PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, 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; and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Notes may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

The District will not designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

$12,900,000

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

TIOGA, TOMPKINS, CORTLAND AND BROOME COUNTIES, NEW YORK

GENERAL OBLIGATIONS

$12,900,000 Bond Anticipation Notes, Series 2020A (Renewals)

(the "Notes")

Dated: June 25, 2020 **Due: June 25, 2021**

The Notes are general obligations of the Newark Valley Central School District, Tioga, Tompkins, Cortland and Broome Counties, New York (the "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to the applicable statutory limitations of Chapter 97 of the Laws of 2011 of the State of New York. See "NATURE OF THE OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued as registered book-entry-only notes or registered in the name of the purchaser in certificated form. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of $5,000 or multiples thereof as may be determined by such successful bidder(s).

Alternatively, if the Notes are issued as registered book-entry-only notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the Purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of $5,000 or integral multiples thereof as may be determined by such successful bidder(s). If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. 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 Squire Patton Boggs (US) LLP, Bond Counsel, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon on with the purchaser(s), on or about June 25, 2020.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com, on June 1, 2020 by no later than 11:15 A.M. Prevailing Time. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

May 27, 2020

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT
TIOGA, TOMPKINS, CORTLAND AND BROOME COUNTIES, NEW YORK

DISTRICT OFFICIALS

2019-2020 BOARD OF EDUCATION

RANDAL H. KERR
President

SUSAN WATSON
Vice President

SARAH HINES
LISA JENSEN
JAMES PHILLIPS
ANTHONY D. TAVELLI
STUART WANDELL

* * * * *

ADMINISTRATION

RYAN DOUGHERTY
Superintendent of Schools

JI Z. KATCHUK
School Business Administrator

PATRICIA WALSH
District Treasurer

TINA ENGELHARD
District Clerk

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

SQUIRE PATTON BOGGS
Bond Counsel

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

No person has been authorized by Newark Valley 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 Newark Valley Central School District.

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PREPARED WITH THE ASSISTANCE OF

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

OFFICIAL STATEMENT

of the

NEWARK VALLEY CENTRAL SCHOOL DISTRICT
TIOGA, TOMPKINS, CORTLAND AND BROOME COUNTIES, NEW YORK

Relating To

$12,900,000 Bond Anticipation Notes, Series 2020A (Renewals)

This Official Statement, which includes the cover page and appendices, has been prepared by the Newark Valley Central School District, Tioga, Tompkins, Cortland and Broome Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of $12,900,000 principal amount of Bond Anticipation Notes, Series 2020A (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.

NATURE OF OBLIGATION

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

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

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

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

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

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

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what

> the words say and this is what the courts have held they mean. . . So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. . . While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

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

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

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

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

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (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, subject to the applicable statutory limitations of Chapter 97 of the Laws of 2011 of the State of New York. See "NATURE OF OBLIGATION" herein and "TAX LEVY LIMITATION LAW" herein.

The Notes are dated June 25, 2020 and mature, without option of prior redemption, on June 25, 2021. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in denominations of $5,000 each or multiples thereof in either (i) registered in the name of the purchaser, in certificated form with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) as registered book-entry-only notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law and pursuant to a bond resolution adopted by the Board of Education on May 23, 2016 authorizing the issuance of serial bonds at a maximum estimated cost of $14,017,195 to finance the construction, reconstruction and equipping of the elementary and middle school buildings, the high school building, and the school bus garage.

The proceeds of the Notes, along with $400,638 available funds of the District, will redeem and renew $13,300,638 bond anticipation notes maturing June 26, 2020 for the aforementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The District is located in the Southern Tier of New York State, encompassing the Towns of Berkshire, Candor, Newark Valley, Owego and Richford in Tioga County, the Town of Caroline in Tompkins County, the Towns of Harford and Lapeer in Cortland County, and the Towns of Maine and Nanticoke in Broome County (collectively, the "Towns"). The District encompasses approximately 240 square miles of land area and is approximately 25 miles southeast of the City of Ithaca, 30 miles south of the City of Cortland, and 20 miles north of the City of Binghamton.

Major highways within and in close proximity to the District include U.S. Route 11, Interstate 81, which extends north to Canada and south to Tennessee, Interstate 88, which runs northeast to Albany, Route 17 (the Southern Tier Expressway) which runs east-west and connects with Interstate 87 north of New York City, and Interstate 90 near Erie, Pennsylvania, and State Routes 38 and 79. Air transportation is provided by the Tompkins County Airport in Ithaca, served by US Airways and Continental Express, as well as by the Syracuse Hancock International Airport and the Broome County Airport in Binghamton.

The District is primarily residential and agricultural in nature. Employment opportunities are afforded to residents in and around the Cities of Ithaca, Cortland and Binghamton. Institutions of higher learning located near the District include Cornell University, Ithaca College, The State University of New York at Cortland, Tompkins Cortland Community College, The State University of New York at Binghamton, and Broome Community College.

Commercial banking services are provided to the residents of the District by M&T Bank, JPMorgan Chase Bank, N.A., Tioga State Bank, Chemung Canal Trust Co., HSBC Bank USA, and NBT Bank, N.A.

Electricity and natural gas are provided by New York State Electric and Gas, and telephone service is provided by Citizens Communications. Police protection is afforded to residents of the District through State and local agencies and fire protection is provided by various volunteer fire departments located throughout the District.

Source: District officials.

Population

The current estimated population of the District is 7,155. (Source: 2018 U.S. Census Bureau estimate.)

Major Employers

The following are the largest employers located within or in close proximity to the District.

Name	Type of Product or Service	Approximate Number Employed
Lockheed Martin	Manufacturer	2,100
Tioga Downs Casino	Gaming	612
CVS Warehouse	Distribution	480
Owego Apalachin CSD	Education	415
Tioga County	Government	407
Upstate Shredding	Manufacturer	360
Elderwood	Nursing	330
Newark Valley CSD	Education	250
Waverly CSD	Education	239
Best Buy Regional Distribution Center	Distribution	234

Source: District officials.

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2014-2018	2000	2006-2010	2014-2018
Towns of:						
Berkshire	$ 16,735	$ 20,100	$ 27,718	$ 43,676	$ 55,096	$ 60,577
Candor	16,967	22,957	26,420	43,186	58,333	68,936
Caroline	21,531	25,347	31,380	51,983	62,713	72,639
Harford	16,346	16,840	27,159	41,111	49,044	71,319
Lapeer	15,484	18,373	21,009	36,250	47,083	68,750
Maine	17,773	22,220	29,840	42,514	54,306	72,038
Nanticoke	15,683	20,624	25,319	39,545	53,269	61,827
Newark Valley	17,577	21,623	36,650	45,321	54,148	78,345
Owego	21,996	29,083	36,410	53,735	67,301	89,676
Richford	15,331	20,318	24,238	38,750	55,156	59,000
Counties of:						
Tioga	18,673	24,596	31,330	46,509	59,907	75,333
Tompkins	19,659	25,737	31,464	53,041	72,231	83,326
Cortland	16,622	22,078	26,979	42,204	57,743	69,068
Broome	19,168	24,314	27,744	45,422	57,545	67,342
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

Note: 2015-2019 American Community Survey estimates are not available as of the date of this Official Statement.

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

Unemployment Rate Statistics

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

	Annual Averages						
	2013	2014	2015	2016	2017	2018	2019
Broome County	7.8%	6.6%	6.0%	5.4%	5.6%	4.9%	4.7%
Cortland County	7.7	6.5	5.9	5.7	5.8	5.1	4.9
Tioga County	7.1	6.1	5.5	5.1	5.1	4.4	4.1
Tompkins County	5.2	4.4	4.4	4.2	4.3	3.6	3.6
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
Broome County	5.7%	5.4%	5.6%	N/A	N/A
Cortland County	6.6	5.8	6.0	N/A	N/A
Tioga County	5.2	5.0	5.3	N/A	N/A
Tompkins County	3.8	3.5	3.7	N/A	N/A
New York State	4.1	3.9	4.4	N/A	N/A

Note: Unemployment rates for April and May 2020 are unavailable as of the date of this Official Statement.

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

Form of School Government

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

Budgetary Procedures

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

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

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

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

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

Recent Budget Vote Results

The budget for the 2019-20 fiscal year was approved by qualified voters on May 21, 2019 by a vote of 219 to 58. The adopted budget called for a total tax levy increase of 1.20%, which was within the District’s Tax Cap of 2.33%.

The proposed budget for the 2020-21 fiscal year calls for a tax levy increase of 0.32%, which is under the District’s maximum allowable tax levy increase of 2.5% for the 2020-2021 fiscal year.

Investment Policy

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

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) certificates of deposit issued by a bank or trust company located and authorized to do business in the State; (2) time deposit accounts in a bank or trust company located and authorized to do business in the State; (3) obligations of the State; and (4) obligations of the United States of America. Funds may also be invested in: (1) obligations in agencies of the federal government if payment of principal and interest is guaranteed by the United States of America; (2) with the approval of the State Comptroller, in revenue anticipation notes or tax anticipation notes of other New York State municipalities other than the District; and (3) with respect to reserve funds, in obligations of the District.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-2020 fiscal year, approximately 67.70% of the revenues of the District are estimated to be received in the form of State aid. In its proposed budget for the 2020-2021 fiscal year, approximately 62.34% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The 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 have and are expected to continue to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take 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.

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

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

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

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.

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").

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.

Potential reductions in Federal aid received by the State.

The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State's current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues that may arise such as the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

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

The State 2019-2020 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. If federal support is reduced by $850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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 89.6% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history:

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, as discussed below the COVID-19 outbreak has affected and is expected to continue to affect State aid to the District.

School district fiscal year (2016-2017): The State 2016-17 Enacted Budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

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

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

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

School district fiscal year (2020-2021): The State's 2020-2021 Enacted Budget includes a year-to-year funding increase for State aid of $95.0 million or .035% percent. Foundation Aid to school districts is frozen at the same level as the 2019-2020 fiscal year; while other aids, calculated according 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 from the 2019-2020 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 year. In addition, the State's 2020-2021 Enacted Budget authorizes the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "State Aid" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget.

State Aid Litigation

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

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

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

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

State Aid Revenues

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

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2014-2015	$ 23,054,252	$ 14,636,841	63.49%
2015-2016	23,518,711	14,952,032	63.58
2016-2017	24,388,477	15,657,948	64.20
2017-2018	25,329,825	16,291,821	64.32
2018-2019	25,940,991	16,933,471	65.28
2019-2020 (Budgeted)	26,314,027	17,758,487	67.49
2020-2021 (Proposed)	25,939,479	16,171,329	62.34

Source: Audited financial statements for the 2014-2015 fiscal year through the 2018-2019 fiscal year, the adopted budget for the 2019-2020 fiscal year and proposed budget for the 2020-2021 fiscal year. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built
Nathan T. Hall Elementary School	PK-3	600	1961, '89, 2005
Newark Valley Middle School	4-7	598	1931, '54, '67, '89
Newark Valley Senior High School	8-12	652	1969, 2005

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2015-16	1,183	2020-21	1,050
2016-17	1,180	2021-22	1,037
2017-18	1,159	2022-23	1,013
2018-19	1,061	2023-24	1,000
2019-20	1,080	2024-25	1,000

Source: District officials. The above is K-12 enrollment figures not including students enrolled full time at BOCES.

Employees

The District currently employs about 250 full-time and part-time persons. The following employees are represented by the following bargaining agents:

Employees	Bargaining Unit	Contract Expiration Date
115	Newark Valley CSD United Teachers	June 30, 2023
35	Newark Valley CSD Cardinal Bus Drivers	June 30, 2021
26	Newark Valley CSD Civil Service Employees' Association	June 30, 2020 (1)
2	Newark Valley CSD School Mechanics' Group	June 30, 2020 (1)
3	Newark Valley CSD Educational Support Personnel Association	June 30, 2022
12	Newark Valley CSD United Support Staff	June 30, 2021
5	Valley Educational Administration Association	June 30, 2020 (1)
30	Newark Valley CSD United Aides	June 30, 2021

(1) Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established sub-reserve during 2018-19 school year and contributed $150,000 to the reserve.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years, budgeted figures for the 2019-2020 fiscal year and proposed figures for the 2020-2021 fiscal year are as follows:

Fiscal Year	ERS	TRS
2014-2015	$ 397,877	1,253,050
2015-2016	373,610	1,373,482
2016-2017	319,734	987,585
2017-2018	338,068	891,776
2018-2019	299,328	777,710
2019-2020	326,082	841,795
2020-2021 (Proposed)	323,000	770,000

Source: District records.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District currently does not have early retirement incentive programs for its employees.

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 (2015-16 to 2020-21) is shown below:

Fiscal Year	ERS	TRS
2015-16	18.2%	13.26%
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53*

* Estimated. The final rate is expected to be adopted by the New York State Teachers' Retirement System Board at its July 29, 2020 meeting.

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

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

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

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

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

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

Other Post-Employment Benefits

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

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The District implemented GASB 75 for the fiscal year ended June 30, 2018. The implementation of this statement requires 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.

Summary of Changes from the Last Valuation. The District contracted with Questar III BOCES to calculate its first actuarial valuation under GASB 75 for the fiscal year ending June 30, 2018. The following outlines the changes to the Total OPEB Liability during the fiscal years 2018 and 2019, by source.

Fiscal Year Ending June 30th:	**2018**	**2019**
OPEB Liability Beginning of Fiscal Year:	$ 60,436,157	$ 62,514,728
Changes for the year:		
Service cost	$ 2,032,830	$ 2,271,006
Interest	1,841,032	1,918,615
Differences between expected and actual experience	423,658	0
Changes of benefit terms	0	(1,971,798)
Changes in assumptions	0	(9,219,726)
Benefit payments	(2,218,949)	(1,676,210)
Net Changes	2,078,571	(8,678,113)
OPEB Liability End of Fiscal Year:	$ 62,514,728	$ 53,836,615

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

Source: Audited financial statements.

The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the District's audited financial statements for the fiscal years ending June 30, 2018 and June 30, 2019

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.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 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 past legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

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Other Information

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

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2019 and is attached hereto as "APPENDIX – D". Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

Unaudited Results for Fiscal Year Ending June 30, 2020

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

Revenues:	$	25,843,192
Expenditures:		25,220,214
Excess (Deficit) Revenues Over Expenditures:	$	622,978
Total General Fund Balance at June 30, 2019:	$	7,279,163
Total Estimated General Fund Balance at June 30, 2020:	$	7,902,141

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

Source: District officials.

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on April 1, 2016. The purpose of the audit was to examine District officials' management of the District's financial condition for the period July 1, 2014 through October 13, 2015.

<u>Key Findings:</u>

- The District's long-term financial plan projects a deficit unrestricted fund balance by 2018-19.

Key Recommendations:

- Use long-term projections as a financial planning tool to make informed decisions to avoid the projected deficit.

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

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The classification of the District for the five most recent available years are as follows:

Fiscal Year Ending	Stress Designation	Fiscal Score
2018	No Designation	3.3
2017	No Designation	0.0
2016	No Designation	13.3
2015	No Designation	20.0
2014	No Designation	13.3

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

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

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TAX INFORMATION

Taxable Assessed Valuation

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Berkshire	$ 62,326,871	$ 69,913,689	$ 70,211,923	$ 70,617,258	$ 71,592,680
Candor	25,898,191	25,800,060	25,861,444	25,941,062	25,651,300
Caroline	15,555,126	15,761,431	16,367,956	16,489,403	17,161,981
Harford	414,503	415,299	411,872	411,822	412,654
Lapeer	633,580	619,070	617,320	604,970	599,570
Maine	436,904	436,904	436,919	456,917	457,635
Nanticoke	506,425	508,271	510,468	509,054	507,709
Newark Valley	112,973,917	112,736,177	113,290,848	112,943,792	112,618,140
Owego	35,856,296	35,883,539	35,970,092	36,076,006	36,657,994
Richford	56,876,931	57,174,392	57,218,356	58,053,916	58,583,676
Total Assessed Values	$ 311,478,744	$ 319,248,832	$ 320,897,198	$ 322,104,200	$ 324,243,339
State Equalization Rates					
Towns of:					
Berkshire	90.00%	100.00%	100.00%	100.00%	100.00%
Candor	98.50%	100.00%	98.00%	96.00%	97.00%
Caroline	100.00%	100.00%	100.00%	100.00%	100.00%
Harford	100.00%	89.00%	87.00%	87.00%	85.00%
Lapeer	99.50%	99.50%	99.50%	99.50%	94.00%
Maine	64.00%	65.00%	65.00%	65.00%	61.00%
Nanticoke	57.50%	58.00%	58.00%	57.00%	56.70%
Newark Valley	66.50%	70.00%	70.00%	68.00%	68.00%
Owego	77.00%	75.90%	75.90%	74.90%	72.50%
Richford	98.00%	98.00%	98.00%	98.00%	98.00%
Taxable Full Valuations	$ 388,204,345	$ 380,782,766	$ 383,236,818	$ 390,304,059	$ 393,925,191

Tax Rate per $1,000 (Assessed)

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Berkshire	$ 21.66	$ 20.13	$ 20.32	$ 20.46	$ 20.51
Candor	19.79	20.13	20.74	21.31	21.15
Caroline	19.49	20.13	20.32	20.46	20.51
Harford	49.49	22.62	23.35	23.51	24.13
Lapeer	19.59	20.23	20.42	20.56	21.82
Maine	30.46	30.97	31.26	31.47	33.63
Nanticoke	33.90	34.71	35.03	35.89	36.18
Newark Valley	29.31	28.76	29.03	30.09	30.17
Owego	25.31	26.52	26.77	27.31	28.29
Richford	19.89	20.54	20.73	20.87	20.93

Tax Collection Procedure

Tax payments are due around September 1st. There is no penalty charged during the first month of collection, but a 2% penalty is charged from early October to end of collection, normally around November 1st. After collection period, uncollected taxes plus penalties are returnable to the respective Counties for collection. The School District receives taxes plus penalties from the respective Counties prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the Counties.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Total Tax Levy	$ 7,567,055	$ 7,665,427	$ 7,786,807	$ 7,984,428	$ 8,080,250
Amount Uncollected [(1)]	602,512	580,880	560,821	562,719	528,551
% Uncollected	7.96%	7.58%	7.20%	7.05%	6.54%

(1) Excluding STAR and State-Owned Land payments. District taxes are made whole by the Counties. See "Tax Collection Procedure" herein.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Taxes & Other Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2014-2015	$ 23,054,252	$ 7,476,709	32.43%
2015-2016	23,518,711	7,591,272	32.28
2016-2017	24,388,477	7,687,896	31.52
2017-2018	25,329,825	7,809,002	30.83
2018-2019	25,940,991	8,005,435	30.86
2019-2020 (Budgeted)	26,232,237	8,080,250	30.80
2020-2021 (Proposed)	25,939,479	8,106,150	31.25

Source: Audited financial statements for the 2014-2015 fiscal year through the 2018-2019 fiscal year, the adopted budget for the 2019-2020 fiscal year and proposed figures for the 2020-2021 fiscal year. This table is not audited.

Larger Taxpayers 2019 for 2019-2020 Tax Roll

Name of Taxpayer	Type of Business	Assessed Value
State of New York	Government	$ 11,117,641
New York State Electric & Gas	Utility	5,102,977
Buckeye Pipeline	Utility	2,762,902
RDVB Land	Farm	2,294,000
Tioga Hardwoods Manufacturing, LLC	Manufacturing	2,105,800
Citizens Telecommunications	Utility	1,869,983
George Hoffmier	Farm	1,812,000
Fifth Garden Park Limited	Mobil Home Park	1,684,800
Christopher Luszczek	Farm	1,514,300
Cotton Hanlon Inc.	Forestry	1,082,100

The taxpayers listed above have a total assessed valuation of $31,346,503 which represents 9.7% of the tax base of the District.

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 Tax Rolls.

STAR – School Tax Exemption

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

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

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

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

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

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Berkshire	$ 69,800	$ 30,000	4/10/2020
Candor	67,710	29,100	4/10/2020
Caroline	69,870	30,030	4/10/2020
Harford	69,800	30,000	4/10/2020
Lapeer	65,610	28,200	4/10/2020
Maine	42,580	18,300	4/10/2020
Nanticoke	39,580	17,010	4/10/2020
Newark Valley	47,460	20,400	4/10/2020
Owego	50,610	21,750	4/10/2020
Richford	68,400	29,400	4/10/2020

$1,521,597 of the District's $7,984,428 school tax levy for the 2018-19 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2019.

$1,482,947 of the District's $8,080,250 school tax levy for 2019-2020 was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2020.

Additional Tax Information

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-65%; Commercial-20%; Agricultural-15%.

The estimated total annual school tax bill of a $50,000 market value residential property located in the District is approximately $1,026.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law" or "TLLL") was enacted. The Tax Levy Limit Law expires on June 16, 2020 unless extended. The Tax Levy Limit Law imposes a tax levy limitation on the School District for any fiscal year each commencing after January 1, 2012 without providing an express exclusion for real property taxes levied for payment of principal of and interest on general obligations issued by the School District under the Local Finance Law. Accordingly, the power of the School District to levy real property taxes on all taxable real property within the School District without limitation as to rate or amount in furtherance of the pledge of its faith and credit as required in the New York Constitution is subject to statutory limitations pursuant to formulae set forth in the Tax Levy Limit Law.

The Tax Levy Limit Law restricts the increase in the amount of the succeeding year's tax levy to no more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. The TLLL also provides for certain adjustments for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. The 2% limit can be increased and overridden annually through a local law enacted by a 60% supermajority vote of the qualified electors of the School District adopting the annual budget. Computation of the tax levy limit by the school district must be submitted to the Office of the State Comptroller for review. Express exclusions from the 2% limit of TLLL include (i) funds needed to pay judgments in excess of 5% of the prior year's tax levy, (ii) retirement systems growth in the average actuarial contribution rate in excess of 2% and (iii) voter approved capital expenditures, defined as 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. Certain values related to growth of value of the real property tax base in the School District, as computed by the commissioner of taxation and finance, may result in an increase adjustment in the real property tax levy notwithstanding the 2% limit in the TLLL. The School District is also permitted to carry forward a certain portion of its unused levy limitation from a prior year. The 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. Nonetheless, the TLLL does not provide an express exclusion from the tax levy limitation for payment of principal and interest on general obligations authorized and issued by a School District under the Local Finance Law.

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.

<u>Real Property Tax Rebate</u>**.** 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, signed into law by the Governor on June 26, 2015. The program applies in the years 2016 through 2019 and includes continued tax cap compliance.

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2015	2016	2017	2018	2019
Bonds	$ 14,305,000	$ 12,205,000	$ 10,050,000	$ 7,845,000	$ 5,590,000
Bond Anticipation Bonds	360,000	625,500	6,814,500	14,448,895	14,320,338
Total Debt Outstanding	$ 14,665,000	$ 12,830,500	$ 16,864,500	$ 22,293,895	$ 19,910,338

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of May 27, 2020:

Type of Indebtedness	Maturity	Amount
Bonds	2020-2026	$ 5,275,000
Bond Anticipation Notes		
Capital Project	June 26, 2020	$ 13,300,638 (1)
Purchase of Buses	September 4, 2020	1,006,200 (2)
	Total Indebtedness	$ 19,581,838

(1) To be redeemed at maturity with proceeds of bond anticipation notes and/or serial bonds and available funds of the District.
(2) To be partially redeemed and renewed at maturity with renewal notes and a budgeted principal reduction.

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 27, 2020:

Full Valuation of Taxable Real Property			$ 393,925,191
Debt Limit 10% thereof			39,392,519
Inclusions:			
Bonds	$ 5,275,000		
Bond Anticipation Notes	1,406,838		
Principal of this Issue	12,900,000		
Total Inclusions		$ 19,581,838	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 19,581,838
Net Debt-Contracting Margin			$ 19,810,681
The percent of debt contracting power exhausted is			49.71%

[1] Based on preliminary 2020-2021 building aid estimates, the District anticipates State Building aid of 89.6% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

Bonded Debt Service

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

Capital Project Plans

The District has authorized a capital project consisting of the construction, reconstruction and equipping of the elementary/middle school building, the high school building, and the School bus garage, including repairs to the Alexander Park dam, upgrades to the District-wide telephone system and parking lot lighting upgrades, and including site development, at a maximum cost of $15,517,195. The project will not require an increase in taxes.

Phase one of the project, which addresses renovations at all three school buildings and the preservation of Alexander Park dam, has received State Education Department approval on January 25 and January 29, 2016. Additional projects received approval on March 14 and March 16, 2017. Phase two, which is the acquisition of a site and construction of a transportation facility received approval on March 16, 2017. The Board of Education and Architects continue to investigate the appropriate site of this new building. The District issued $6,000,000 bond anticipation notes against this authorization on August 18, 2016 which matured on July 28, 2017. The District renewed the bond anticipation notes on July 27, 2017 and such notes mature on June 29, 2018. On June 28, 2018, the District issued $13,429,195 bond anticipation notes, which along with $588,000 available funds of the District, renewed $6,000,000 bond anticipation notes which matured on June 29, 2018 and provided $8,017,195 new money for the aforementioned project. On June 27, 2019, the District issued $13,300,638 bond anticipation notes, which along with $128,557 available funds of the District, redeemed $13,429,195 bond anticipation notes which matured on June 28, 2019 for the aforementioned purpose. The proceeds of the Notes, along with $400,638 available funds of the District, will redeem $13,300,638 bond anticipation notes maturing on June 26, 2020. It is anticipated that the project will be permanently financed with serial bonds in June 2021.

The District annually issues bond anticipation notes in September for the purchase of buses. Currently outstanding are $1,006,200 bond anticipation notes, which will mature on September 4, 2020.

The District currently has no other capital projects approved or contemplated.

Cash Flow Borrowings

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

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
Counties of:						
Tioga	12/31/2018	$ 12,280,000	$ -	$ 12,280,000	14.00%	$ 1,719,200
Tompkins	12/31/2018	63,700,998	702,466	62,998,532	0.22%	138,597
Cortland	12/31/2018	32,456,649	4,307,238	28,149,411	0.05%	14,075
Broome	12/31/2018	138,974,947	10,744,947	128,230,000	0.02%	25,646
Towns of:						
Berkshire	12/31/2018	-	-	-	100.00%	-
Candor	12/31/2018	1,050,000	-	1,050,000	9.92%	104,160
Caroline	12/31/2018	-	-	-	6.58%	-
Harford	12/31/2018	99,000	-	99,000	0.68%	673
Lapeer	12/31/2018	19,053	19,053	-	0.75%	-
Maine	12/31/2018	905,000	-	905,000	0.27%	2,444
Nanticoke	12/31/2018	261,079	135,079	126,000	1.20%	1,512
Newark Valley	12/31/2018	97,200	97,200	-	96.33%	-
Owego	12/31/2018	-	-	-	4.20%	-
Richford	12/31/2018	-	-	-	83.67%	-
Village of:						
Newark Valley	5/31/2019	2,130,341	2,130,341	-	100.00%	-
					Total:	$ 2,006,306

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

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

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

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 27, 2020:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 19,581,838	$ 2,736.80	4.97%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	21,588,144	3,017.21	5.48

(a) The 2018 estimated population of the District is 7,155. (See "THE DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for the 2019-2020 fiscal year is $393,925,191. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

(d) Estimated net overlapping indebtedness is $2,006,306. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept for School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the 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 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 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 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 District and the holder thereof. Under current law, provision is made for contract creditors of the District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

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

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the counties, cities, towns and villages, 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.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On

November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, enacted at the 1975 Extraordinary Session of the State legislature, described below, authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

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. See "THE NOTES - Nature of the Obligation" and "State Debt Moratorium Law" herein.

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

MARKET AND RISK FACTORS

The financial and economic condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State and 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 other jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, and continuing technical and Constitutional issues, regarding its implementation and interpretation could have an impact upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also 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. Similarly, the degree of the impact to the District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" and "State Aid History" herein).

Cybersecurity

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

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax; and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel expresses no opinion as to any other tax consequences regarding the Notes.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the District contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the District's representations and certifications or the continuing compliance with the District's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the "IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the District may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The District has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market value of the Notes.

Interest on the Notes may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Prospective purchasers of the Notes upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Notes at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Notes should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be affected and the ability of holders to sell their Notes in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Notes ("Discount Notes") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Note. The issue price of a Discount Note is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Notes of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Note over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Note (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Notes, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Note. A purchaser of a Discount Note in the initial public offering at the issue price (described above) for that Discount Note who holds that Discount Note to maturity will realize no gain or loss upon the retirement of that Discount Note.

Certain of the Notes ("Premium Notes") may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes note premium. For federal income tax purposes, note premium is amortized over the period to maturity of a Premium Note, based on the yield to maturity of that Premium Note (or, in the case of a Premium Note callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Note), compounded semiannually. No portion of that note premium is deductible by the owner of a Premium Note. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Note, the owner's tax basis in the Premium Note is reduced by the amount of note premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Note for an amount equal to or less than the amount paid by the owner for that Premium Note. A purchaser of a Premium Note in the initial public offering who holds that Premium Note to maturity (or, in the case of a callable Premium Note to its earlier call date that results in the lowest yield on that Premium Note) will realize no gain or loss upon the retirement of that Premium Note.

Owners of Discount and Premium Notes should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or note premium, the determination for federal income tax purposes of the amount of OID or note premium properly accruable or amortizable in any period with respect to the Discount or Premium Notes, other federal tax consequences in respect of OID and note premium, and the treatment of OID and note premium for purposes of state and local taxes on, or based on, income.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Legal Matters

Legal matters incident to the authorization, issuance, and sale of the Notes will be subject to the final approving opinion of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel to the District. Such opinion will be available at the time of delivery of and payment for the Notes and will be to the effect that the Notes are valid and legally binding special obligations of the District for the payment of which the District has validly pledged its faith and credit, and all the real property within the District subject to taxation by the District is subject to the levy of the District of ad valorem taxes, without limitation as to rate or amount subject to the provisions of Chapter 97 of the Laws of 2011 for payment of the principal and interest on the Notes.

Chapter 97 of the Laws of 2011 imposes a statutory limit on the power to the District to increase its annual real property tax levy based on formulae set forth therein, including such taxes to pay principal of and interest on the Notes. However, in the opinion of Bond Counsel, under current law, the limitations imposed by Chapter 97 of the Laws of 2011 do not diminish the prior lien on the first revenues of the District set forth in the New York Constitution and established by the aforesaid pledge of the District's faith and credit requiring the District to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Notes. Bond counsel expresses no opinion on the validity of Chapter 97 of the Laws 2011 under the applicable provisions of Article VIII of the New York Constitution.

Said opinions will also contain further statements to the effect that assuming continuing compliance with certain covenants and the accuracy of certain representations of the District contained in the records of proceedings relating to the authorization and issuance of the Notes, (a) 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, (b) interest on the Notes is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers; (c) the interest on the Notes may be subject to certain federal taxes imposed only on certain corporations, and (d) the enforceability of the Notes is subject to bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.

Closing Certificates

Upon delivery of and payment for the Notes, the purchaser of the Notes will also receive, without cost, in form satisfactory to Bond Counsel, the following dated as of the date of delivery of and payment for the Notes: (a) a certificate or certificates evidencing execution, delivery and receipt of payment for the Notes, (b) a certificate or certificates executed by the officer of the District who executed the Notes on behalf of the District, stating that (1) no litigation is then pending or, to the knowledge of such officer, threatened to restrain or enjoin the issuance or delivery of the Notes, (2) no authority or proceedings for the issuance of the Notes has or have been repealed, revoked or rescinded, and (3) the statements contained in this Official Statement relating to the Notes, on the date thereof and on the date of delivery of and payment for the Notes, were and are true in all material respects and did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (c) a Tax Compliance Certificate executed by the President of the Board of Education of the District (d) the unqualified legal opinion as to the validity of the Notes of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel, and (e) a Continuing Disclosure Certificate relating to the Notes executed by the President of the Board of the District for purposes of the Rule.

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATING

The Notes are not rated. Subject to the approval of the District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, such as a rating action that may require the filing of a material event notification to EMMA.

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

On June 13, 2019, Moody’s assigned its short-term rating of “MIG 1” to the District's $13,300,638 Bond Anticipation Notes, Series 2019A (Renewals) issue dated June 27, 2019 and maturing on June 26, 2020. A copy of the rating report may be obtained from Moody’s Investors Service, 7 World Trade Center, 250 Greenwich St., New York, New York 10007, Phone: (212) 553-1653.

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Ji Katchuk, CPA, MBA, School Business Administrator, Central Administrative Office, 68 Wilson Creek Road, Newark Valley, New York 13811, Phone: (607) 642-8488, Fax: (607) 642-8821, Email: JKatchuk@nvcs.stier.org.

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

Dated: May 27, 2020

RANDAL H. KERR
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/Investments	$ 3,265,449	$ 2,011,705	$ 1,981,735	$ 2,017,805	$ 1,823,132
Restricted Cash/Investments	2,387,211	2,627,383	3,492,098	3,975,345	5,390,570
Due from Other Governments	641,086	531,277	507,559	565,373	614,569
State and Federal Aid Receivable	279,875	277,086	278,253	387,399	309,038
Due from Other Funds	299,003	322,402	295,098	319,680	277,437
Other Receivables	32,654	37,063	37,975	32,320	38,215
Fiduciary Funds	-	-	-	-	61,464
Prepaid Expenses	-	-	-	-	-
TOTAL ASSETS	$ 6,905,278	$ 5,806,916	$ 6,592,718	$ 7,297,922	$ 8,514,425
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 214,726	$ 225,437	$ 134,341	$ 399,127	$ 137,309
Accrued Liabilities	81,647	74,982	70,034	64,635	100,353
Due to Other Funds	760,936	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Teachers' Retirement System	1,398,569	1,067,368	992,020	861,325	917,431
Due to Employees' Retirement System	96,152	82,782	80,184	84,255	80,169
Compensated Absences	-	-	-	-	-
Overpayments	-	-	-	-	-
Other Liabilities	52,898	-	-	-	-
TOTAL LIABILITIES	$ 2,604,928	$ 1,450,569	$ 1,276,579	$ 1,409,342	$ 1,235,262
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	2,387,211	2,627,383	3,492,098	3,975,345	5,390,570
Assigned	946,668	836,759	839,304	892,307	895,034
Unassigned	966,471	892,205	984,737	1,020,928	993,559
TOTAL FUND EQUITY	$ 4,300,350	$ 4,356,347	$ 5,316,139	$ 5,888,580	$ 7,279,163
TOTAL LIABILITIES and FUND EQUITY	$ 6,905,278	$ 5,806,916	$ 6,592,718	$ 7,297,922	$ 8,514,425

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
REVENUES					
Real Property Taxes	$ 5,895,903	$ 5,984,891	$ 6,116,846	$ 6,253,697	$ 6,462,193
Other Tax Items	1,580,806	1,606,381	1,571,050	1,555,305	1,543,242
Charges for Services	5,444	61,073	38,600	20,330	8,891
Use of Money & Property	81,955	7,640	9,191	51,776	107,365
Sale of Property and Compensation for Loss	8,826	1,614	23,212	8,936	22,961
Miscellaneous	5,056	870,696	945,846	1,114,294	825,994
Interfund Revenues	805,333	-	-	-	-
Revenues from State Sources	14,636,841	14,952,032	15,657,948	16,291,821	16,933,471
Revenues from Federal Sources	34,088	34,384	25,784	33,666	36,875
Total Revenues	$ 23,054,252	$ 23,518,711	$ 24,388,477	$ 25,329,825	$ 25,940,992
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 23,054,252	$ 23,518,711	$ 24,388,477	$ 25,329,825	$ 25,940,992
EXPENDITURES					
General Support	$ 2,535,962	$ 2,812,822	$ 2,673,651	$ 2,588,087	$ 2,675,635
Instruction	10,456,152	10,823,476	10,834,921	11,315,698	11,314,663
Pupil Transportation	1,158,093	1,059,761	1,050,962	1,124,562	1,099,055
Community Services	2,716	2,770	2,338	2,562	2,478
Employee Benefits	6,650,783	6,434,345	6,322,116	6,569,035	6,681,918
Debt Service	-	-	-	-	-
Total Expenditures	$ 20,803,706	$ 21,133,174	$ 20,883,988	$ 21,599,944	$ 21,773,749
Other Uses:					
Interfund Transfers	3,826,188	2,329,540	2,544,697	3,157,440	2,776,660
Total Expenditures and Other Uses	$ 24,629,894	$ 23,462,714	$ 23,428,685	$ 24,757,384	$ 24,550,409
Excess (Deficit) Revenues Over Expenditures	(1,575,642)	55,997	959,792	572,441	1,390,583
FUND BALANCE					
Fund Balance - Beginning of Year	5,875,992	4,300,350	4,356,347	5,316,139	5,888,580
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 4,300,350	$ 4,356,347	$ 5,316,139	$ 5,888,580	$ 7,279,163

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 Original Budget	2019 Final Budget	2019 Actual	2020 Adopted Budget	2021 Proposed Budget
REVENUES					
Real Property Taxes	$ 7,984,428	$ 6,462,831	$ 6,462,193	$ 8,080,250	$ 8,106,150
Other Tax Items	18,000	1,539,597	1,543,242	-	-
Charges for Services	38,000	38,000	8,891	-	-
Use of Money & Property	11,500	11,500	107,365	-	-
Sale of Property and Compensation for Loss	-	-	22,961	-	-
Miscellaneous	413,000	413,000	825,994	363,500	304,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	16,833,486	16,833,486	16,933,471	17,758,487	16,171,329
Revenues from Federal Sources	30,000	30,000	36,875	30,000	35,000
Total Revenues	$ 25,328,414	$ 25,328,414	$ 25,940,992	$ 26,232,237	$ 24,616,479
Other Sources:					
Appropriated Reserves	$ 336,000	$ 381,300	$ -	$ 153,440	$ 473,000
Appropriated Fund Balance	800,000	800,000	-	881,790	850,000
Encumbrances carried from prior year	92,307	92,307	-	-	-
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 26,556,721	$ 26,602,021	$ 25,940,992	$ 27,267,467	$ 25,939,479
EXPENDITURES					
General Support	$ 2,959,739	$ 3,083,517	$ 2,675,635	$ 3,351,766	$ 3,749,862
Instruction	11,634,304	11,847,584	11,314,663	11,591,748	10,972,330
Pupil Transportation	1,506,582	1,485,153	1,099,055	1,346,575	1,332,884
Community Services	4,000	4,252	2,478	-	4,000
Employee Benefits	7,720,799	7,404,855	6,681,918	7,538,000	7,824,707
Debt Service	-	-	-	-	-
Total Expenditures	$ 23,825,424	$ 23,825,361	$ 21,773,749	$ 23,828,089	$ 23,883,783
Other Uses:					
Interfund Transfers	2,731,297	2,776,660	2,776,660	3,439,378	2,055,696
Total Expenditures and Other Uses	$ 26,556,721	$ 26,602,021	$ 24,550,409	$ 27,267,467	$ 25,939,479
Excess (Deficit) Revenues Over Expenditures	-	-	1,390,583	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	5,888,580	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 7,279,163	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	$ 2,285,000	$ 144,406.25	$ 2,429,406.25
2021	485,000	139,650.00	624,650.00
2022	505,000	120,250.00	625,250.00
2023	530,000	95,000.00	625,000.00
2024	560,000	68,500.00	628,500.00
2025	585,000	45,500.00	630,500.00
2026	325,000	16,250.00	341,250.00
TOTALS	$ 5,275,000	$ 629,556.25	$ 5,904,556.25

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2019 Refunding of 2012 Bonds			2013 Refunding of 2006 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	$ 520,000	$ 100,281.25	$ 620,281.25	$ 1,765,000	$ 44,125.00	$ 1,809,125.00
2021	485,000	139,650.00	624,650.00	-	-	-
2022	505,000	120,250.00	625,250.00	-	-	-
2023	530,000	95,000.00	625,000.00	-	-	-
2024	560,000	68,500.00	628,500.00	-	-	-
2025	585,000	45,500.00	630,500.00	-	-	-
2026	325,000	16,250.00	341,250.00	-	-	-
TOTALS	$ 3,510,000	$ 585,431.25	$ 4,095,431.25	$ 1,765,000	$ 44,125.00	$ 1,809,125.00

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the 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" 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 security holders, if material; and

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

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

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

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

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

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

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

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

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

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NEWARK VALLEY CENTRAL SCHOOL DISTRICT
TIOGA, TOMPKINS, CORTLAND AND BROOME COUNTIES, NEW YORK

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2019

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

NEWARK VALLEY
CENTRAL SCHOOL DISTRICT

Newark Valley, New York

FINANCIAL REPORT

For the Year Ended
June 30, 2019

insero&co
Certified Public Accountants | Business Advisors

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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Board of Education
Newark Valley
Central School District
Newark Valley, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Newark Valley Central School District (the School District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Prior Year Financial Statements
The financial statements of Newark Valley Central School District School District as of June 30, 2018 and for the year then ended were audited by other auditors whose report dated October 12, 2018 expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans, the Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability, and related notes on pages 4-4k and 47-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures - Capital Projects Fund, and Schedule of Net Investment in Capital Assets (supplementary information) on pages 56-58 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

<u>Other Reporting Required by *Government Auditing Standards*</u>

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2019 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

Respectfully Submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 3, 2019

The following is a discussion and analysis of the Newark Valley Central School District's (the School District) financial performance for the fiscal year ended June 30, 2019. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and Governmental Fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Total revenue exceeded expenses in 2019 by $1,362,826 compared to 2018, when expenses exceeded revenue by $4,311. The School District ended the year with a net deficit of $28,504,657, compared to a net deficit of $29,867,483 in 2018.

- The General Fund budgeted expenditures, including carry-over encumbrances, were underspent by $2,038,368 based on savings in instructional costs, including associated employee benefits and an overall effort by the School District to contain spending.

- Capital asset equipment and building additions during 2019 amounted to $7,803,076. Depreciation expense totaled $1,512,049.

- Indebtedness of the School District at June 30, 2019, in the amount of $19,910,338, decreased $2,315,157 from 2018, due to payment of debt in accordance with amortization schedules.

- Total fund balance in the General Fund, including reserves, was $7,279,163 at June 30, 2019. Restricted fund balance of $5,390,570 consisted of General Fund restricted reserves; assigned fund balance of $895,034 consisted of encumbrances of $13,244 and appropriations to support the 2019-2020 budget of $881,790. Unassigned fund balance was $993,559, which is subject to and below the maximum limit (4% of 2019-2020 appropriations) permitted under New York State Real Property Tax Law.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

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

- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year and a Schedule of Changes in the District's Total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for postemployment benefits, and information related to the School District's pension obligations.

District-wide Financial Statements

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

The two District-wide financial statements report the School District's net assets and how they have changed. Net position - the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

Governmental Fund Financial Statements
The Governmental Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (*Figure 1*) and changes in net position *(Figure 2)* of the School District's Governmental Activities.

Figure 1

Condensed Statement of Net Position	*Governmental Activities and Total School District*		*Total Dollar Change*
	2018	*2019*	*2018 - 2019*
Current Assets	$ 15,676,248	$ 7,008,571	$ (8,667,677)
Noncurrent Assets	4,340,317	6,260,891	1,920,574
Capital Assets, Net	33,720,530	39,996,263	6,275,733
Total Assets	53,737,095	53,265,725	(471,370)
Pensions	5,664,492	5,039,581	(624,911)
Other Postemployment Benefits	364,817	305,976	(58,841)
Deferred Charges on Defeased Debt	110,291	55,145	(55,146)
Total Deferred Outflows of Resources	6,139,600	5,400,702	(738,898)
Current Liabilities	18,901,717	17,991,338	(910,379)
Noncurrent Liabilities	69,098,667	58,409,945	(10,688,722)
Total Liabilities	88,000,384	76,401,283	(11,599,101)
Pensions	1,743,794	1,273,962	(469,832)
Other Postemployment Benefits	-	9,495,839	9,495,839
Total Deferred Inflows of Resources	1,743,794	10,769,801	9,026,007
Net Investment in Capital Assets	21,978,222	22,610,786	632,564
Restricted	5,070,881	6,190,861	1,119,980
Unrestricted (Deficit)	(56,916,586)	(57,306,304)	(389,718)
Total Net (Deficit)	**$ (29,867,483)**	**$ (28,504,657)**	**$ 1,362,826**

Total assets decreased 0.88%. This change stems from a decrease in Capital Fund cash used to finance capital improvements, offset by an increase in capital assets, net, which resulted from those purchases.

Deferred outflows of resources decreased 12.03% and deferred inflows of resources increased 517.61%. These changes are a result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for the other postemployment benefits (OPEB) plan.

Total liabilities decreased 13.18%. This change stems from the payment of bonds in accordance with amortization schedules, as well as a decrease in the OPEB liability.

Total net deficit decreased 4.56%. This is primarily a result of revenue exceeding expenses. Net investment in capital assets increased 2.88% due to capital outlay and a decrease in the debt used to finance these assets. Restricted net position increased 22.09%, stemming from board approved increases in General Fund reserves.

Our analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

Changes in Net Position	*Governmental Activities and Total School District*		*Total Dollar Change*
	2018	*2019*	*2018 - 2019*
REVENUES			
Program Revenues:			
Charges for Services	$ 171,597	$ 212,238	$ 40,641
Operating Grants	1,381,644	1,381,139	(505)
General Revenues:			
Real Property Taxes	6,253,697	6,462,193	208,496
Real Property Tax Items	1,555,305	1,543,242	(12,063)
State Sources	16,325,487	16,933,471	607,984
Use of Money and Property	72,460	211,949	139,489
Other General Revenues	1,314,670	845,934	(468,736)
Total Revenues	**$ 27,074,860**	**$ 27,590,166**	**$ 515,306**
PROGRAM EXPENSES			
General Support	$ 3,785,569	$ 3,786,111	$ 542
Instruction	19,944,159	19,194,123	(750,036)
Pupil Transportation	2,104,374	1,972,547	(131,827)
Community Services	4,571	4,206	(365)
School Lunch Program	741,477	759,119	17,642
Interest on Debt	499,021	511,234	12,213
Total Expenses	**$ 27,079,171**	**$ 26,227,340**	**$ (851,831)**
CHANGE IN NET POSITION	**$ (4,311)**	**$ 1,362,826**	**$ 1,367,137**

Total revenues for the School District's Governmental Activities increased by 1.90%, while total expenses decreased by 3.15%. The increase in revenue stems from increases in the voter approved tax levy as well as an increase in basic state aid. The decrease in program expenses is primarily due to a decrease in OPEB expense in comparison to the prior year.

Figures 3 and 4 show the sources of revenue for 2019 and 2018.

Figure 3

Sources of Revenue for 2019

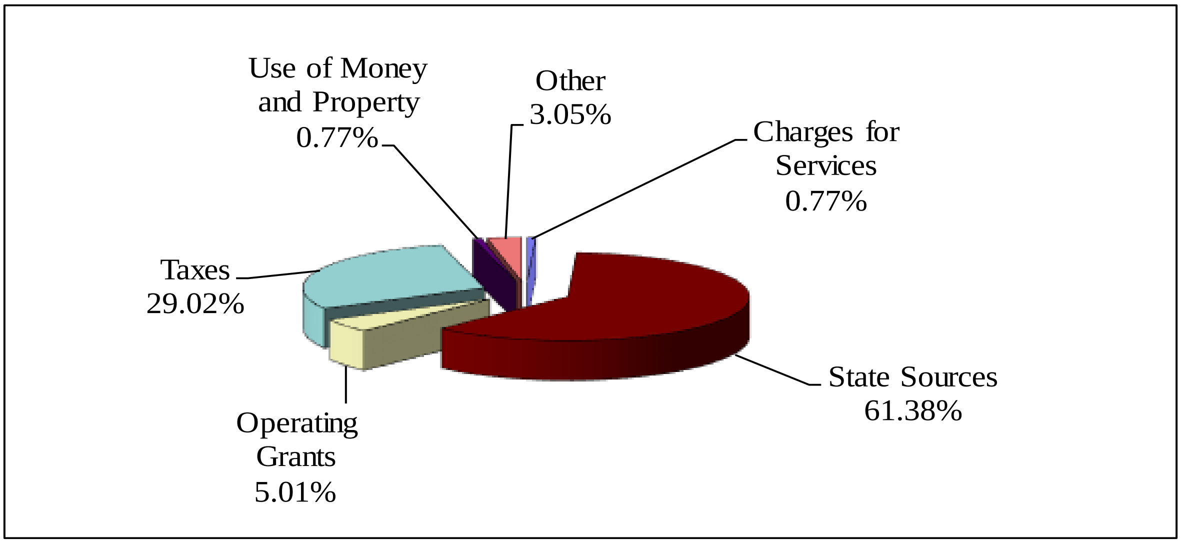
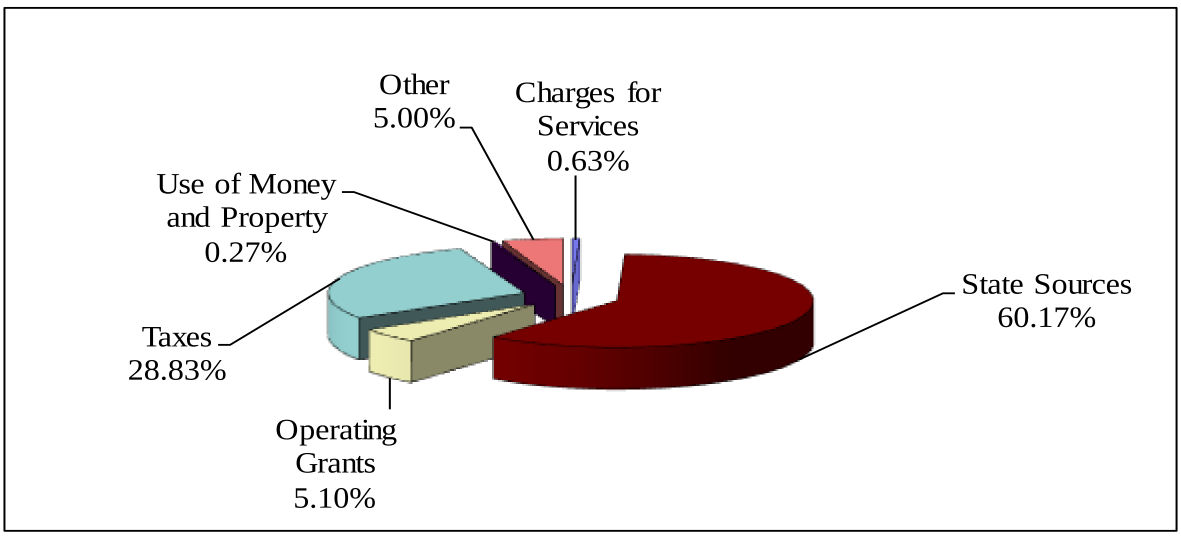


Figure 4

Sources of Revenue for 2018



Figures 5 and 6 present the cost of each of the School District's programs for 2019 and 2018.

Figure 5

Cost of Programs for 2019

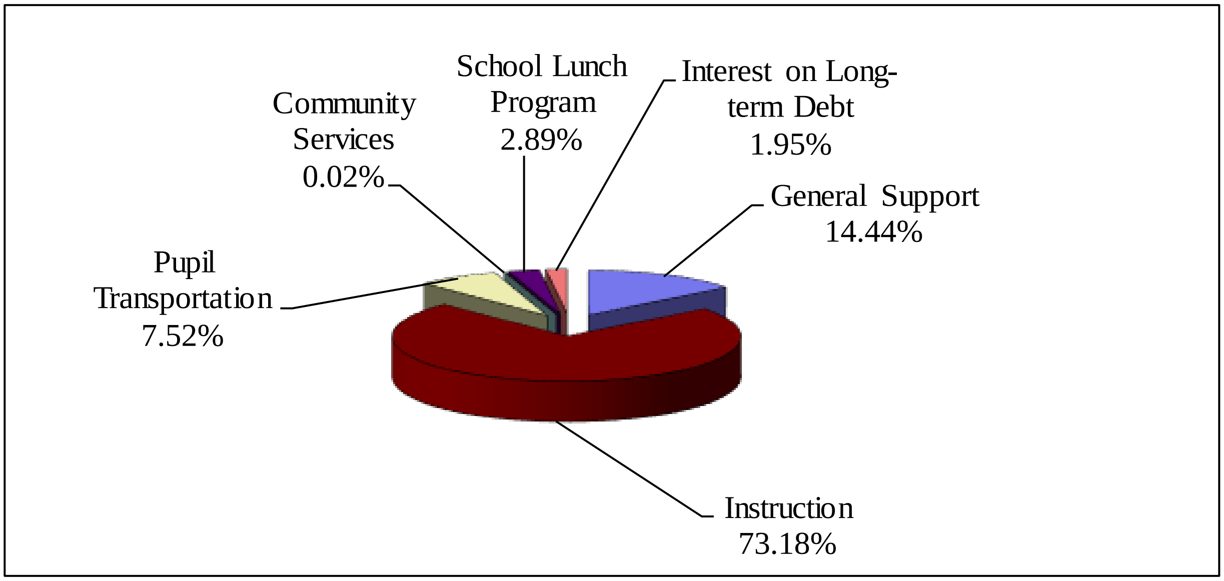
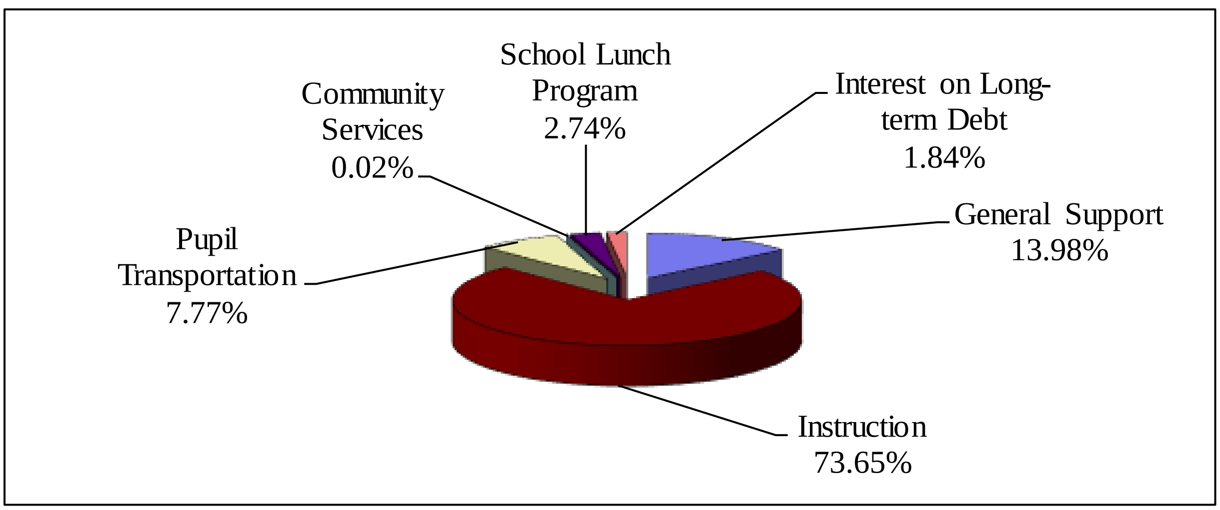


Figure 6

Cost of Programs for 2018



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in fund balances for the year for the School District's funds. The School District experienced a decrease of 207.71% in total fund balance, which is primarily attributable to expenditures and other financing uses exceeding revenue and other financing sources in the Capital Projects Fund.

Figure 7

Governmental Fund Balances	*2018*	*2019*	*Total Dollar Change 2018-2019*
General Fund	$ 5,888,580	$ 7,279,163	$ 1,390,583
School Lunch Fund	35,998	25,341	(10,657)
Debt Service Fund	1,095,536	800,291	(295,245)
Capital Projects Fund	(4,007,599)	(11,349,481)	(7,341,882)
Total Governmental Funds	**$ 3,012,515**	**$ (3,244,686)**	**$ (6,257,201)**

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board approves budgetary transfers of $5,000 or more that revise the School District budget line items. These budget amendments consist of budget transfers between functions, which did not increase the overall budget for the year ended June 30, 2019.

In addition, during the year the budget was amended. These budget amendments consisted of use of reserves and water heater expenditure, which increased the budget by $45,300. Even with these adjustments, the actual charges to appropriations (expenditures), including carry-over encumbrances, were below the final budget amounts by $2,038,368.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ended June 30, 2019.

Figure 8

Condensed Budgetary Comparison General Fund - 2019	*Original Budget*	*Revised Budget*	*Actual w/ Encumbrances*	*Favorable (Unfavorable) Variance*
REVENUES				
Real Property Taxes	$ 7,984,428	$ 6,462,831	$ 6,462,193	$ (638)
Other Tax Items	18,000	1,539,597	1,543,242	3,645
State Sources	16,833,486	16,833,486	16,933,471	99,985
Other, Including Financing Sources	492,500	492,500	1,002,086	509,586
Total Revenues and Other Financing Sources	**$ 25,328,414**	**$ 25,328,414**	**$ 25,940,992**	**$ 612,578**
Appropriated Fund Balances, Reserves, and Encumbrances	**$ 1,228,307**	**$ 1,273,607**		
EXPENDITURES				
General Support	$ 2,959,739	$ 3,083,517	$ 2,686,918	$ 396,599
Instruction	11,634,304	11,847,584	11,316,624	530,960
Pupil Transportation	1,506,582	1,485,153	1,099,055	386,098
Community Services	4,000	4,252	2,478	1,774
Employee Benefits	7,720,799	7,404,855	6,681,918	722,937
Other Financing Uses	2,731,297	2,776,660	2,776,660	-
Total Expenditures and Other Financing (Uses)	**$ 26,556,721**	**$ 26,602,021**	**$ 24,563,653**	**$ 2,038,368**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019, the School District had invested in a broad range of capital assets totaling $61,743,587 offset by accumulated depreciation of $21,747,324. *Figure 9* shows the changes in the School District's capital assets.

Figure 9

Changes in Capital Assets	*2018*	*2019*	*Total Dollar Change 2018-2019*
Land	$ 89,685	$ 89,685	$ -
Construction in Progress	2,714,654	10,115,193	7,400,539
Buildings	27,184,833	26,170,620	(1,014,213)
Furniture and Equipment	3,731,358	3,620,765	(110,593)
Total	**$ 33,720,530**	**$ 39,996,263**	**$ 6,275,733**

Capital asset activity for the year ended June 30, 2019 included the following:

Construction in Progress	$ 7,400,539
Buildings	8,800
Furniture and Equipment	393,737
Total Additions	7,803,076
Less Net Book Value of Disposed Equipment	(15,294)
Less Depreciation Expense	(1,512,049)
Net Change in Capital Assets	**$ 6,275,733**

Debt Administration

Figure 10 shows the changes in the School District's outstanding debt. Total indebtedness represented 51% of the constitutional debt limit, exclusive of building aid estimates.

Figure 10

Outstanding Debt	*Governmental Activities and Total School District*		*Total Dollar Change 2018-2019*
	2018	*2019*	
Bond Anticipation Notes	$ 14,380,495	$ 14,320,338	$ (60,157)
Serial Bonds	7,845,000	5,590,000	(2,255,000)
Total	**$ 22,225,495**	**$ 19,910,338**	**$ (2,315,157)**

Additional information on the maturities and terms of the School District's outstanding obligations can be found in the notes to these financial statements.

The School District's bond rating is AA-, which did not change from the prior year.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- Over the past ten years, financing of the General Fund of the School District has been shifting from broad-based state sources to a narrow-based local property tax and other revenue sources, including reserves and fund balance. After three-years of state aid cuts in 2010-2011 through 2012-2013, the School District has seen state aid increase since the 2013-2014 school years, 2019-2020 seeing the highest year-to-year state aid increase of 5.5%. 65.13% of the 2019-2020 General Fund budget will be financed by state aid, compared with 61.58% in 2010-2011.

- School District management has kept General Fund budget increases with to a moderate level, while utilizing reserves and other revenue sources to minimize any tax levy increase. In 2010-2011, local property taxes financed 29.69% of the General Fund budget. By 2019-2020, 29.63% of the General Fund budget will be financed by local property taxes.

- During this ten-year period, the General Fund budget increased by an average of 1.65% per year (0.86% in 2010-2011 and 3.03% in 2019-2020). The School District had 0.86% budget increase in 2010-2011 and a 3.08% budget decrease in 2011-2012, which contributed to the 10-year average of 1.65%. State aid increased by an average of 1.83% annually during the same time period, with the highest two years being 5.44% in 2014-2015 and 5.50% in 2019-2020. The School District also experienced 3 consecutive years of state aid cuts: 4.35% in 2011-2012, 5.94% in 2012-2013, 1.41% in this 10-year period. Average annual local property tax increases for the same period averaged 1.92% with the lowest two years being 1.58% in 2017-2018 and 1.20% in 2019-2020.

- Although the School District has seen state aid increase in the past 7 years, if this were to change, the School District would experience higher local property tax levy increases than in the past 10-years. However, the School District is now subject to the tax levy limit formula imposed by the state. Keeping General Fund budget increases in line with funding constraints has been and will remain an ongoing task for School District management.

- From 2009-2010 to 2018-2019, the School District enrollment (not including students attending BOCES and other schools) for Grades K-12 has decreased from 1,236 pupils to 1,061 pupils. Based on this historical trend, student enrollment will continue to decline or stay flat over the next several years. Student enrollment projections are: 1,050 for 2019-2020, 1,037 for 2020-2021, and 1,013 for 2021-2022. Variations in student enrollment could have an impact on School District staffing levels as well as state and federal funds the School District will receive.

- Federal grant allocations have been declining in the School District. Both Title I and IDEA grant allocation amounts have decreased. At the same time, the costs of operating programs funded by these grants continue to increase. Significant among these increases are labor and related employee benefit costs. As a result, the School District must assume a larger share of operating the programs funded by these grant allocations, or reduce/eliminate the applicable services.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Newark Valley Central School District, at 68 Wilson Creek Road, Newark Valley, New York 13811.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	
Current Assets	
Cash - Unrestricted	$ 2,486,446
Cash - Restricted	3,270,007
Receivables:	
State and Federal Aid	511,440
Due from Other Governments	614,569
Other	99,792
Inventories	26,317
Total Current Assets	7,008,571
Noncurrent Assets	
Restricted Cash	2,901,773
Restricted Investments	2,488,797
Net Pension Asset - Proportionate Share	870,321
Land and Other Nondepreciable Capital Assets	10,204,878
Capital Assets, Net	29,791,385
Total Noncurrent Assets	46,257,154
Total Assets	53,265,725
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges on Defeased Debt	55,145
Pensions	5,039,581
Other Postemployment Benefits	305,976
Total Deferred Outflows of Resources	5,400,702

See Notes to Basic Financial Statements

STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2019

LIABILITIES	
Current Liabilities	
Payables:	
Accounts Payable	$ 204,860
Accrued Liabilities	112,391
Due to Other Governments	269
Bond Interest and Matured Bonds	32,511
Bond Anticipation Notes Payable	14,320,338
Unearned Revenue	8,369
Due to Teachers' Retirement System	917,431
Due to Employees' Retirement System	80,169
Current Portion of Long-term Obligations:	
Bonds Payable	2,315,000
Total Current Liabilities	17,991,338
Noncurrent Liabilities	
Bonds Payable	3,275,000
Compensated Absences Payable	815,760
Other Postemployment Benefits Liability	53,836,615
Net Pension Liability - Proportionate Share	482,570
Total Noncurrent Liabilities	58,409,945
Total Liabilities	76,401,283
DEFERRED INFLOWS OF RESOURCES	
Pensions	1,273,962
Other Postemployment Benefits	9,495,839
Total Deferred Inflows of Resources	10,769,801
NET POSITION	
Net Investment in Capital Assets	22,610,786
Restricted Net Position	6,190,861
Unrestricted (Deficit)	(57,306,304)
Total Net (Deficit)	**$ (28,504,657)**

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
General Support	$ 3,786,111	$	$	$	$ (3,786,111)
Instruction	19,194,123	45,766	860,628		(18,287,729)
Pupil Transportation	1,972,547				(1,972,547)
Community Services	4,206				(4,206)
School Lunch Program	759,119	166,472	520,511		(72,136)
Interest on Debt	511,234				(511,234)
Total Functions and Programs	**$26,227,340**	**$ 212,238**	**$1,381,139**	**$ -**	**(24,633,963)**
	GENERAL REVENUES				
	Real Property Taxes				6,462,193
	Real Property Tax Items				1,543,242
	Use of Money and Property				211,949
	State Sources				16,933,471
	Sale of Property and Compensation for Loss				7,667
	Miscellaneous				838,267
	Total General Revenues				25,996,789
	Change in Net Position				1,362,826
	Total Net (Deficit) - Beginning of Year				(29,867,483)
	Total Net (Deficit) - End of Year				**$(28,504,657)**

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	Major Funds		
		Special Revenue Funds	
	General Fund	Special Aid Fund	School Lunch Fund
ASSETS			
Cash - Unrestricted	$ 1,823,132	$ 29,209	$ 66,189
Cash - Restricted	2,901,773		
Investments - Restricted	2,488,797		
Receivables:			
Due From Other Funds	277,437		
State and Federal Aid	309,038	170,160	32,242
Due From Other Governments	614,569		
Due from Fiduciary Funds	61,464		
Other	38,215		113
Inventories			26,317
Total Assets	**$ 8,514,425**	**$ 199,369**	**$ 124,861**
LIABILITIES			
Payables:			
Accounts Payable	$ 137,309	$ 448	$ 328
Accrued Liabilities	100,353	1,197	10,841
Due to Other Funds		195,411	82,026
Due to Other Governments			269
Bond Anticipation Notes Payable			
Unearned Revenue		2,313	6,056
Due to Teachers' Retirement System	917,431		
Due to Employees' Retirement System	80,169		
Total Liabilities	1,235,262	199,369	99,520
FUND BALANCES			
Nonspendable			26,317
Restricted	5,390,570		
Assigned	895,034		
Unassigned	993,559		(976)
Total Fund Balances (Deficit)	7,279,163	-	25,341
Total Liabilities and Fund Balances	**$ 8,514,425**	**$ 199,369**	**$ 124,861**

See Notes to Basic Financial Statements

Major Funds		
Debt Service Fund	Capital Projects Fund	Total Governmental Funds
$	$ 567,916	$ 2,486,446
792,900	2,477,107	6,171,780
		2,488,797
7,391		284,828
		511,440
		614,569
		61,464
		38,328
		26,317
$ 800,291	**$ 3,045,023**	**$ 12,683,969**
$	$ 66,775	$ 204,860
		112,391
	7,391	284,828
		269
	14,320,338	14,320,338
		8,369
		917,431
		80,169
-	14,394,504	15,928,655
		26,317
800,291		6,190,861
		895,034
	(11,349,481)	(10,356,898)
800,291	(11,349,481)	(3,244,686)
$ 800,291	**$ 3,045,023**	**$ 12,683,969**

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Fund Balances (Deficit) - Total Governmental Funds		**$ (3,244,686)**
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		
Total Historical Cost	$ 61,743,587	
Less Accumulated Depreciation	(21,747,324)	39,996,263
The School District's proportion of the collective net pension asset/liability is not reported in the funds.		
TRS Net Pension Asset - Proportionate Share	$ 870,321	
ERS Net Pension Liability - Proportionate Share	(482,570)	387,751
Deferred outflows of resources, including deferred charges on defeased debt, pensions, and other postemployment benefits, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.		
Deferred Charges on Defeased Debt	$ 55,145	
Other Postemployment Benefits Deferred Outflows of Resources	305,976	
Other Postemployment Benefits Deferred Inflows of Resources	(9,495,839)	
TRS Deferred Inflows of Resources - Pension	(1,095,536)	
ERS Deferred Inflows of Resources - Pension	(178,426)	
TRS Deferred Outflows of Resources - Pension	4,614,967	
ERS Deferred Outflows of Resources - Pension	424,614	(5,369,099)
Long-term bond payable liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds Payable		(5,590,000)
Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.		
Compensated Absences	$ (815,760)	
Other Postemployment Benefits Liability	(53,836,615)	
Accrued Interest on Long-term Debt	(32,511)	(54,684,886)
Net (Deficit) of Governmental Activities		**$(28,504,657)**

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Major Funds		
		Special Revenue Funds	
	General Fund	Special Aid Fund	School Lunch Fund
REVENUES			
Real Property Taxes	$ 6,462,193	$	$
Other Tax Items	1,543,242		
Charges for Services	8,891		
Use of Money and Property	107,365		109
Sale of Property and Compensation for Loss	22,961		
Miscellaneous	825,994	7,111	5,162
State Sources	16,933,471	250,643	95,261
Medicaid Reimbursement	36,875		
Federal Sources		609,985	425,250
Sales - School Lunch			166,472
Total Revenues	25,940,992	867,739	692,254
EXPENDITURES			
General Support	2,675,635		
Instruction	11,314,663	703,375	301,266
Pupil Transportation	1,099,055	34,220	
Community Services	2,478		
Employee Benefits	6,681,918	149,007	159,009
Debt Service:			
Principal			
Interest			
Cost of Sales			277,636
Capital Outlay			
Total Expenditures	21,773,749	886,602	737,911
Excess (Deficiency) of Revenues Over Expenditures	4,167,243	(18,863)	(45,657)
OTHER FINANCING SOURCES AND (USES)			
BANs Redeemed from Appropriations			
Premium on Obligations			
Operating Transfers In		18,863	35,000
Operating Transfers (Out)	(2,776,660)		
Total Other Sources (Uses)	(2,776,660)	18,863	35,000
Net Change in Fund Balance	1,390,583	-	(10,657)
Fund Balances (Deficit) - Beginning of Year	5,888,580	-	35,998
Fund Balances (Deficit) - End of Year	**$ 7,279,163**	**$ -**	**$ 25,341**

See Notes to Basic Financial Statements

Major Funds		
Debt Service Fund	Capital Projects Fund	Total Governmental Funds
$	$	$ 6,462,193
		1,543,242
		8,891
104,475		211,949
		22,961
		838,267
		17,279,375
		36,875
		1,035,235
		166,472
104,475	-	27,605,460
		2,675,635
		12,319,304
		1,133,275
		2,478
		6,989,934
2,657,157		2,657,157
566,820		566,820
		277,636
	7,778,183	7,778,183
3,223,977	7,778,183	34,400,422
(3,119,502)	(7,778,183)	(6,794,962)
	402,157	402,157
135,604		135,604
2,688,653	36,500	2,779,016
	(2,356)	(2,779,016)
2,824,257	436,301	537,761
(295,245)	(7,341,882)	(6,257,201)
1,095,536	(4,007,599)	3,012,515
$ 800,291	**$(11,349,481)**	**$ (3,244,686)**

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds		**$(6,257,201)**
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the net change in capital assets.		
Capital Outlay	$ 7,803,076	
Depreciation Expense	(1,512,049)	
Net Book Value of Disposed Assets	(15,294)	6,275,733
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term debt in the Statement of Net Position.		
Principal Payment		2,255,000
Long-term obligations, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements. This is the change in the amount of compensated absences and other postemployment benefit liability reported in the Statement of Activities.		
Compensated Absences	$ (48,614)	
Other Postemployment Benefits Liability	(876,567)	(925,181)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. This is the change in interest payable.		(24,872)
The issuance of refunding bonds results in a deferral of the change in the amount of debt. The deferred amount is amortized annually. This is the current amortization.		
Amortization of Deferred Amounts on Refunding of Debt		(55,146)
Changes in the School District's proportionate share of net pension asset/liability have no effect on current financial resources and therefore, are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows of resources and deferred inflows of resources related to pensions do not effect current financial resources and are also not reported in the Governmental Funds.		
ERS	$ (43,890)	
TRS	138,383	94,493
Net Change in Net Position of Governmental Activities		**$ 1,362,826**

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash - Unrestricted	$	$ 119,308
Cash - Restricted	13,835	
Investments - Restricted	138,107	
Accounts Receivable		963
Total Assets	151,942	**$ 120,271**
LIABILITIES		
Extraclassroom Activity Funds Balances		$ 49,610
Other Liabilities		70,661
Total Liabilities	-	**$ 120,271**
NET POSITION		
Reserved for Scholarships	**$ 151,942**	

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Fund
ADDITIONS	
Gifts and Contributions	$ 15,475
Investment Earnings	3,022
Total Additions	18,497
DEDUCTIONS	
Scholarships and Awards	16,600
Change in Net Position	1,897
Net Position - Beginning of Year	150,045
Net Position - End of Year	**$ 151,942**

See Notes to Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies**

The accompanying financial statements of the Newark Valley Central School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended.

- The primary government, which is the School District;
- Organizations for which the primary government is financially accountable, and;
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at 68 Wilson Creek Road, Newark Valley, New York 13811.

Note 1 **Summary of Significant Accounting Policies - Continued**

Joint Venture

The School District is one of 16 component school districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

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

Basis of Presentation - District-wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District’s Governmental Activities. Direct expenses are those that are specifically associated with and clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the School District’s programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Note 1 **Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Governmental Fund Financial Statements
The Governmental Fund financial statements provide information about the School District's funds, including Fiduciary Funds. Separate statements for each fund category (Governmental and Fiduciary) are presented. The emphasis of Governmental Fund financial statements is on Major Governmental Funds, each displayed in a separate column.

The School District reports the following Major Governmental Funds:

- General Fund: The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.

- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

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

  - School Lunch Fund: Accounts for revenues and expenditures in connection with the School District's food service program.

- Debt Service Fund: Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.

- Capital Projects Fund: Accounts for financial resources used for renovation of the School District's educational complex and purchase of buses.

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

The School District reports the following Fiduciary Funds:

- Private-Purpose Trust Fund: Accounts for Scholarship Funds awarded to individual students. These activities, and those of the Agency Funds described below, are not included in the District-wide financial statements because their resources do not belong to the School District and are not available to be used.

- Agency Funds: Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the School District as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

Note 1 **Summary of Significant Accounting Policies - Continued**

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

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

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

Cash and Investments
The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Accounts Receivable
Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

Note 1 Summary of Significant Accounting Policies - Continued

Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

Nonspendable fund balances associated with these non-liquid assets (inventories and prepaid items) have been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings	$ 5,000	20-40 Years
Building Improvements	5,000	15-20 Years
Furniture and Equipment	5,000	5-8 Years

Capital assets are depreciated using the straight line method.

Note 1 **Summary of Significant Accounting Policies - Continued**

Vested Employee Benefits - Compensated Absences
Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

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

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

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on pay rates in effect at year end.

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

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

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

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

Note 1 **Summary of Significant Accounting Policies - Continued**

Deferred Outflows and Inflows of Resources
In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows of resources related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 10 and 11, respectively.

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 School District reports items that qualify for reporting in this category. The first arises only under the modified accrual basis of accounting and is reported as unavailable revenue. The other types of deferred inflows of resources is related to pensions and OPEB as described in Notes 10 and 11, respectively.

Unearned and Unavailable Revenues
Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

The Governmental Fund financial statements sometimes report unavailable revenues when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for unavailable revenues is removed and revenues are recorded.

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Restricted Resources
When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Note 1 **Summary of Significant Accounting Policies - Continued**

Equity Classifications - District-wide Financial Statements
Equity is classified as net assets and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted - Consists of all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

Equity Classifications - Governmental Fund Financial Statements
Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.

- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District’s legally adopted reserves are reported here.

- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government’s highest level of decision-making authority, the Board of Education, prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.

- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government’s highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Note 1 **Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements - Continued

- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has not adopted any resolutions to commit or assign fund balance. Currently, fund balance is assigned by the Business Official for encumbrances and the Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within the State of New York. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance, except as noted. Reserves currently in use by the School District include the following:

- Mandatory Reserve for Debt Service (GML §6-l) - Used to establish a reserve for the purpose of retiring outstanding obligations upon the sale of School District property or capital improvement financed by obligations that remain outstanding at the time of sale. Funding of the reserve is from proceeds of sale of School District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

Note 1 **Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

- Unemployment Insurance Reserve (GML §6-m) - Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other Reserve Fund. This reserve is accounted for in the General Fund.

- Capital Reserve (Education Law §3651) - Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserves only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserves and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the General Fund.

- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

- Retirement Contributions Reserves (GML §6-r) - Used to reserve funds for the payment of retirement contributions, due to volatility in the economic marketplace. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

- Property Loss Reserve and Liability Reserve (Education Law §1709(8)(c) - Used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these services may not in total exceed 3% of annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by School Districts, except city School Districts with a population greater than 125,000. This reserve is accounted for in the General Fund.

Note 1 **Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

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

Property Taxes
Real property taxes are levied annually by the Board of Education no later than September 1, and became lien on August 27, 2018. Taxes were collected during the period September 1, 2018 to October 31, 2018.

Uncollected real property taxes are subsequently enforced by the counties of Tioga, Broome, Cortland and Tompkins. 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 following April 1.

Interfund Transfers
The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

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

Note 1 **Summary of Significant Accounting Policies - Continued**

New Accounting Standards
The School District has adopted and implemented the following Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2019:

- GASB has issued Statement No. 83, "Certain Asset Retirement Obligations."

- GASB has issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This statement improves the information disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements.

Future Changes in Accounting Standards

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

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

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

- GASB has issued Statement No. 90, "Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61," effective for the year ending June 30, 2020.

- GASB has issued Statement No. 91, "Conduit Debt Obligations," effective for the year ending June 30, 2022.

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

Note 2 **Participation in BOCES**
During the year ended June 30, 2018, the School District's share of BOCES income amounted to $1,826,297. The School District was billed $4,871,780 for BOCES administration and program costs. Financial statements for the Broome-Tioga BOCES are available from the BOCES administrative office at 435 Upper Glenwood Road, Binghamton, New York, 13905.

Note 3 **Cash and Cash Equivalents - Custodial and Concentration of Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of $13,622,944 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

The School District has few investments (primarily donated scholarship funds and United States Treasury obligations) and chooses to disclose its investments by specifically identifying each.

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The following investments are held by the School District:

	Cost	Carrying Amount Fair Value	Type of Investment	Category
General Fund	$ 2,486,136	$ 2,488,797	U.S. Treasury Bills	(1)
Private Purpose Trust Fund	138,107	138,107	Certificate of Deposit	(2)
Total	**$ 2,624,243**	**$ 2,626,904**		

Restricted cash and investments consist of the following at June 30, 2019:

Restricted for General Fund Reserves	$ 5,390,570
Restricted for Debt Service	800,291
Restricted for Capital Projects	2,469,716
Subtotal	8,660,577
Private Purpose Trust Fund	151,942
Total	**$ 8,812,519**

Note 4 **Due from State, Federal, and Other Governments**

State and federal aid, and other government receivables consisted of the following, which are stated at net realizable value.

Description	Amount
BOCES September Aid	$ 614,569
Total Due from Other Governments	**$ 614,569**
Excess Cost Aid	305,363
Federal Aid	108,249
Universal Prekindergarten	34,310
School Lunch	32,242
Miscellaneous	31,276
Total State and Federal Aid	**$ 511,440**

Note 5 **Interfund Balances and Activity**

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

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	$ 277,437	$	$	$ 2,776,660
Special Aid Fund		195,411	18,863	
School Lunch Fund		82,026	35,000	
Capital Projects Fund		7,391	36,500	2,356
Debt Service Fund	7,391		2,688,653	
Total	**$ 284,828**	**$ 284,828**	**$ 2,779,016**	**$ 2,779,016**

Interfund receivables and payables are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Projects Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as excess funds are accumulated from the School Lunch Fund.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Note 6 **Capital Assets**

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

Governmental Activities	Beginning Balance	Additions	Reclassifications and Disposals	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	$ 89,685	$	$	$ 89,685
Construction in Progress	2,714,654	7,400,539		10,115,193
Total Nondepreciable Historical Cost	2,804,339	7,400,539	-	10,204,878
Capital Assets That Are Depreciated:				
Buildings	42,334,170	8,800		42,342,970
Furniture and Equipment	9,087,699	393,737	(285,697)	9,195,739
Total Depreciable Historical Cost	51,421,869	402,537	(285,697)	51,538,709
Total Historical Cost	54,226,208	7,803,076	(285,697)	61,743,587
Less Accumulated Depreciation:				
Buildings	(15,149,337)	(1,023,013)		(16,172,350)
Furniture and Equipment	(5,356,341)	(489,036)	270,403	(5,574,974)
Total Accumulated Depreciation	(20,505,678)	(1,512,049)	270,403	(21,747,324)
Total Historical Cost, Net	**$ 33,720,530**	**$ 6,291,027**	**$ (15,294)**	**$ 39,996,263**

Depreciation expense was charged to governmental functions as follows:

General Support	$ 362,455
Instruction	855,806
Pupil Transportation	284,892
School Lunch Program	8,896
Total	**$ 1,512,049**

Note 7 **Short-term Debt**

The School District may issue revenue anticipation notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's represent a liability that will be extinguished by the use of expendable, available resources of the General Fund. There were no RAN's issued or redeemed during the year.

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

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

Description of Issue	Interest Rate	Maturity Date	Beginning Balance	Issued	Renewed or Redeemed	Ending Balance
BAN 2019 - Construction	2.50%	06/26/2020	$	$ 13,300,638	$	$ 13,300,638
BAN 2019 - Buses	3.00%	09/06/2019		1,019,700		1,019,700
BAN 2018 - Construction	2.75%	06/28/2019	13,429,195		(13,429,195)	
BAN 2018 - Buses	1.49%	09/07/2018	951,300		(951,300)	
Total			**$ 14,380,495**	**$ 14,320,338**	**$ (14,380,495)**	**$ 14,320,338**

Interest expense related to short-term debt during the year was:

Interest Paid	$ 383,477
Plus Interest Accrued in the Current Year	27,669
(Less) Amortization of BAN Premium	(135,604)
Total	**$ 275,542**

Note 8 **Long-term Debt**

At June 30, 2018, the total outstanding indebtedness of the School District represented 51% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows:

Serial Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

The following is a summary of the School District's notes payable and long-term debt for the year ended June 30, 2019.

	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2019
Serial Bonds:				
Serial Bond	06/15/2012	06/15/2026	2.00% - 3.00%	$ 3,825,000
Refunding Bonds	03/20/2013	06/15/2020	2.00% - 2.50%	1,765,000
Total Bond Principal				5,590,000
Total				**$ 5,590,000**

Interest expense related to long-term debt during the year was comprised of:

Interest paid	$ 183,343
(Less) Interest Accrued in the Prior Year	(7,639)
Plus Interest Accrued in the Current Year	4,842
Plus Amortization of Deferred Charges on Defeased Debt	55,146
Total	**$ 235,692**

Interest rates on the serial bonds vary from year to year, in accordance with the interest rates specified in the bond agreements.

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

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Serial Bonds	$ 7,845,000	$	$ (2,255,000)	$ 5,590,000	$ 2,315,000
Total	**$ 7,845,000**	**$ -**	**$ (2,323,756)**	**$ 5,590,000**	**$ 2,315,000**

Note 8 **Long-term Debt - Continued**

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. Deferred charges on defeased debt are summarized as follows:

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Deferred Charges on Defeased Debt	$ (110,291)	$	$ 55,146	$ (55,145)	$ (55,145)
Total	**$ (110,291)**	**$ -**	**$ 55,146**	**$ (55,145)**	**$ (55,145)**

Unamortized defeased debt related to the 2013 bond refunding is amortized over the life of the bonds and the balance and activity are shown above.

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

Year	Principal	Interest	Total
2020	$ 2,315,000	$ 133,944	$ 2,448,944
2021	560,000	78,819	638,819
2022	570,000	66,919	636,919
2023	585,000	54,094	639,094
2024	600,000	40,200	640,200
2025-2026	960,000	34,255	994,255
Total	**$ 5,590,000**	**$ 408,231**	**$ 5,998,231**

Note 9 **Compensated Absences**

Represents the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds.

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	**$ 767,146**	**$ 48,614**	**$ -**	**$ 815,760**

Changes to long-term compensated absences are reported net, as it is impractical to individually determine the amount of additions and deletions during the fiscal year.

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

Teachers' Retirement System Plan Descriptions and Benefits Provided (TRS) (System)
The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee 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 (RSSL). 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, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Employees' Retirement System Plan Descriptions and Benefits Provided (ERS) (System)
The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. 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 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 School 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, New York 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies
The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

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

	ERS	TRS
2019	**$ 321,352**	**$ 759,131**
2018	339,262	896,431
2017	312,243	978,801

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

At June 30, 2019, the School 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 School District's proportionate share of the net pension asset/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	ERS	TRS
Actuarial Valuation Date	04/01/2018	06/30/2017
Net Pension Asset/Liability	$ 7,085,304,242	$ (1,808,264,334)
School District's Proportionate Share of the Plan's Total Net Pension Asset/Liability	482,570	(870,321)
School District's Share of the Plan's Net Pension Asset/Liability	0.00681%	0.048130%

For the year ended June 30, 2019, the School District recognized pension expense of $363,138 for ERS and $690,467 for TRS in the District-wide financial statements. At June 30, 2019 the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	$ 95,028	$ 650,384	$ 32,394	$ 117,810
Changes of Assumptions	121,298	3,042,343		
Net Differences Between Projected and Actual Earnings on Pension Plan Investments			123,854	966,123
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	128,119	77,374	22,178	11,603
School District's Contributions Subsequent to the Measurement Date	80,169	844,866		
Total	**$ 424,614**	**$ 4,614,967**	**$ 178,426**	**$ 1,095,536**

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension asset/liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	ERS	TRS
2020	$ 140,440	$ 887,366
2021	(64,627)	607,291
2022	16,212	77,476
2023	73,994	605,240
2024		404,305
Thereafter		92,887

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2019	June 30, 2018
Actuarial Valuation Date	April 1, 2018	June 30, 2017
Investment Rate of Return	7.0%	7.3%
Salary Increases	4.2%	1.9% - 4.7%
Cost of Living Adjustment	1.3%	1.5%
Inflation Rate	2.5%	2.3%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014, applied on a generational basis.

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Actuarial Assumptions - Continued

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

For ERS, the long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. For TRS, long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

	ERS	TRS
Measurement Date	March 31, 2019	June 30, 2018
Asset Type		
Domestic Equities	4.6%	5.8%
International Equities	6.4%	7.3%
Global Equities		6.7%
Real Estate	5.6%	4.9%
Private Equity/Alternative Investments	7.5%	8.9%
Absolute Return Strategies	3.8%	
Opportunistic Portfolio	5.7%	
Real Assets	5.3%	
Cash	(0.3)%	
Inflation-indexed Bonds	1.3%	
Domestic Fixed Income Securities		1.3%
Global Fixed Income Securities		0.9%
Private Debt		6.8%
High-yield Fixed Income Securities		3.5%
Mortgages and Bonds	1.3%	
Short-term		0.3%

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Discount Rate

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

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

The following presents the School District's proportionate share of the net pension asset/liability calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the School 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 or higher than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's Proportionate Share of the Net Pension Asset/Liability	$ 2,109,871	$ 482,570	$ (884,479)

TRS	1% Decrease (6.25)%	Current Assumption (7.25)%	1% Increase (8.25)%
School District's Proportionate Share of the Net Pension Asset/Liability	$ 5,979,248	$ (870,321)	$ (6,608,356)

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Pension Plan Fiduciary Net Position
The components of the current-year net pension asset/liability of the employers as of the respective valuation dates were as follows:

	Dollars in Thousands	
	ERS	**TRS**
Measurement Date	March 31, 2019	June 30, 2018
Employers' Total Pension Asset/Liability	$ 189,803,429	$ 118,107,253
Plan Net Position	(182,718,124)	(119,915,518)
Employers' Net Pension Asset/Liability	**$ 7,085,305**	**$ (1,808,265)**
Ratio of Plan Net Position to the Employers' Total Pension Asset/Liability	96.3%	101.5%

Payables to the Pension Plan
For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to $80,169.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October, and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to $917,431.

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Current Year Activity
The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension Liability	$ 226,793	$ 255,777	$ 482,570
Deferred Outflows of Resources	(770,565)	345,951	(424,614)
Deferred Inflows of Resources	736,264	(557,838)	178,426
Subtotal	192,492	43,890	236,382
TRS			
Net Pension Asset	$ (364,972)	$ (505,349)	$ (870,321)
Deferred Outflows of Resources	(4,893,927)	278,960	(4,614,967)
Deferred Inflows of Resources	1,007,530	88,006	1,095,536
Subtotal	(4,251,369)	(138,383)	(4,389,752)
Total	**$ (4,058,877)**	**$ (94,493)**	**$ (4,153,370)**

Note 11 **Postemployment Benefits Other Than Pensions (OPEB)**

General Information about the OPEB Plan
Plan Description - The Plan is a single-employer, defined benefit healthcare plan administered by the School District. The Plan provides medical and dental benefits to eligible retirees and their spouses. Benefit provisions are established through negotiations between the School District and bargaining units and are renegotiated each three-year period. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report, as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Note 11 **Postemployment Benefits Other Than Pensions (OPEB) - Continued**

General Information about the OPEB Plan - Continued

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

Employees Covered by Benefit Terms - At July 1, 2018, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	249
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	
Active Employees	214
Total	**463**

Total OPEB Liability

The School District's total OPEB liability of $53,836,615 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate	3.5%
Single Discount Rate	3.5%
Salary Scale	2.6%
Dental Trend Rate	3.0%
Marital Assumption	80.0%
Participation Rate	95.0%
Healthcare Cost Trend Rates	6.1% for 2019, decreasing to an ultimate rate of 4.1% after 2076.

The Bond Buyer General Obligation 20-Bond Municipal Index was used to determine the long-term bond rate above.

Mortality rates were based on the Scale MP-2016 (generation mortality) published by the pension mortality study released by the Society of Actuaries.

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Total OPEB Liability - Continued

Termination rates were based on the percentage of employees who will terminate employment at the given age each year, for reasons other than death, or retirement.

Retirement rates are based on tables used by the New York State Teachers' Retirement System and New York State and Local Retirement System.

The actuarial assumptions used in the July 1, 2018 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	$ 62,514,728
Changes for the Year:	
Service Cost	2,271,006
Interest Cost	1,918,615
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	(1,971,798)
Changes in Assumptions or Other Inputs Benefit Payments	(9,219,726)
Benefit Payments	(1,676,210)
	(8,678,113)
Balance at June 30, 2019	**$ 53,836,615**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate:

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	$ 63,239,924	$ 53,836,615	$ 46,340,248

Changes of assumptions and other inputs reflect a change in the healthcare cost trend rate from 7.5% in 2018 to 6.1% in 2019, as well as the discount rate from 3.0% in 2018 to 3.5% in 2019.

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability - Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (5.1% to 3.1%) or 1 percentage point higher (7.1% to 5.1%) than the current healthcare cost trend rate:

	1% Decrease (5.1% to 3.1%)	Healthcare Cost Trend Rate (6.1% to 4.1%)	1% Increase (7.1% to 5.1%)
Total OPEB Liability	$ 45,156,302	$ 53,836,615	$ 65,106,946

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

For the year ended June 30, 2019, the School District recognized OPEB expense of $3,429,344.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 305,976	$ (1,673,042)
Changes in Assumptions or Other Inputs		(7,822,797)
Contributions Subsequent to Measurement Date		
Total	**$ 305,976**	**$ (9,495,839)**

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	$ (1,636,844)
2021	(1,636,844)
2022	(1,636,844)
2023	(1,636,844)
2024	(1,636,844)
Thereafter	(1,005,643)

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	$ 62,514,728	$ (8,678,113)	$ 53,836,615
Deferred Outflows of Resources	(364,817)	58,841	(305,976)
Deferred Inflows of Resources		9,495,839	9,495,839
Total	**$ 62,149,911**	**$ 876,567**	**$ 63,026,478**

Note 12 Commitments and Contingencies

Risk Financing and Related Insurance - General Information

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

Health Insurance

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by 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. School Districts joining the Plan must remain members for a minimum of one year; a member district may withdraw from the Plan after that time by providing notice to the consortium prior to May 1, immediately preceding the commencement of the next school year. Plan members include eight districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. 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. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Rd., Binghamton NY 13760.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

Note 12 **Commitments and Contingencies - Continued**

Health Insurance - Continued
The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2019, the School District incurred premiums or contribution expenditures totaling $4,833,957.

Workers' Compensation
The School District incurs costs related to a workers' compensation insurance plan (Plan). 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 include 11 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. 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. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Rd., Binghamton NY 13760.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2019, the School District incurred premiums or contribution expenditures of $156,806.

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

Note 13 **Fund Balance Detail**

At June 30, 2019, non-spendable, restricted, and assigned fund balances in the Governmental Funds were as follows:

	General Fund	School Lunch Fund	Debt Service Fund
Nonspendable			
Inventory	$	$ 26,317	$
Total Nonspendable Fund Balance	**$ -**	**$ 26,317**	**$ -**
Restricted			
Unemployment Insurance Reserve	$ 217,876	$	$
Reserve for Employees' Retirement	1,273,720		
Reserve for Teachers' Retirement Contributions	150,000		
Employee Benefit Accrued Liability Reserve	303,610		
Property Loss Reserve and Liability Reserve	45,886		
Repair Reserve	84,380		
Capital Reserve	3,315,098		
Debt			800,291
Total Restricted Fund Balance	**$ 5,390,570**	**$ -**	**$ 800,291**
Assigned			
Appropriated for Next Year's Budget	$ 881,790	$	$
Encumbered for:			
General Support	11,283		
Instruction	1,961		
Total Assigned Fund Balance	**$ 895,034**	**$ -**	**$ -**

Note 14 **Restricted Fund Balances**

Portions of restricted fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet.

The balances and activity for the year ended June 30, 2019 of the General Fund reserves were as follows:

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Unemployment Insurance Reserve	$ 214,551	$	$ 3,325	$	$ 217,876
Reserve for Employees' Retirement Contributions	1,254,172		19,548		1,273,720
Reserve for Teachers' Retirement Contributions		150,000			150,000
Employee Benefit Accrued Liability Reserve	298,976		4,634		303,610
Reserve for Property Loss	45,185		700		45,886
Reserve for Repairs	83,092		1,288		84,380
Capital Reserve	2,079,369	1,240,000	32,229	(36,500)	3,315,098
Total	**$ 3,975,345**	**$ 1,390,000**	**$ 61,724**	**$ (36,500)**	**$ 5,390,570**

Note 15 **Tax Abatements**

For the year ended June 30, 2018 the School District was subject to tax abatements negotiated by the Tioga County Industrial Development Agency (TCIDA).

TCIDA enters into various property tax abatement programs for the purpose of economic development. School District property tax revenue was reduced by $27,085, and the School District subsequently received payment in lieu of taxes (PILOT) payments totaling $3,000.

Note 16 **Stewardship, Compliance and Accountability**

Deficit Fund Balance

The Capital Project Fund has a deficit fund balance of $11,349,481 at year end. This deficit will be eliminated as short-term financing is repaid or converted into long-term financing and additional long-term financing is obtained for the renovation project.

The School Lunch Fund has deficit unassigned fund balance of $976 at year end. This deficit will be eliminated through transfers from the General Fund.

Deficit Net Position

At June 30, 2019, the District-wide Statement of Net Position had an unrestricted deficit net position of $57,306,304. This is primarily the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability. (See Note 11.) The deficit is not expected to be eliminated during the normal course of operations.

Note 17 **Subsequent Events**

On September 5, 2019, the School District issued bond anticipation notes totaling $1,006,200 at an interest rate of 2% to finance capital improvements and the purchase of buses.

On September 23, 2019, the School District approved the issuance of bonds totaling $3,480,000 in order to refund outstanding principal on 2012 serial bonds.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real Property Taxes	$ 7,984,428	$ 6,462,831	$ 6,462,193	$ (638)
Other Tax Items	18,000	1,539,597	1,543,242	3,645
Charges for Services	38,000	38,000	8,891	(29,109)
Use of Money and Property	11,500	11,500	107,365	95,865
Sale of Property and Compensation for Loss			22,961	22,961
Miscellaneous	413,000	413,000	825,994	412,994
Total Local Sources	8,464,928	8,464,928	8,970,646	505,718
State Sources	16,833,486	16,833,486	16,933,471	99,985
Medicaid Reimbursement	30,000	30,000	36,875	6,875
Total Revenues	25,328,414	25,328,414	**$25,940,992**	**$ 612,578**
Appropriated Fund Balance	800,000	800,000		
Appropriated Reserves	336,000	381,300		
Designated Fund Balance Encumbrances Carried Forward from Prior Year	92,307	92,307		
Total Revenues, Appropriated Reserves and Designated Fund Balance	**$26,556,721**	**$26,602,021**		

See Notes to Required Supplementary Information

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget
EXPENDITURES		
General Support		
Board of Education	$ 10,606	$ 10,607
Central Administration	195,763	197,581
Finance	462,436	480,395
Staff	52,120	84,516
Central Services	1,989,513	2,061,117
Special Items	249,301	249,301
Total General Support	2,959,739	3,083,517
Instruction		
Instruction, Administration, and Improvement	779,571	792,912
Teaching - Regular School	6,447,246	6,463,854
Programs for Children with Handicapping Conditions	2,263,687	2,272,424
Occupational Education	583,506	583,506
Instructional Media	595,261	663,974
Pupil Services	965,033	1,070,914
Total Instruction	11,634,304	11,847,584
Pupil Transportation	1,506,582	1,485,153
Community Services	4,000	4,252
Employee Benefits	7,720,799	7,404,855
Total Expenditures	23,825,424	23,825,361
OTHER FINANCING USES		
Operating Transfers Out	2,731,297	2,776,660
Total Expenditures and Other Financing Uses	**$ 26,556,721**	**$ 26,602,021**
Net Change in Fund Balance		
Fund Balance - Beginning of Year		
Fund Balance - End of Year		

See Notes to Required Supplementary Information

Actual	Encumbrances	Variance Favorable (Unfavorable)
$ 7,459	$ 52	$ 3,096
193,811		3,770
470,668	36	9,691
74,326		10,190
1,704,776	11,195	345,146
224,595		24,706
2,675,635	11,283	396,599
765,083		27,829
6,335,927	1,486	126,441
1,983,491		288,933
583,506		-
615,312		48,657
1,031,344	470	39,100
11,314,663	1,961	530,960
1,099,055		386,098
2,478		1,774
6,681,918		722,937
21,773,749	13,244	2,038,368
2,776,660		-
24,550,409	**$ 13,244**	**$ 2,038,368**
1,390,583		
5,888,580		
$ 7,279,163		

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE LAST 10 FISCAL YEARS

	2019	**2018**	**2017**
Contractually Required Contribution	**$ 321,352**	$ 339,262	$ 312,243
Contributions in Relation to the Contractually Required Contribution	**(321,352)**	(339,262)	(312,243)
Contribution Deficiency (Excess)	**-**	-	-
School District's Covered - Employee Payroll	**2,209,809**	2,259,021	2,098,732
Contributions as a Percentage of Covered - Employee Payroll	**14.5%**	15.0%	14.9%

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS
NYSTRS PENSION PLAN
FOR THE LAST 10 FISCAL YEARS

	2019	**2018**	**2017**
Contractually Required Contribution	**$ 844,866**	$ 759,131	$ 896,431
Contributions in Relation to the Contractually Required Contribution	**(844,866)**	(759,131)	(896,431)
Contribution Deficiency (Excess)	**-**	-	-
School District's Covered - Employee Payroll	**7,955,424**	8,007,367	8,464,332
Contributions as a Percentage of Covered - Employee Payroll	**10.6%**	9.5%	10.6%

* Information unavailable

See Notes to Required Supplementary Information

2016	2015	2014	2013	2012	2011	2010
$ 362,042	$ 351,600	$ 388,754	$ 426,278	$ 284,617	$ *	$ *
(362,042)	(351,600)	(388,754)	(426,278)	(284,617)	*	*
-	-	-	-	-	-	-
2,094,808	2,135,931	2,159,523	*	*	*	*
17.3%	16.5%	18.0%	*	*	*	*

2016	2015	2014	2013	2012	2011	2010
$ 978,801	$1,315,940	$1,208,339	$ 858,603	$ 719,992	$ *	$ *
(978,801)	(1,315,940)	(1,208,339)	(858,603)	(719,992)	*	*
-	-	-	-	-	-	-
8,049,535	7,856,593	7,851,301	7,735,162	8,372,000	*	*
12.2%	16.7%	15.4%	11.1%	8.6%	*	*

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension Asset/Liability	**0.00681%**	0.00703%	0.00666%	0.00724%	0.00746%
School District's Proportionate Share of the Net Pension Asset/Liability	**$ 482,570**	$ 226,793	$ 625,435	$ 1,192,122	$ 252,141
School District's Covered-Employee Payroll During the Measurement Period	**2,206,561**	2,259,021	2,098,732	2,094,808	2,135,931
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered-employee Payroll	**21.9%**	10.0%	29.8%	56.9%	11.8%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	**96.3%**	98.2%	94.7%	90.7%	97.9%

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension Asset/Liability	**0.048130%**	0.04802%	0.04827%	0.04989%	0.49507%
School District's Proportionate Share of the Net Pension Asset/Liability	**$ (870,321)**	$ (364,972)	$ 516,943	$(5,182,236)	$(5,334,614)
School District's Covered-employee Payroll During the Measurement Period	**8,007,367**	8,464,332	8,049,535	7,856,593	7,851,301
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered-employee Payroll	**10.9%**	4.3%	6.4%	66.0%	67.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	**101.5%**	100.7%	99.0%	110.4%	111.5%

See Notes to Required Supplementary Information

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

	2019	2018	2017
Service Cost	**$ 2,271,006**	$ 2,032,830	**$ ***
Interest Cost	**1,918,615**	1,841,032	*****
Changes of Benefit Terms			*****
Differences Between Expected and Actual	**(1,971,798)**	423,628	*****
Changes in Assumptions or Other Inputs Benefit	**(9,219,726)**		*****
Benefit Payments	**(1,676,210)**	(2,218,949)	*****
	(8,678,113)	2,078,541	*****
Total OPEB Liabilty - Beginning	**62,514,728**	60,436,157	*****
Total OPEB Liabilty - Ending	**$53,836,615**	$62,514,728	$60,436,157
Covered Employee Payroll	**$ 9,764,633**	$10,229,559	**$ ***
Total OPEB liability as a Percentage of Covered Payroll	**551.3%**	611.1%	

* Informations for period prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it becomes available.

See Notes to Required Supplementary Information

2016	2015	2014	2013	2012	2011	2010
$ *	$ *	$ *	$ *	$ *	$ *	$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
$ *	$ *	$ *	$ *	$ *	$ *	$ *
$ *	$ *	$ *	$ *	$ *	$ *	$ *

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Note 1 **Budgetary Procedures and Budgetary Accounting**

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

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The original adopted budget and changes are as follows:

Original Adopted Budget	$ 26,464,414
Prior Year Encumbrances	92,307
Appropriated Reserves	36,500
Water Heater	8,800
Final Budget	**$ 26,602,021**

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

Note 2 **Reconciliation of the General Fund Budget Basis to GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2019.

Note 3 **Schedule of Changes in the School District's Total OPEB Liability and Related Ratios**

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

2019 - 3.5%
2018 - 3.0%

Note 4 **Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability**

The Schedule of the School District's Proportionate Share of the Net Pension Asset/Liability, required supplementary information, presents five years of information. These schedules will present ten years of information as it becomes available from the pension plans.

Note 5 Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability

NYSLRS

Changes in Benefit Terms
There were no significant legislative changes in benefits for the April 1, 2018 actuarial valuation.

Changes of Assumptions
There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2018 actuarial valuation.

The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions
The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2019. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	3.8% in ERS, indexed by service.
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

Note 5 **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

NYSTRS

Changes in Benefit Terms
Chapter 504 of the Laws of 2009 created a new tier of membership (Tier 5) for members with a date of membership on or after January 1, 2010. The Tier 5 benefit structure represents a reduction in benefits from those of prior tiers and an increase in the required employee contribution rate. The Tier 5 benefit changes were first included in the 2010 actuarial valuation. Chapter 18 of the Laws of 2012 created a new tier of membership (Tier 6) for members who join on or after April 1, 2012. The Tier 6 benefit formula is slightly less generous than that of Tier 5, and the required employee contribution rate was increased further. The Tier 6 benefit changes were first included in the 2012 actuarial valuation.

Changes of Assumptions
Actuarial assumptions are revised periodically to more closely reflect actual, as well as anticipated future experience. The actuarial assumptions used in the actuarial valuations prior to 2011 were adopted by the Retirement Board on October 26, 2006. Revised assumptions were adopted by the Retirement Board on October 27, 2011 and first used in the 2011 actuarial valuation. The actuarial assumptions were revised again in 2015. These assumptions were adopted by the Retirement Board on October 29, 2015 and first used in the 2015 actuarial valuation.

The System's valuation rate of interest of 7.5% is effective with the 2015 actuarial valuation. Prior to the 2015 actuarial valuation, the System's valuation rate of interest assumption was 8.0%.

Prior to the 2007 actuarial valuation, the asset valuation method used was a five-year market smoothing for equities, real estate, and alternative investments, based upon book values. The asset valuation method was changed effective with the 2007 actuarial valuation to use a five-year phased in deferred recognition, at a rate of 20% per year, of each year's realized and unrealized appreciation in excess of (or less than) an assumed inflationary gain of 3.0%. The asset valuation method was changed again effective with the 2015 actuarial valuation to recognize each year's net investment income/ loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 3.0% is recognized at a rate of 20% per year, until fully recognized after five years.

Prior to the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.75% annually. Effective with the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually. Effective with the 2015 actuarial valuation, COLAs are projected to increase at a rate of 1.50% annually.

Note 5 **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

NYSTRS - Continued

The actuarially determined contribution rates in the Schedule of School District's Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the School District's Contributions.

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
Asset Valuation Method	5 year phased in deferred recognition of each year's actual gain or loss above (or below) an assumed inflationary gain of 7.5%. at a rate of 20.0% per year, until fully recognized after five years.
Inflation	2.5%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment Rate of Return	7.5% compounded annually, net of investment expenses, including inflation.
Projected Cost of Living Adjustments	1.5% compounded annually.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2019

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET		
Adopted Budget		$26,464,414
Prior Year's Encumbrances		92,307
Original Budget		26,556,721
Appropriated Capital Reserve		36,500
Water Heater		8,800
Total Additions		45,300
Final Budget		**26,602,021**
§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION		
Next Year's Budget is a Voter Approved Budget	**$27,267,467**	
Maximum Allowed (4% of the 2019-2020 Budget)		**$ 1,090,699**
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	$ 895,034	
Unassigned Fund Balance	993,559	
Total Unrestricted Fund Balance	1,888,593	
Less:		
Appropriated Fund Balance	$ 881,790	
Encumbrances Included in Assigned Fund Balance	13,244	
Total Adjustments	895,034	
General Fund Fund Balance Subject to §1318 of Real Property Tax Law		**$ 993,559**
Actual Percentage		3.64%

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Revised Budget	Expenditures Prior Years	Current Year	Transfers	Total
2018-2019 Buses	$ 380,000	$ 380,000	$	$ 377,644	$ 2,356	$ 380,000
2017-2018 Buses	380,000	380,000	380,000			380,000
2016-2017 Buses	402,000	402,000	402,000			402,000
2015-2016 Buses	430,000	430,000	430,000			430,000
2014-2015 Buses	400,000	400,000	400,000			400,000
Middle School 0003-018	2,461,011	2,461,011	3,860,925	1,528,383		5,389,308
Nathan T. Hall 002-015	365,388	365,388	172,256	636,812		809,068
High School 0007-020	648,012	648,012	261,667	275,134		536,801
Bus Garage 5004-009	421,398	421,398	86,027	243,565		329,592
Transportation Building 5017-001	9,256,230	9,256,230	839,924	4,111,161		4,951,085
District-Wide 7999-001	180,201	180,201		30,321		30,321
District-Wide 7999-002	872,518	872,518		575,163		575,163
Unredeemed BANs						-
Total	**$ 16,196,758**	**$ 16,196,758**	**$ 6,832,799**	**$ 7,778,183**	**$ 2,356**	**$ 14,613,338**

***Architectural and State Approved Budget Modifications for Subproject Reallocations not yet Finalized and Available at this Report Date.**

Unexpended Balance	Methods of Financing: Proceeds of Obligations	State Aid	Local Sources	Total	Fund Balance (Deficit) June 30, 2019	
$	$ 380,000	$	$ 36,500	$ 416,500	$ 36,500	
	342,000		38,000	380,000	-	
	224,500		177,500	402,000	-	
	192,000		238,000	430,000	-	
	360,000		40,000	400,000	-	
(2,928,297)	3,278,753	38,500	460,196	3,777,449	(1,611,859)	*
(443,680)	1,257,387		92,125	1,349,512	540,444	*
111,211	700,218		87,436	787,654	250,853	*
91,806	1,375,357		79,923	1,455,280	1,125,688	*
4,305,145	7,353,502		780,320	8,133,822	3,182,737	*
149,880	51,978			51,978	21,657	*
297,355					(575,163)	*
	(14,320,338)			(14,320,338)	(14,320,338)	
$ 1,583,420	**$ 1,195,357**	**$ 38,500**	**$ 2,030,000**	**$ 3,263,857**	**$(11,349,481)**	

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

Capital Assets, Net	$ 39,996,263
Add:	
Deferred Charges on Defeased Debt	55,145
Unspent Debt Proceeds	2,469,716
Deduct:	
Bond Anticipation Notes	(14,320,338)
Short-Term Portion of Bonds Payable	(2,315,000)
Long-Term Portion of Bonds Payable	(3,275,000)
Net Investment in Capital Assets	**$ 22,610,786**

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

Board of Education
Newark Valley
Central School District
Newark Valley, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Newark Valley Central School District (the School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 3, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 3, 2019

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Certified Public Accountants | Business Advisors

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

Board of Education
Newark Valley
Central School District
Newark Valley, New York

Report on Compliance for Each Major Federal Program

We have audited Newark Valley Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2019. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Respectfully Submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 3, 2019

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	Pass - Through Grantor #	Pass - Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of				
Title I Grants to Local Educational Agencies	84.010	0021193340	$	$ 263,062
Title I Grants to Local Educational Agencies	84.010	0021183340		111
		Subtotal		263,173
Special Education Cluster:				
Special Education - Grants to States	84.027	0032190975		265,596
Special Education - Preschool Grants	84.173	0033190975		16,321
Total Special Education Cluster		Subtotal		281,917
Improving Teacher Quality State Grants	84.367	0147193340		39,541
Improving Teacher Quality State Grants	84.367	0147183340		5,231
		Subtotal		44,772
Title IV, Part A Student Support and Academic Enrichment Program	84.424A	0204193340		20,123
Total U.S. Department of Education				609,985
U.S. Department of Agriculture				
Passed Through NYS Department of				
Child Nutrition Cluster:				
National School Lunch Program	10.555	(1)		274,570
School Breakfast Program	10.553	(1)		150,680
Total Child Nutrition Cluster				425,250
Total U.S. Department of Agriculture				425,250
Total Expenditures of Federal Awards			**$ -**	**$ 1,035,235**

(1) - Unable to Determine

See Notes to Schedule of Expenditures of Federal Awards

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the Federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimus indirect cost rate.

Note 4 **Matching Costs**

Matching costs, i.e., the School District's share of certain program costs, are not included in the reported expenditures.

Note 5 **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2018, the School District received $33,753 worth of commodities under the National School Lunch Program (CFDA #10.555).

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **Other Disclosures**

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ____ yes __X__ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ yes __X__ none reported

Noncompliance material to financial statements noted? ____ yes __X__ none reported

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ____ yes __X__ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ yes __X__ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes __X__ no

Identification of major programs

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B Programs: $ 750,000

Auditee qualified as low-risk? __X__ yes ____ no

Section II - Financial Statement Findings None

Section III - Federal Award Findings and Questioned Costs None