total Assets and Deferred Outflows of Resources	$ 2,130,059	8,360,960	(52,904)	10,438,115
LIABILITIES				
Payables				
Due to other funds	52,904		(52,904)	-
Due to other governments	1,635			1,635
Due to teachers' retirement system	243,547			243,547
Due to employee retirement system	18,806			18,806
Bonds payable and capital leases		42,459		42,459
Compensated absences		1,165,161		1,165,161
Other post employment benefit obligations payable		12,729,617		12,729,617
Net pension liability, proportionate share		-		-
Deferred inflows of Resources- pensions		558,051		558,051
Deferred inflows of Resources- OPEP	-	1,949,736	-	1,949,736
Total Liabilities and Deferred Outflow of Resources	316,892	16,445,024	(52,904)	16,709,012
FUND BALANCES				
Assigned	1,153,300			1,153,300
Unassigned	659,867	(8,084,064)		(7,424,197)
Total Fund Balances	1,813,167	(8,084,064)		(6,270,897)
Total Liabilities and Fund Balance	$ 2,130,059	8,360,960	(52,904)	10,438,115

See notes to financial statements

KEENE CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

Year ended June 30, 2019

	General	Special Revenue Funds	Capital Projects	Governmental Funds
Revenues				
Real property taxes	$ 5,046,859			5,046,859
Other tax items	95,929			95,929
Charges for services	89,414			89,414
Use of money and property	46,527			46,527
State sources	700,137	2,124		702,261
Federal sources	8,662	118,625		127,287
Surplus food	-	4,500		4,500
Sales - school lunch	-	54,574		54,574
Miscellaneous	84,858	-		84,858
Total Revenues	6,072,386	179,823	-	6,252,209
Expenditures				
General support	1,128,421	88,166		1,216,587
Instruction	2,610,138	66,633		2,676,771
Pupil transportation	309,207			309,207
Community service	2,000			2,000
Employee benefits	1,399,325			1,399,325
Debt Service				
Principal	395,507			395,507
Interest	35,489			35,489
Cost of sales	-	55,179		55,179
Total Expenditures	5,880,087	209,978	-	6,090,065
Excess (Deficit) Revenues over Expenditures	192,299	(30,155)	-	162,144
OTHER FINANCING AND SOURCES AND USES				
Operating transfers	(18,000)	-		(18,000)
Operating transfers (out)	-	18,000		18,000
Total Other Sources and Uses	(18,000)	18,000	-	-
Excess (Deficit) Revenues and Other Sources over Expenditures and Other Uses	174,299	(12,155)		162,144
Fund Balance, Beginning of Year	1,753,187	14,360		1,767,547
Use of Reserves	(119,140)	-		(119,140)
Fund Balance, End of Year	$ 1,808,346	2,205	-	1,810,551

See notes to financial statements.

EXHIBIT F

KEENE CENTRAL SCHOOL
Reconciliation of Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Equity
with the District-Wide Statement of Activities
Year ended June 30, 2019

Net change in Fund Balance- Total Governmental Funds	$	162,144
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities the cost of those assets is allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.		
Depreciation expense		(374,509)
Capital Outlay		46,171
Repayment of bonds and capital leases is recorded as an expenditure in the governmental funds, and has the effect of reducing fund balance. In the district - wide statements, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in statement of activities.		
Principal paid on bond and capitalized leases		415,911
Use of Repair Reserve - reduction of fund balance		(65,960)
Employee Benefit Reserve		(53,180)
Some expenses reported in the statement of activites do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds:		
Net employee beneits including pension and OPEB		(548,235)
Change in net assets of governmental activities	$	(379,410)

See notes to financial statements.

KEENE CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Year ended June 30, 2019

	Private Purpose Trusts
ASSETS	
Cash	$ 297,986
Total Assets	$ 297,986
LIABILITES	
Extraclassroom activity balances	35,699
Total Liabilities	35,699
NET POSITION	
Restricted for scholarships	262,287
Total Liabilities and Net Position	$ 297,986

See accompanying notes and accountant's report.

Keene Central School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Fiduciary Net Position
for the Year ended June 30, 2019

Operating Revenues:	
Gifts and endowments	$ 1,000
Operating Expenses	(1,001)
Operating Income	-
Nonoperating Revenue:	
Interest income	4,610
Net Income (loss)	4,609
Net position, beginning of year	257,678
Net position, end of year	$ 262,287

See notes to financial statements.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The general purpose financial statements of Keene Central School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of its accounting policies are described below.

The Keene Central School District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise its operations, and are governed by, or significantly influenced by, the Board of Education.

BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. During the year ended June 30, 2019, the Keene Central School District was billed $305,346 for BOCES administrative and program costs. Copies of BOCES' financial statement can be requested from Clinton-Essex-Warren-Washington BOCES, Plattsburgh, New York, 12901.

A. **Financial Reporting Entity**

The financial reporting entity consists of the following,

a. The primary government which is the Keene Central School District,
b. Organizations for which the primary government is financially accountable and;
c. 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 general purpose financial statements to be misleading or incomplete.

In evaluating how to define the School District, for financial reporting purposes management has considered all potential component units.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, these statements include the extraclassroom activity funds.

The extraclassroom activity funds of the Keene 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. The cash and cash equivalents are reported in the agency fund of the district.

The School District participates in the Clinton-Essex-Warren-Washington Board of Cooperative Education Services ("BOCES"), a jointly governed entity.

B. **District-Wide Financial Statements**

The district-wide financial statements i.e. the Statement of Net Position and the Statement of Activities, report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segments, and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statements of Activities.

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

> Net investment in capital assets-consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
>
> Assigned 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.
>
> Unassigned net position- reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. **Fund Financial Statements**

The accounts of the Keene Central School District are organized on the basis of funds of account groups, each of which is considered a separate accounting entity. These funds and account groups are based upon the requirements of Generally Accepted Accounting Principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board as well as the Uniform System of Accounts for School Districts. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are summarized by type in the financial statements. The various funds are grouped in the financial statements in the following fund types and account groups.

C. **Continued**

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position. The following are the Keene Central School District's governmental fund types.

The general fund is the principal operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specifies purposes. Special revenue funds include special aid fund and the school lunch fund. The special aid fund is used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants. The school lunch fund is used to account for transactions of lunch, breakfast, and milk programs.

The capital projects fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

The fiduciary funds (not included in District-Wide Financial Statements) are used to account for assets held in a trustee or custodial capacity.

Trust and agency funds are used to account for and report assets held in the capacity of trustee, custodian or agent for individuals, extraclassroom activity organizations, and private organizations, other governments and/or funds. These include expendable trusts, non-expendable trusts and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The property, plant and equipment account group is used to account for land, buildings, improvements, and equipment used for school purposes reported at historical cost. Property, plant and equipment purchased are recorded at cost as expenditures in the respective funds at time of purchase. The District capitalizes equipment which has a cost in excess of $1,000 and has a useful life of at least 2 years. All initial building costs are capitalized.

The District provides retirement benefits for substantially all its regular full-time teachers and its part-time teachers who elect to participate, through contributions to the New York State Teachers Retirement System (TRS). The System provides various plans and options, some of which require employee contributions.

The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the governmental funds in as much as it will be funded from current financial resources, and the general long-term-debt account group for amounts to be paid from future financial resources.

D. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The 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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

D. **Continued**

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* The Agency Fund has no measurement focus and utilizes the accrual basis of accounting. Revenues are recorded when earned and Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period.

A one-year availability period is used to recognition for governmental fund revenues. Material revenues that are susceptible to accrual include real property taxes, charges for services, intergovernmental revenues and operating transfers. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property Taxes

Calendar- Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 31, 2018. Taxes were collected during the period September 1, 2018, to November 15, 2018.

Enforcement- Uncollected real property taxes are subsequently enforced by the County of Essex in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

E. **Budgetary Data**

Budget Policies- The budget policies are as follows:

The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:

1. General Fund
2. School Lunch Fund
3. Capital Fund
4. Special Aid Fund

The proposed appropriation budget for the general fund was approved by the voters within the District.

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

E. **Continued**

Budget Basis of Accounting- Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual Comparison for Special Revenue Funds, included in the Combined Statement of Revenues and Expenditures - Budget and Actual, reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Cash and Cash Equivalents- Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than twelve months.

The School District's deposits and investment polices are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, and obligations of New York State or its political subdivisions, and accordingly, the school district's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with its bank which holds their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies.

Custodial credit risk is the risk that in the event of bank failure the School District's deposits may not be returned to it. GASB directs that deposits be disclosed as expressed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance, but were not exposed to custodial credit risk at June 30, 2017.

Restricted Cash- The restricted cash is the restricted funds held in one certificate of deposit for tax certiorari, unemployment benefits, repairs and employment benefits reserves.

Capital Assets

Acquisitions of equipment and capital facilities are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of general fixed assets reported in the District-wide statements are as follows:

	Capitalization	Depreciation	Estimated
Buildings	$1,000	Straight Line	40 Years
Furniture and Equipment	$1,000	Straight Line	15 Years

E. Continued

Inventory

Inventories of food and/or supplies in the school lunch fund are recorded at cost on a first-in, first out basis or, in the case of surplus foods, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers of expenditures and transfers of revenues to provide services and construct assets.

Long-Term Liabilities

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond refinancing costs were added to the principal balance of the bond and amortized in the bond serial payments.

Compensated Absences- The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Assets long-term liabilities.

Net Position- Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance/Net Position- Generally, fund balance/net position represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law.

E. **Continued**

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Board of Education removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the Board of Education.

Assigned fund balance in the General Fund will represent amounts constrained either by the Board of Education for amounts assigned for balancing the subsequent year's budget or Superintendent or District Treasurer for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

Post-employment Benefits

In addition to providing the retirement benefits described in Note 2, the Keene Central School District provides post employment health insurance to its retired employees in accordance with the provisions of the employment contract negotiated between the School District (BOCES) and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the School District.

F. **Encumbrances**

In government funds, encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General and Special Aid funds. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. **Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures or contingent assets and liabilities at the date of financial statements. Estimates also affected the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. **Deferred Outflows and Inflows of Resources**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting and is reported as unavailable revenue — property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

Note 2: **EXPANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

A. Total fund balances of governmental funds vs. net position of governmental activities:

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

Note 2: **Continued**

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

Long-term liabilities are reported in the Statements of Net Position, but not in the governmental funds, because they are not due and payable in the current period.

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	Exhibit E	$1,810,551
Capital assets related items:		
Capital assets reported June 30, 2019		10,995,666
Accumulated depreciation for government type capital assets through June 30, 2019		(4,705,239)
Net pension asset, proportionate share		240,144
Deferred outflows of resources-pensions and OPEP		1,830,389
Long term outstanding obligations items:		
Long-term obligations as of June 30, 2019:		
Installment bonds payable		21,513
Compensated absences		1,165,161
Other post-employment benefit obligations payable		12,729,617
Net pension liability, proportionate share		-
Deferred inflows of resources pensions and OPEB		2,526,117
Ending net position reported on Statement of Activities for governmental activities	Exhibit A	$(6,270,897)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs., Statement of Activities. Differences between the governmental funds Statement of Revenues, Expenditures and changes in fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. 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.

Note 2: **Continued**

2. Capital Related Differences

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

3. Long-Term 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 payment are recorded as a reduction of liabilities in the Statement of Net Position.

Note 3: **DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

Assets

Cash and Investments- The Keene Central School District investment policies are governed by State statutes. Keene Central School District 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 U.S. Treasury Agencies repurchase agreements and obligations of New York State on its localities.

Deposits- Deposits are valued at cost or cost plus interest and are categorized as either insured, or for which the securities are held by the District's agent in the District's name, collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name and uncollateralized.

Interfund Transactions

Interfund balances at June 30, 2019, are as follows:

	Interfund Revenues	Interfund Expenditures
General Fund	$52,904	-
Special Aid Fund	-	52,904
Total	$52,904	52,904

The District advances funds to the School Lunch Fund and the Special Aid Fund for the provision of services in advance of receiving Federal grants and State aid. As grants and aid are received, the balance due to General Fund decreases. As of June 30, 2019, federal grants had not been fully received for services provided to students.

Note 3: **Continued**

Additionally, the District budgets an annual transfer from the General Fund to the School Lunch Fund to support the cafeteria program.

Changes in Land, Buildings, Machinery and Equipment

A summary of changes in land, buildings, machinery and equipment is as follows:

Category	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Land	$ 25,000			25,000
Buildings	8,719,181			8,719,181
Furniture & Equipment	2,205,314	46,171		2,251,485
TOTAL	$10,949,495	46,171		10,995,666

	July 1, 2018	Depreciation Expense	June 30, 2019
Less accumulated depreciation			
Buildings	2,736,018	217,980	2,953,998
Furniture and equipment	1,594,712	156,529	1,751,241
	4,330,730	374,509	4,705,239
Total Depreciable Historical Cost, net	$6,618,765	(328,338)	6,290,427

Liabilities

Pension Plans

General Information- the Keene Central School District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). These are a cost sharing multiple employers public employee retirement systems. The system offers a wide range of plans and benefits which are related to years of service and final average salary, vesting retirement benefits and death and disability.

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-

Note 3: **Continued**

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.

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 Note 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	$86,071	243,547
2018	85,782	252,017
2017	87,413	273,649

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

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERED OUTFLOWS OF RESOURCES AND DEFERED 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.

Note 3: **Continued**

	ERS	TRS
Actuarial valuation date	31-Mar-19	30-Jun-19
Net pension asset/(liability)	$(116.800)	$356,944
District's portion of the Plan's total Net pension asset/(liability)	.16485%	.013739%

For the year ended June 30, 2019, the District's recognized pension expense of $85,782 for ERS and the actuarial value $243,547 for TRS. At June 30, 2017 the District's reported deferred outflows of resources nd deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$23,000	241,892	7,841	26,543
Changes in assumptions	29,359	674,315	-	164,417
Net difference between projected and actual earnings on pension plan investments	-	-	29,977	286,251
Changes in proportion of differences between the District's contributions and proportionate share of contributions	45,758	23,303	2,169	40,853
District's contributions subsequent to the measurement date				
Total	$ 98,117	939,510	39,987	518,064

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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended:	ERS	TRS
2020	41,358	158,770
2021	(10,295)	7,531
2022	6,662	158,185
2023	20,407	98,942
2024	-	9,664
Thereafter	-	(11,647)

Note 3: **Continued**

ACTUARIAL ASSUMPTIONS

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. 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, 2019
Actuarial valuation date	April 30, 2018	June 30, 2018
Interest Rate	7.0%	8%
Salary scale		4.01%-10.91%
Decrement tables	April 1, 2005- March 31, 2010 System's Experience	July 1, 2005- June 30, 2010 System's Experience
Inflation rate	3.0%	3.0%

For ERS, annuitant mortality rates are based on April 1, 2005- March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2005- June 30, 2010 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, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2013 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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 of 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:

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7% for ERS and 8% for TRS.
The projection of cash flows used to determine the discount rate assumes that contributions form 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

Note 3 - **Continued**

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.

SENTIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABIITY TO THE DISCOUNT RATE ASSUMPTION

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6% for ERS and 6.1% for TRS) or 1-percentage point higher (8% for ERS and 8.1% 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)	$(510,668)	(116,800)	214,077

TRS	1% Decrease (6.1.%)	Current Assumption (7.1%)	1% Increase (8.1%)
Employer's proportionate share Of the net pension asset (liability)	$(1,611,207)	$356,944	2,008,000

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	Total
Valuation date	March 30, 2018	June 30, 2018	
Employer's total pension asset/(liability)	$70,852,290	259,803,791	330,656,081
Plan Net Position			
Employers' net pension asset/(liability)	(116,800)	356,944	240,144
Ratio of plan net position to the Employer's total pension asset/(liability)	.16485%	.013739%	1.544%

PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 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 $18,806.

Note 3: **Continued**

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 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 $243,547.

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

Funding Policies-
The systems are noncontributory except for employees who joined the Systems after July 27, 1976, who contributed 3% of their salary until the employee has 10 years of service or membership in the plan. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employers are required to contribute at an actuarially determined rate, currently 10.62% of the annual covered payroll for the fiscal year ended June 30, 2019.

Pursuant to Article 11 of the Education Law, rates are established annually for TRS by the New York State Teacher's Retirement Board.

For the New York State and local Employee's Retirement System, the comptroller shall certify the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. Those employees who joined the system prior to January 1, 1979, are currently having 20.65% of their salary assessed for retirement contributions by the government. Employees who joined the system on or after January 1, 1979 are currently having 18.5% of their salary assessed for retirement contributions by the government.

Note 4 – **LONG-TERM DEBT**

Indebtedness

Energy performance bond- The District entered an energy performance contract in the fiscal year ended June 30, 2010. Two installments bonds for the purchase of equipment to meet the energy performance contract criteria were acquired at that time. Principal payments of $395,507 interest payments of $33,703 and a prepayment penalty of $11,043 were made during the fiscal year ended June 30, 2019.

Capitalized Leases- The District entered one capitalized lease for the purchase of one bus during the fiscal year. One capitalized leases remain from the prior fiscal year. Principal payments of $20,404 and interest payments of $1,666 made during the fiscal year ended June 30, 2019.

Note 4- **CONTINUED**

Change- The changes in indebtedness during the year ended June 30, 2019, are summarized as follows:

	Balance July 1,2018	Additions	Deletions	Balance June 30, 2019
Installment bond Payable	$395,507	-	395,507	-
Capitalized Leases	62,863	-	20,404	42,459
Total	$ 458,370	-	415,911	42,459

The Schedule of long-term debt obligations is as follows:

Creditor	Original Proceeds	Interest Rate	Maturity Date	Collateral	June 30 2019	June 30 2018
Suntrust Bank	$770,638	5.169%	9/30/2024	Equipment	-	395,507
Santander Bank	104,574	7.1%	1/15/2021	Bus	42,459	62,863
				Total Debt	42,459	458,370
				Current Portion	(20,946)	(415,911)
				Long-Term Portion	$21,513	442,459

Maturity
The following is a summary of maturing debt service requirements:

Fiscal year ending June 30:	Principal	Interest	Total
2020	20,946	1,125	22,071
2021	21,513	557	22,070
2022	-	-	-
2023	-	-	-
2024	-	-	-
Total	$424,459	1,682	44,141

Compensated Absences- Civil service employees may accumulate 1600 hours of sick personal leave at their respective hourly rate. Teachers and administrators may accumulate 180 days of sick leave at their respective daily rate of compensation. Vacation time is generally taken within the year earned. However, civil service employees, teachers and administrators, upon separation of service from the School District, will receive compensation for unused sick and personal leave as provided in their contract. The value of the compensated absences has been reflected in the district-wide financial statements.

Note 5: **OTHER POSTRETIREMENT EMPLOYEE BENEFITS**

Plan Description-

The Keene Central School District provides post employment health insurance to its retired employees in accordance with the provisions of the employment contract negotiated between the School District (BOCES) and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Currently, 46 active employees and dependents and 24 retired employees are being covered by this benefit.

Note 5: **CONTINUED**

Depending on the retirement date of the retiree, the retiree may make no contributions or maintain the contribution level the retiree was paying at the date of retirement. Currently, the District pays the cost of premiums to an insurance company which provides health care insurance.

The District provides healthcare benefits for retirees and their dependents. If the retiree predeceases the dependent, the dependent is terminated from the plan. Also, for retirees who retired prior to June 30, 2009, the retiree and dependent are reimbursed Medicare premiums at the lowest premium cost.

<u>Funding Policy</u>- Keene Central School District recognizes the cost of providing benefits for the fiscal year ended June 30, 2019 by recording $420,179, its share of the insurance premiums for currently enrolled retirees, as expenditures in the fiscal year.

No postretirement benefits payable have been accrued to the postretirement health insurance benefit. No trust has been established to be funded. The District continues to recognize the obligation on a pay-as-you-go expenditure. It is budgeted annually and paid currently.

<u>Total OPEB Liability</u>

The District's total OPEB liability $12,729,617 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 OEB 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:

Inflation	2.2 percent
Salary Increases	3.0 percent, average, including inflation
Discount Rate	3.87 percent
Healthcare Cost Trend Rates	7.0 percent for 2019 decreasing 0.25 to .35 percent per year to an ultimate rate of 4.03 percent for 2078 and later years.

Retirees' share of benefit-related cost varies per contract in effect at retirement date.

The discount rate was based on Bond Buyer Weekly 20 Bond Go Index.

Mortality rates were based on the RPH-2014 Mortality Table for Healthy Annuitants sex distinct as appropriate, with general mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2016 – June 30, 2017.

Note 5: **CONTINUED**

Changes in the Total OPEB Liability

Balance as of June 30, 2019	$12,655,318
Changes for the Year	
Service cost	489,778
Interest	467,840
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(584,237)
Benefit payments	(299,082)
Net Changes	74,299
Balance at June 30, 2018	$12,729,617

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent on July 1, 2017 to 3.68 percent on July 1, 2018.

Sensitivity of the Total OPEB Liability 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 (2.6 percent) or 1 percentage point higher (4.6 percent) than the current discount rate.

	1% Decrease	Current Rate	1% Increase
	2.87%	3.87%	4.87%
Total OPEB Liability	15,089,019	12,729,617	10,850,465

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 rate higher that the current healthcare cost trend rate:

	1% Decrease	Healthcare Current Trend Rate	1% Increase
Total OPEB Liability	10,525,815	12,729,617	15,591,749

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 $849,790. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Note 5: **CONTINUED**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$484,314	-
Changes of assumptions or other inputs	-	(1,949,736)
Contributions subsequent to the measurement period	308,448	
Total	$792,762	(1,949,736)

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	(267,687)
2021	(267,687)
2022	(267,687)
2023	(267,687)
2024 and Thereafter	(394,674)
Thereafter	
Total	$(1,465,422)

Note 6: **ADDITIONAL DISCLOSURES**

Budget Modifications
The 2018-2019 operating budget is summarized as follows:

Original Adopted Budget	$6,254,746

Note 7: **FUND BALANCE**

Reservations of fund balances are created to either satisfy legal restrictions or to plan for future expenditures. A designation of unreserved fund balances in governmental funds indicates the use of these resources in the subsequent year's budget. All reserves are considered restricted net assets, under New York State guidance. The following is a description of the reserves utilized by the School District.

Reserve for Repairs- This net asset fund is used to accumulate funds to finance future costs of major repairs to capital improvements of equipment. Voter authorization is required to fund the account. Expenditures from this fund may be made only after a public hearing has been held. In an emergency, expenditures may be made from the fund without a public hearing with approval of two-thirds of the board of education. The emergency expenditure must be repaid within the next two succeeding years. The fund is accounted for in the General Fund. The fund balance as of June 30, 2019 is $446,449.

Reserve for Unemployment Insurance - This net asset fund is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. Excess amounts may be either transferred to another fund or applied to the appropriations of the

Note 7: **CONTINUED**

next succeeding fiscal year's budget. The fund is accounted for in the Risk Retention Fund. The fund balance as of June 30, 2019 is $ 53,643.

Reserve for Inventory- This net asset fund is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This fund is accounted for in the School Lunch Fund. The balance as of June 30, 2019 is $1,887.

Reserve for Encumbrances- This net asset fund represents the amount of outstanding encumbrances at the end of the fiscal year to be potentially expended in the subsequent year. This fund is accounted for in the governmental fund type. The balance as of June 30, 2019 is $88,424 of which all is related to the General Fund.

Reserve for Tax Certiorari - This fund is used to accumulate funds to pay possible school tax assessment judgments and claims arising out of pending proceedings. The balance as of June 30, 2019 is $102,084.

Reserve for Employee Benefit Accrued Liability - This fund is used to accumulate funds for any accrued employee benefit due an employee upon termination of the employee's service. The balance as of June 30, 2019 is $462,700.

As directed by New York State law, a School District cannot retain in unrestricted fund balance more than 4% of the succeeding year's budget. The budget for Keene Central School District for the fiscal year ending June 30, 2020 is $6,381,471. Therefore, the District cannot have an unrestricted fund balance in excess of $255,259. The Board of Education will vote to transfer funds to reserves in January 2019.

Note 8: **SCHOOL LUNCH FUND**

The District supports the cafeteria program through budgeted cash transfers, and cash advances in excess of Federal and State aid. The District has made a commitment to a high quality school lunch program which is supported by a garden and greenhouse on campus and purchases of produce and meat from local organic farms. Food sales are gradually increasing. The school lunch fund operated at a deficit because local food prices increased due to demand and a wider market.

Note 9: **COMMITMENTS AND CONTINGENCIES**

Risk Financing and Related Insurance- The Keene Central School District incurs costs related to an employee health insurance plan (Plan) sponsored by Clinton-Essex- Warren-Washington BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsure, although it does not discharge the liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have

Note 9: **CONTINUED**

been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

A tax grievance case concerning a significant property owner in the District as of the date of these financial statements, 75% of the property related to this significant property have settled. Negotiations continue with the remaining 25% of the property. No estimate is available for possible settlement. Attorney cost will be encumbered so there will be no material effect on the financial statements.

On May 21, 2019, the voters of the District approved a capital project to cost $7,859,566 for necessary building and security improvements with incidental furnishings.

Lease Commitments and Leased Agents

Operating Leases- The Keene Central School District has no operating leases in fiscal year ended June 30, 2019. All copiers are being purchased through New York State contract.

Note 10: **HEALTH CONSORTIUM**

The Keene Central School District is exposed to various risk of loss related to damage to and destruction of assets: injuries to employees and students; errors and omissions; natural disaster, etc. These risks are covered by commercial insurance purchased from independent third parties. For its employee health and accident insurance coverage the Keene Central School District is a participant in the Clinton-Essex-Warren-Washington Health Insurance Consortium, a public entity risk pool operated for the benefit of 17 individual governmental units located within the Counties of Clinton-Essex-Warren-Washington. The School pays a premium to the Plan for the health and accident coverage.

The Clinton-Essex-Warren-Washington Health Insurance Consortium is considered a self-sustaining risk pool that will provide coverage for insured events. The Keene Central School District has essentially transferred all related risk to the Consortium.

Note 11: **FEDERAL FUNDS**

The District has received Federal and State Aid/Grants which are subject to audit by agencies of the Federal and State government. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The District believes disallowances, not previously provided for, if any, will be immaterial.

Note 12: **SUBSEQUENT EVENTS**

The School has evaluated events and transactions that occurred between June 30, 2019 and December 11, 2019, which is the date the financial statements were available to be issued, for the possible disclosure and recognition in the financial statements.

Schedule 1

KEENE CENTRAL SCHOOL DISTRICT
Combining Schedule of Balance Sheets - Special Revenue Funds
Year ended June 30, 2019

	Special Aid	School Lunch	Total
ASSETS			
Unrestricted cash	$ 1,350	100	1,450
State and Federal Aid Receivable	51,417	4,606	56,023
Other receivables	-	-	-
Inventories	-	1,887	1,887
Total Assets	52,767	6,593	59,360
LIABILITIES AND FUND EQUITY			
Liabilities			
Due to Other Funds	51,417	1,487	52,904
Due to Other Governments	1,350	285	1,635
Total Liabilities	52,767	1,772	54,539
Fund Equity			
Reserved Fund Balance:	-	-	-
Reserved for encumbrances	-	2,616	2,616
Total Reserved Fund Balance:	-	2,616	2,616
Unreserved Fund Balance:	-	-	-
Undesignated	-	2,205	2,205
Total Unreserved Fund Balance	-	2,205	2,205
Total Fund Balance	-	4,821	4,821
Total Liabilities and Fund Equity	$ -	6,593	59,360

KEENE CENTRAL SCHOOL DISTRICT

Combining Statement of Revenues and Expenditures - Special Revenue Funds

Year ended June 30, 2019

	Special aid	School Lunch	Total
REVENUES			
State sources	$ -	2,124	2,124
Federal sources	66,633	56,492	123,125
Sales	-	54,574	54,574
Total Revenues	66,633	113,190	179,823
EXPENDITURES			
General support	-	88,166	88,166
Instruction	66,633	-	66,633
Cost of sales	-	55,179	55,179
Total Expenditures	66,633	143,345	209,978
OTHER SOURCES			
Operating Transfers in	-	18,000	18,000
Total Other sources	-	18,000	18,000
Excess (deficit) of revenues and other sources over expenditures	$ -	(12,155)	(12,155)

See Independent Auditor's Report.

KEENE CENTRAL SCHOOL DISTRICT
Analysis of Change from Original Budget to Revised Budget - General Fund
Year ended June 30, 2019

Original Budget		$	6,254,746
Additions:			
Encumbrances-prior year			51,592
Total Additions			51,592
Revised Budget		$	6,306,338
2018-2019 Subsequent year's expenditure budget		$	6,381,471
Maximum allowed (4% of 2018-2019 subsequent year's budget)			255,259
General Fund Balance Subject to Section 1318 of Real Property Tax Law*:			
Unrestricted fund balance:			
Committed fund balance			
Assigned fund balance	1,150,684		
Unassigned fund balance	657,662		
Total unrestricted fund balance			1,808,346
Less:			
Appropriated fund balance	325,000		
Encumbrances included in committed and assigned fund balance	88,286		(413,286)
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$	1,395,060
Actual percentage			

*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 balacne, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committeed and assigned fund balance.

Keene Central School District
Schedule of Revenues, Other Sources, Expenditures and Other Uses Compared to Budget
Year ending June 30, 2019

	Original Budget	Revised Budget	Current Year's Actual	Year-end Encumbrances	Over (Under) Amended Budget
Revenues					
Local Sources					
Real Property Taxes	5,036,663	5,036,663	5,046,859	-	10,196
Real Property Tax Items	98,500	98,500	95,929	-	(2,571)
Charges for Services	92,000	92,000	89,414	-	(2,586)
Use of Money and Property	3,500	3,500	46,527	-	43,027
Miscellaneous	-	-	84,858	-	84,858
Federal Sources	-	-	8,662	-	8,662
State Sources	759,083	759,083	700,137	-	(58,946)
Total Revenues and Other Sources	5,989,746	5,989,746	6,072,386	-	82,640
Appropriated Fund Balance	265,000	265,000	-	-	(265,000)
Total Revenues and Appropriated Fund Balance	6,254,746	6,254,746	6,072,386	-	(18,360)
Expenditures					
General Support					
Board of Education	22,821	35,908	31,521	5,225	(4,387)
Central Administration	181,931	182,126	216,492	1,061	34,366
Finance	200,779	201,556	192,213	41	(9,343)
Staff	5,000	31,000	8,702	-	(22,298)
Central Services	443,339	449,040	451,048	19,562	2,008
Special Items	83,460	93,495	72,965	8,758	(20,530)
Employee Benefits	165,542	163,176	155,480	-	(7,696)
Total General Support	1,102,872	1,156,301	1,128,421	34,647	(27,880)
Instructional					
Instruction, Administration, & Improvement	12,050	12,050	2,944	977	(9,106)
Teaching - Regular School	1,766,252	1,786,114	1,697,488	12,666	(88,626)
Programs for Children with Handicapping Conditions	419,785	390,849	341,211	3,461	(49,638)
Occupational Education	173,060	173,110	142,950	7,939	(30,160)
Teaching - Special Schools	-	-	42	-	42
Instructional Media	164,162	182,157	127,371	11,389	(54,786)
Pupil Services	349,432	349,216	298,132	12,680	(51,084)
Total Instructional	2,884,741	2,893,496	2,610,138	49,112	(283,359)
Pupil Transportation	342,187	353,248	309,207	1,910	(44,041)
Community Services	2,070	2,070	2,000	-	(70)
Employee Benefits	1,489,876	1,468,582	1,399,325	-	(69,257)
Serial bond principal	395,507	395,507	395,507	-	-
Interest Expense	19,493	19,493	35,489	-	15,996
Total Expenditures	6,236,746	6,288,697	5,880,087	-	408,610
Other Uses/Source					
Operating transfers, out	18,000	18,000	18,000	-	-
Total Expenditures and financing uses	6,254,746	6,306,697	5,898,087	-	(408,610)
Net change in fund balance			174,299		
Fund balance-beginning			1,753,187		
Use of Reserves			(119,140)		
Fund balance-ending			$ 1,808,346		

Keene Central School District
Schedule of Certain Revenues and Expenditures Compared to ST-3 Data
Year ended June 30, 2019

	Account Code	ST-3 Amount	Audited Amount	
REVENUES				
Property Taxes	AT-1001	$ 5,046,859	5,046,859	
Other Items	AT-1099	95,929	95,929	
State Aid	AT-3999	680,470	700,137	
Federal Aid	AT-4999	19,667	8,662	
Total Revenues	AT-5999	6,072,386	6,072,386	
EXPENDITURES				
General Support	AT-1999	972,945	1,128,421	*
Pupil Transportation	AT-5599	283,394	309,207	^
Debt Service- Principal	AT-9798.6	425,190	395,507	
Debt Service- Interest	AT-9798.7	24,211	35,489	
Total Expenditures	AT-9999	$ 5,898,087	5,899,087	

^Includes debt service for transportation items which are not included in pupil transportation expenditures.
*Includes employee benefits for general support.

Schedule 6

Keene Central School District
Schedule of District Contibutions
TRS Pension Plan
Last Three Years
For the Year Ended June 30, 2019

	2015	**2016**	**2017**	**2018**	**2019**
Contractually required contributions	361,395	255,321	273,649	252,017	243,547
Contributions in relation to the contractually required contribution	361,395	255,321	273,649	252,017	243,547
Contribution deficiency (excess)					
Districts covered-employee payroll	2,067,573	2,036,753	2,166,224	2,346,052	2,513,636
Contributions as a percentage of covered-employee payroll	17.48%	12.54%	12.63%	10.75%	9.69%

See paragraph on Supplementary Schedules in Auditors report

Schedule 7

Keene Central School District
Schedule of District Contibutions
ERS Pension Plan
Last Three Years
For the Year Ended June 30,2019

	2015	2016	2017	2018	2019
Contractually required contributions	105,271	89,833	87,143	85,782	86,071
Contributions in relation to the contractually required contribution	105,271	89,833	87,143	85,782	86,071
Contribution deficiency (excess)					
Districts covered-employee payroll	530,641	542,864	597,772	600,997	515,041
Contributions as a percentage of covered-employee payroll	19.84%	16.55%	14.58%	14.27%	16.71%

See paragraph on Supplementary Schedules in Auditors report

Keene Central School District
Schedule of District Contibutions
TRS Pension Plan
Last Three Years
For the Year Ended June 30,2019

		2015	2016	2017	2018	2019
District's proportion of the net (liability) asset		0.01321%	0.013724%	0.013018%	0.013569%	0.013739%
District's proportionate share of the net pension (liability) asset	$	(1,471,546)	(1,425,520)	(139,425)	103,142	356,944
District's covered-employee payroll		2,067,573	2,036,753	2,166,224	2,346,052	2,513,636
District's proportionate share of the net pension (liability) asset as a percentage of its covered-employee payroll		0.014%	0.01%	0.06%	0.044%	0.142%
Plan fiduciary net position as a percentage of the total pension		0.01321%	0.0137%	0.013018%	0.013569%	0.013739%

See paragraph on Supplementary Schedules in Auditors report

Schedule 9

Keene Central School District
Schedule of District Contibutions
ERS Pension Plan
Last Three Years
For the Year Ended June 30,2019

	2015	2016	2017	2018	2019
District's proportion of the net pension (liability) asset	0.17422%	0.17176%	0.16370%	0.1615%	0.16485%
District's proportionate share of the net pension (liability) asset	(58,857)	(275,675)	(153,816)	(52,214)	(116,800)
District's covered-employee payroll	530,641	542,864	575,250	600,997	515,041
District's proportionate share of the net pension (liability) asset as a percentage of its covered-employee payroll	11.092%	50.78%	26.74%	8.688%	22.68%
Plan fiduciary net position as a percentage of the total pε pension liability		0.17176%	0.16370%	0.1615%	0.16485%

See paragraph on Supplementary Schedules in Auditors report

Schedule 10

Keene Central School District
Net Investment in Capital Assets
For the Year Ended June 30, 2019

Capital Assets, net	$6,290,427
Short-term portion of bonds payable	
Long-term portion of bonds payable	
Short-term portion of capital leases	20,946
Long-term portion of capital leases	21,513
Net investment in Capital Assets	$ 6,247,968

See paragraph on Supplementary Schedules in Auditors report

BARBARA S. DWYER
Certified Public Accountant
P.O. Box 775
5694 Cascade Road
Lake Placid, NY 12946
518-523-9892

To the Board of Education
Keene Valley, New York

I have examined the statement of cash receipts and disbursements of the Extraclassroom Activity Funds and the related supporting schedule of Keene Central School District for the year ended June 30, 2019. My examination was made in accordance with generally accepted auditing standards and Appendix F of the Minimum Program for Audit of Financial Records of the New York State School Districts and accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

The District's policy is to prepare the financial statement of the Extraclassroom Activity Funds on the basis of cash receipts and disbursements, as explained on Note 1 to the financial statements. Accordingly, the accompanying statement of cash receipts and disbursements is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In my opinion, the aforementioned statements present fairly the cash and fund balance of the Extraclassroom Activities Funds of Keene Central School District as of June 30, 2019 arising from the cash transactions, cash collected and disbursements made changes in fund balance during the year then ended on a basis consistent with that of the preceding year.

Barbara S. Dwyer, CPA
Barbara S. Dwyer, CPA

Lake Placid, New York
December 11, 2019

Schedule 11

KEENE CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Fund - Balance Sheet
Year ended June 30, 2019

ASSETS	
Cash	$ 35,699
TOTAL ASSETS	35,699
FUND BALANCE	
Extraclassroom Activity	35,699
TOTAL FUND BALANCE	$ 35,699

See accompanying notes and accountant's report.

Keene Central School District
Extraclassroom Activity Fund
Statement of Receipts, Expenditures, and Ending Balances
For the Fiscal Year Ending June 30, 2019

ACTIVITY		Beginning Balance July 1, 2018	Receipts	Expenditures	Ending Balance June 30, 2019
Class of 2018	$	887	-	887	-
C;ass of 2019		5,881	5,818	9,957	1,742
Class of 2020		5,308	3,819	2,834	6,293
Class of 2021		1,110	1,508	435	2,183
Class of 2022		-	1,913	1,415	462
Green Team Club		1,261	2,586	1,414	2,433
Forensics		144	-	-	144
Maine Biology Club		7	-	7	-
Grade 6		2,152	3,991	3,116	3,027
Student Council M.S.		34	811	753	92
Student Council H.S.		840	543	250	1,133
Garden Club		468	423	610	281
Art Club		1,373	1,806	2,250	929
Spanish Club		5,201	23	690	4,534
Britannia Club		2,967	52,682	51,124	4,525
Music Club		2	-	2	-
Drama Club		4,664	2,783	2,433	5,014
Yearbook Club		1,123	4,463	4,544	1,042
Varsity Club		782	1,544	1,291	1,035
Key Club		550	348	369	529
Spirit Club		(24)	75		51
Bank Fees		(173)	173	-	-
Sales Tax		692	697	1,139	250
Totals	$	35,249	86,006	85,556	35,699

See accompanying notes to financial statements.

Keene Central School District
Extraclassroom Activity Funds
Note to Financial Statements
June 30, 2019

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The transactions of the Extraclassroom Activity Funds are not considered part of the reporting entity of the Keene Central School District. Consequently, such transactions are not included in the combined financial statements of the school district.

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

MANAGEMENT LETTER AND RESPONSE

BARBARA S. DWYER
Certified Public Accountant
P.O. Box 775
5694 Cascade Road
Lake Placid, NY 12946
518-523-9892

December 11, 2019

Ms. Cheryl Quinn, President
Mr. Daniel Mayberry, Superintendent
Keene Central School District
33 Market Street
Keene Valley, New York 12943

Dear Ms. Quinn and Mr. Mayberry:

I have audited the financial statements of Keene Central School District for the year ended June 30, 2019 and have issued my report thereon dated December 11, 2019. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated June 30, 2019, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Keene Central School District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2019. I noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions

Fax: 518-523-4493 Email: bsdadk@nybiz.rr.com

about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Disclosures

The disclosures in the financial statements are neutral, consistent and clear.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. I identified no such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representation

I have requested certain representations from management that are included in the management representation letter dated December 11, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Issue Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the organization's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition of my retention.

Audit Issues

During the 2018/2019 fiscal year, the District had initiated the cross-training of administrative staff in the accounting software. The District Superintendent attended a multi-day training session in January 2019. In early spring 2019, the District Treasurer was diagnosed with an illness and subsequently retired on October 31, 2019 after completing her treatment. The daily accounting was maintained but the monthly and annual accounting was largely ignored. There were no Treasurer's reports to the Board of Education in the last quarter of the fiscal year. Once the academic year ended, the Superintendent did analyze and determine what needed to be done to complete the financial accounting cycle. With the hiring of a successor District Treasurer in late September 2019 and the efforts of the outgoing District Treasurer, the fiscal year accounting was completed at the end of October 2019. At that point, the audit field work could commence and be completed by mid-December 2019. It did fall to the District Superintendent to prepare and complete the ST-3 filing.

The new District Treasurer is already attempting to use the accounting software to its capacity so the financial information is more complete with comparison to budget and flow through to the ST-3 reporting. The District Superintendent and the District Treasurer are coordinating their efforts in this capacity and have already made changes for the current fiscal year. I anticipate that this delayed completion of the financial audit in an exception to the rule with the Keene Central School District.

* * * * * * * *

I appreciate the assistance of the staff, management and the Board of Education of Keene Central School District while I was doing the field work for the audit and the informed dialogue I have had with all.

This information is intended solely for the use of Barbara S. Dwyer, CPA and management of Keene Central School District and should not be used for any other purpose.

Very truly yours,

Barbara S. Dwyer, CPA

Barbara S. Dwyer, CPA