PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 14, 2019

NEW ISSUE **BOND ANTICIPATION NOTES**

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

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

$2,000,000

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT

PUTNAM AND WESTCHESTER COUNTIES, NEW YORK

GENERAL OBLIGATIONS

$2,000,000 Bond Anticipation Notes, 2019

(the "Notes")

Dated: September 5, 2019 **Due: July 17, 2020**

The Notes are general obligations of the Putnam Valley Central School District, Putnam and Westchester Counties, New York (the "School District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "THE NOTES – Nature of the Obligation" and "TAX INFORMATION - Tax Levy Limitation Law" herein. The Notes will not be subject to redemption prior to maturity.

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

If the Notes are issued as registered in the name of the purchaser, a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on the Notes will be payable in Federal Funds at maturity at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by the successful bidder(s).

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

The Notes are offered when, as and if issued and received by the Purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York City. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or at such place as may be agreed upon with the Purchaser(s) on or about September 5, 2019.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on August 22, 2019 by no later than 11:00 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

August __, 2019

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

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT
PUTNAM AND WESTCHESTER COUNTIES, NEW YORK

SCHOOL DISTRICT OFFICIALS

2019-2020 BOARD OF EDUCATION

JEANINE RUFO
President

JOSEPH FERRARO
Vice President

GUY COHEN
JEANETTE YETTER
BARBARA PARMLY

* * * * * * * * *

ADMINISTRATION

DR. JEREMY LUFT
Superintendent of Schools

JILL FIGARELLA
District Treasurer

MAUREEN BELLINO
District Clerk

AGATA SZUMSKI
District Accountant

SHAW, PERELESON, MAY & LAMBERT, LLP
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE, LLP
Bond Counsel

No person has been authorized by the Putnam 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 the Putnam Valley Central School District.

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT
PUTNAM AND WESTCHESTER COUNTIES, NEW YORK

Relating To

$2,000,000 Bond Anticipation Notes, 2019

This Official Statement, which includes the cover page, has been prepared by the Putnam Valley Central School District, Putnam and Westchester Counties, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $2,000,000 principal amount of Bond Anticipation Notes, 2019 (the "Notes").

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

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

THE NOTES

Description of the Notes

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

The Notes will be dated September 5, 2019 and will mature July 17, 2020. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The District will act as Paying Agent for the Notes.

The Notes will be issued in registered form at the option of the Purchaser(s) either (i) registered in the name of the purchaser, or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution of the Putnam Valley Central School District dated June 20, 2018 authorizing the issuance of $14,200,000 serial bonds to finance the cost of construction of additions to and reconstruction of School District buildings and to construct a new health and wellness center at the High School at a maximum estimated cost of $14,810,000 (the "Capital Project").

The proceeds of the Notes will provide $2,000,000 in new monies for the Capital Project.

Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of

Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes Under Certain Circumstances

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

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

THE SCHOOL DISTRICT

General Information

The Putnam Valley Central School District, which was created in 1934, is located in the Towns of Putnam Valley and Carmel in Putnam County and the Town of Cortlandt in Westchester County. The District covers approximately 35 square miles.

The District provides public education for grades K-12.

The District lies about 50 miles north of New York City. While it retains much of its rural character, the cultural, commercial and employment benefits of the City are readily accessible by highway and rail. District residents enjoy the convenience of several nearby shopping malls. Various parks, camps, county clubs and golf courses offer a variety of outdoor recreation. The area is within easy driving distance of skiing and other winter sports in New York and New England.

Electricity and natural gas are provided by New York State Electric & Gas Company and telephone services are provided by Verizon. Police protection is provided by the County Sheriff's Department and the New York State Police.

Source: District officials.

School District Population

The 2017 estimated population of the District is 10,378. (Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the towns and the 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 this Official Statement that the towns or the Counties is necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
Towns of:						
Putnam Valley	$ 20,039	$ 31,215	$ 46,956	$ 59,161	$ 82,576	$ 127,274
Carmel	24,239	29,368	44,260	61,751	86,032	116,8563
Cortlandt	24,124	33,432	49,381	64,156	89,053	129,658
Counties of:						
Putnam	20,536	30,127	44,063	58,592	82,197	115,601
Westchester	25,584	36,726	52,049	58,862	79,881	114,923
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

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

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

Unemployment Rate Statistics

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

Annual Averages

	2012	2013	2014	2015	2016	2017	2018
Putnam County	7.2%	6.1%	4.9%	4.3%	4.0%	4.2%	3.7%
Westchester County	7.3	6.3	5.1	4.5	4.3	4.5	3.9
New York State	8.5	7.7	6.3	5.3	4.9	4.7	4.1

2019 Monthly Figures

	Jan	Feb	Mar	Apr	May	June	July
Putnam County	3.8%	3.8%	3.6%	3.2%	3.3%	3.2%	N/A
Westchester County	3.9	3.8	3.6	3.2	3.4	3.4	N/A
New York State	4.6	4.4	4.1	3.6	3.8	3.8	N/A

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

Form of School Government

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

Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the School District for the ensuing fiscal year. A public hearing on such budget is held not less than seven and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote.

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

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

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

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

Recent Budget Vote Results

The budget for the 2018-19 fiscal year was adopted by qualified voters on May 15, 2018 by a vote of 352 yes to 178 no. The District's adopted budget for the 2018-19 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 2.75%, which is below the District tax levy limit of 2.89%.

The budget for the 2019-20 fiscal year was adopted by qualified voters on May 21, 2019 by a vote of 648 to 354. The District's adopted budget for the 2019-20 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 1.99%, which is below the District tax levy limit of 2.08%.

Investment Policy

Pursuant to the statutes of the State of New York, the School 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 School District; (6) obligations of a New York public corporation which are made lawful investments by the School 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 School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

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

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

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

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-20 fiscal year, approximately 21.3% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

Potential reductions in Federal aid received by the State.

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2019-20 preliminary building aid ratios, the District expects to receive State building aid of approximately 63.8% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

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

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

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

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $4.9 million. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the GEA was completely eliminated in the 2016-2017 State budget.

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

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

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

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 last five completed fiscal years, unaudited estimates for 2018-19 and budgeted figures for the 2019-20 fiscal year comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2013-2014	$ 48,253,081	$ 9,336,482	19.35%
2014-2015	47,136,141	9,742,578	20.81
2015-2016	46,806,184	9,890,856	21.13
2016-2017	46,617,163	10,365,812	22.24
2017-2018	47,140,882	10,495,848	22.26
2018-2019 (Unaudited)	49,215,156	11,085,275	22.52
2019-2020 (Budgeted)	51,680,010	11,000,000	21.28

Source: 2013-14 through 2017-18 audited financial statements, 2018-19 unaudited estimates and 2019-20 adopted budget of the District. This table is not audited.

School District Facilities

The District currently operates the following facilities:

Name	Grades	Capacity	Year(s) Built
Putnam Valley Elementary School	K-4	700	1935, '89
Putnam Valley Middle School	5-8	600	1972, '98
Putnam Valley High School	9-12	700	2000

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2015-2016	1,722	2020-2021	1,596
2016-2017	1,700	2021-2022	1,541
2017-2018	1,707	2022-2023	1,492
2018-2019	1,651	2023-2024	1,459
2019-2020	1,626	2024-2025	1,430

Source: District officials.

Employees

The District employs a total of approximately 302 full-time and part-time employees. Employees are represented by various unions as follows:

Members	Union Representation	Contract Expiration Date
162	Putnam Valley Federation of Teachers	June 30, 2019 [1]
125	Civil Service Employees' Association	June 30, 2020
7	Putnam Valley Administrators' Association	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 District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2018-19 and 2019-20 fiscal years are as follows:

Fiscal Year	ERS	TRS
2013-2014	$ 881,458	$ 2,686,770
2014-2015	855,220	2,727,389
2015-2016	829,309	2,363,785
2016-2017	697,457	2,213,773
2017-2018	735,016	1,956,898
2018-2019	634,255	2,142,269
2019-2020 (Budgeted)	908,966	2,107,586

Source: District records.

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

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District currently has an early retirement incentive programs for its employees that are a part of the Teachers' Association, one employee will be participating with estimated savings of $30,000 - $50,000 per year.

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

A chart of average ERS and TRS rates as a percent of payroll (2014-15 to 2019-20) is shown below:

Fiscal Year	ERS	TRS
2014-15	20.1%	17.53%
2015-16	18.2	13.26
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86

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

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

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

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that authorized local governments, including the District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS (the "Stable Rate Pension Contribution Option"). For 2016-17 the stable contribution option rate is 15.1% for ERS and 14.13% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

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

The State's 2019-2020 Enacted Budget, which was signed into law on March 31, 2019, will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such 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 School District has established such reserve fund with a balance of $404,000 as of June 30, 2019.

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. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

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 year, by source.

Balance at June 30, 2017:	$ 68,804,136
Changes for the year:	
Service cost	685,077
Interest	2,508,163
Differences between expected and actual experience	0
Changes of benefit terms	0
Changes in assumptions	0
Benefit payments	(2,031,890)
Net Changes	1,161,350
Balance at June 30, 2018:	$ 69,965,486

Source: 2018 audited financial statements. The above table is not audited. For additional information see "APPENDIX - E" attached hereto.

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

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45"), required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") was determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

For prior valuations under GASB 45, the District contracted with Aquarius Capital, an actuarial firm, to calculate its OPEB in accordance with GASB 45. Based on the actuarial valuation dated July 1, 2015 and financial data as of June 30, 2017, the following tables show the components of the District's annual OPEB cost, the amount actuarially contributed to the plan, changes in the District's net OPEB obligation and funding status for the fiscal years ending June 30, 2016 and June 30, 2017:

Annual OPEB Cost and Net OPEB Obligation:	**2017**	**2016**
Annual required contribution (ARC)	$ 1,879,363	$ 1,831,496
Amortization of unfunded actuarial accrued liability	0	0
Interest on net OPEB obligation	434,938	364,585
Adjustment to ARC	890,556	890,556
Annual OPEB cost (expense)	3,204,857	3,086,637
Contributions made	(1,527,907)	(1,523,232)
Increase in net OPEB obligation	1,676,950	1,563,405
Net OPEB obligation - beginning of year	9,665,292	8,101,887
Net OPEB obligation - end of year	$ 11,342,242	$ 9,665,292
Percentage of annual OPEB cost contributed	47.67%	49.35%
Funding Status		
Actuarial Accrued Liability (AAL)	$ 47,788,758	$ 46,203,406
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 47,788,758	$ 46,203,406
Funded Ratio (Assets as a Percentage of AAL)	0.00%	0.00%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 3,204,857	47.67%	$ 11,342,242
2016	3,086,637	49.35	9,665,292
2015	3,412,494	66.83	8,101,887

Source: Audited financial statements of the District: The above tables are not audited.

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.

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

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

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

Financial Statements

The School District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2018 and has been filed with the Electronic Municipal Market Access ("EMMA") website. It is also attached hereto as "APPENDIX-E" to this Official Statement. Certain summary financial information of the District can also be found attached as Appendices to the Official Statement.

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

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

Unaudited Results for Fiscal Year Ending June 30, 2019

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

Projected Revenues:	$	49,215,156
Projected Expenditures:		50,500,490
Projected Excess (Deficit) Revenues Over Expenditures:	$	(1,285,334)
Total General Fund Balance at June 30, 2018:	$	9,722,696
Total Projected General Fund Balance at June 30, 2019:	$	9,112,122

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

New York State Comptroller Reports of Examination

The New York 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 July 8, 2016. The purpose of the audit was to evaluate the District's financial conditions for the period July 1, 2014 through February 10, 2016.

Key Findings:

- District officials used surplus funds to increase reserves and the debt service fund each year. However, District officials did not use these restricted funds to pay for reserve and debt service related obligations because the Board budgeted appropriations each year to pay these expenditures. This resulted in surplus fund balance, which exceeded the statutory limit.
- Officials have not established a reserve fund policy stating how much would be set aside in each reserve, how each reserve would be funded or when the reserve funds would be used.
- Officials budgeted for and levied taxes to pay retirement, tax certiorari and liability claim expenditures from the annual operating budget. When these expenditures are budgeted for annually, the reserves appear to be unnecessary.

Key Recommendations:

- Develop a plan to use the surplus fund balance in a manner that benefits District residents.
- Establish reserve fund policies that identify a clear intent or plan regarding the purpose, use and replenishment of funds, when appropriate.
- Review reserves to determine if the amounts reserved are justified, necessary and reasonable. To the extent that they are not, reserves should be properly reduced.

The District provided a complete response to the State Comptroller's office on June 9, 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 that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the 2014 through 2018 fiscal years of the District are as follows:

Fiscal Year Ending:	Stress Designation	Fiscal Score
2018	No Designation	6.7%
2017	No Designation	0.0%
2016	No Designation	0.0%
2015	No Designation	0.0%
2014	No Designation	0.0%

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

Other Information

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

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2016	2017	2018		2019	2020
Towns of:						
Putnam Valley	$1,167,942,339	$1,174,710,636	$1,188,320,384		$1,234,595,338	$1,261,050,039
Carmel	3,688,155	3,686,897	4,633,726	(1)	4,664,690	4,671,445
Cortlandt	2,581,212	2,564,376	2,553,122		2,498,435	2,485,875
Total Assessed Values	$1,174,211,706	$1,180,961,909	$1,195,507,232		$1,241,758,463	$1,268,207,359
State Equalization Rates						
Towns of:						
Putnam Valley	100.00%	100.00%	100.00%		100.00%	102.99%
Carmel	62.60%	60.00%	100.00%	(1)	100.00%	100.00%
Cortlandt	1.88%	1.84%	1.71%		1.70%	1.65%
Total Taxable Full Valuation	$1,311,132,471	$1,320,223,725	$1,342,259,490		$1,386,226,793	$1,379,769,840

(1) Significant change due to revaluation.

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2016	2017	2018		2019	2020
Towns of:						
Putnam Valley	$ 27.41	$ 26.85	$ 26.64		$ 26.38	$ 26.35
Carmel	43.79	44.78	25.82	(1)	27.12	27.16
Cortlandt	1,438.83	1,458.65	1,514.75		1,613.83	1,646.30

(1) Significant change due to revaluation.

Tax Collection Procedure

Full payments are accepted as follows: Taxes are payable during September without penalty. A 2% penalty is added for the month of October. After October 31, all unpaid taxes located in Putnam County are turned over to Putnam County for relevy on County/Town tax rolls with an additional interest penalty. The Town of Cortlandt in Westchester County collects school taxes and turns them over to the District. The responsibility for collection of unpaid taxes located in Putnam County rests with the County of Putnam, which reimburses the District for uncollected taxes in April of each year. This does not apply to District property located in Westchester County. The Town of Cortlandt will reimburse the District for uncollected taxes. The District is thus assured of 100% collection of its annual tax levy.

For the Towns of Carmel and Putnam Valley, partial payments are accepted as follows: Payment will be accepted as two equal installments with a 4% service charge added. The first payment must be postmarked no later than September 15. The second payment is to be made to the Counties no later than March 15. After March 15 interest accrues at a variable rate.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Total Tax Levy	$ 35,944,964	$ 35,474,964	$ 35,775,821	$ 36,747,311	$ 37,480,010
Amount Uncollected (1)	2,800,879	2,800,841	2,762,544	2,882,318	N/A
% Uncollected	7.79%	7.90%	7.72%	7.84%	N/A

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

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years, unaudited estimates for 2018-19 and budgeted figures for the 2019-20 fiscal year comprised of real property taxes and tax items.

Fiscal Year	Total Revenues	Total Real Property Taxes and Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2013-2014	$ 48,253,081	$ 35,854,942	74.31%
2014-2015	47,136,141	36,066,470	76.52
2015-2016	46,806,184	35,964,491	76.84
2016-2017	46,617,163	35,475,797	76.10
2017-2018	47,140,882	35,766,337	75.87
2018-2019 (Unaudited)	49,215,156	36,737,295	74.65
2019-2020 (Budgeted)	51,680,010	37,480,010	72.52

Source: 2013-14 through 2017-18 audited financial statements, 2018-19 unaudited estimates and 2019-20 adopted budget of the District. This table is not audited.

Ten Larger Taxpayers – 2018 Assessment Roll for 2018-19 District Tax Roll

Name	Type	Taxable Assessed Valuation
County of Putnam	County	$ 14,370,300
State of New York	State Land	12,321,000
NYSEG	Utility	7,985,882
Consolidated Edison	Utility	6,645,552
City of Peekskill	Utility	4,372,064
Kaspar	Private	2,656,800
Verizon New York, Inc	Utility	2,516,178
City of New York	City Land	1,550,100
Floradan Estates	Private Community	1,336,900
Denardo	Business	1,041,800

The ten larger taxpayers listed above have a total taxable assessed valuation of $54,796,576 which represents 4.4% of the tax base of the District.

The School District experiences the impact of tax certiorari filings on a regular basis for which the School District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings are within acceptable norms and are not anticipated or believed to have a material impact on the School District's finances.

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of $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.

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.

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

Town of:	Enhanced Exemption	Basic Exemption	Date Certified
Putnam Valley	$ 105,240	$ 45,960	4/9/2019
Carmel	105,240	45,960	4/9/2019
Cortlandt	3,310	1,440	4/9/2019

$4,556,584 of the District's $35,707,468 school tax levy for the 2017-18 fiscal year was exempted by the STAR Program. The District received all of such exempt taxes from the State on January 1, 2018.

$4,292,577 of the District's $36,674,556 school tax levy for the 2018-19 fiscal year was exempted by the STAR Program. The District received all of such exempt taxes from the State on January 1, 2019.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Agricultural-10%, Residential-70% and Commercial-20%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the District is approximately $2,638 (plus District taxes that apply to that particular parcel) including County, Town or Village, School District and Fire District taxes.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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 and the Equal Protection and Due Process clauses and the First Amendment of the United States Constitution. 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.

Real Property Tax Rebate

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

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

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

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

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

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, 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 and Recent Budget Votes” herein for additional information regarding the District’s Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is utilized, no installment maybe 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.

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

The District complied with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
Bonds	$ 14,255,000	$ 12,600,000	$ 10,935,000	$ 9,255,000	$ 7,690,000
Bond Anticipation Notes	0	0	0	0	0
Energy Performance Contract (1)	0	0	0	6,921,212	6,549,082
Total Debt Outstanding	$ 14,255,000	$ 12,600,000	$ 10,935,000	$ 16,176,212	$ 14,239,082

(1) Energy Performance Contracts do not constitute debt for Local Finance Law purposes, however, they are included for purposes of calculating the debt limit of the District.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of August 14, 2019.

Type of Indebtedness	Maturity	Amount
Bonds	2019-2037	$ 7,690,000
Bond Anticipation Notes		
Purchase of Buses	October 18, 2019	150,000 [1]
	Total Indebtedness	$ 7,840,000

[1] To be renewed at maturity less a budgeted principal paydown.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of August 14, 2019:

Full Valuation of Taxable Real Property			$ 1,379,769,840
Debt Limit 10% thereof			137,976,984
Inclusions:			
Bonds	$ 7,690,000		
Bond Anticipation Notes	150,000		
Principal of the Notes	2,000,000		
Total Inclusions		$ 9,840,000	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness [2]			$ 9,840,000
Net Debt-Contracting Margin			$ 128,136,984
The percent of debt contracting power exhausted is			7.13%

[1] Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2019-20 Building Aid Ratios, the School District anticipates State Building aid of 61.5% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the Building aid it anticipates, however, no assurance can be given as to when and how much Building aid the School District will receive in relation to its capital project indebtedness.

[2] Does not include Energy Performance Contract financing. See "Energy Performance Contract" herein.

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

Bonded Debt Service

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

Cash Flow Borrowings

The District has not issued any revenue or tax anticipation notes in the recent past and does not anticipate issuing either tax anticipation notes or revenue anticipation notes in the foreseeable future.

Energy Performance Contract

During the 2017-18 fiscal year, the District entered into an agreement to finance the cost of energy efficiency improvements over a 15-year period at a total cost of $6,921,212. The unpaid principal balance as of August 14, 2019 was $6,549,082.

The following is a schedule of those future minimum lease payments under capital leases, together with the net present value of minimum lease payments as of August 14, 2019:

Fiscal Year Ending	Principal	Interest
2020	$ 383,294	$ 220,634
2021	394,793	207,721
2022	406,636	194,421
2023	418,835	180,721
2024	431,401	166,611
2025-2033	4,514,123	790,320
Minimum Lease Payments	$ 6,549,082	$ 1,760,427

Prepayment of the lease obligation is permitted on any payment date at the lesser of a break funding fee or 103% of the outstanding principal balance in full.

Capital Project Plans

On December 4, 2018, the qualified voters of the District approved a $14,810,000 capital project for the construction of additions to and reconstruction od School District buildings and to construct a new health and wellness center at the High School at a maximum estimated cost of $14,200,000 (the "Capital Project"). On June 20, 2019 the Board of Education approved a bond resolution authorizing the issuance of $14,810,000 bonds to pay for the costs of the Capital Project. The current issuance of the Notes will provide $2,000,000 in new money for the capital project. Additional short-term borrowings are anticipated to meet construction cash flow needs.

Other than the above-mentioned projects, the District has no other capital projects approved or contemplated at this time.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness (1)	Exclusions (2)	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Putnam	12/31/2017	$ 60,512,925	$ -	$ 60,512,925	8.80%	$ 5,325,137
Westchester	12/31/2017	1,440,056,714	626,419,398	813,637,316	0.08%	650,910
Town of:						
Putnam Valley	12/31/2017	864,753	74,753	790,000	77.12%	609,248
Carmel	12/31/2017	24,479,682	4,350,000	20,129,682	0.14%	28,182
Cortlandt	12/31/2017	10,194,249	7,352,463	2,841,786	2.37%	67,350
					Total:	$ 6,680,827

Notes:

(1) Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.

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

Sources: Most recent available State Comptroller's Special Report for the respective fiscal year of the municipality.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of August 14, 2019:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]..	$ 9,840,000	$ 948.16	0.71%
Net Indebtedness Plus Net Overlapping Indebtedness [d]............	16,520,827	1,591.91	1.20%

[a] The 2017 estimated population of the District is 10,378. (See "THE SCHOOL DISTRICT – School District Population" herein.)

[b] The District's full value of taxable real estate for 2019-20 is $1,379,769,840. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

[c] See "Debt Statement Summary" herein.

[d] Estimated net overlapping indebtedness is $6,680,827. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel are set forth in “APPENDIX – D”.

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

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

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX – D".

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Continuing Disclosure Compliance

The District has in the previous five years complied, in all material respects, with any previous undertakings pursuant to the Rule.

RATINGS

The Notes are <u>not</u> rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's continuing disclosure undertakings and the Final Official Statement supplemented. (See "APPENDIX – C, MATERIAL EVENT NOTICES" herein.)

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their underlying rating of "AA" with a stable outlook to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating 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.

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Ms. Jill Figarella, Treasurer, Putnam Valley Central School District, 146 Peekskill Hollow Road, Putnam Valley, New York 10579, Phone: (845) 528-8125, Fax: (845) 528-8386, email: jfigarella@pvcsd.org

The District's Bond Counsel contact information is as follows: Douglas E. Goodfriend, Esq., Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, New York, New York 10019, Phone: (212) 506-5211, Fax: (212) 506-5151, Email: dgoodfriend@orrick.com.

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

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT

Dated: August 14, 2019

JEANINE RUFO
PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
ASSETS					
Cash	$ 15,604,821	$ 16,826,842	$ 470,562	$ 1,362,664	$ 2,269,416
Investments	-	-	18,018,037	15,741,408	13,289,273
Accounts Receivables	282,696	290,912	221,101	108,189	66,380
State and Federal Aid Receivable	218,987	221,201	227,546	215,367	215,410
Due from Other Governments	944,019	1,029,254	497,229	710,203	726,763
Due from Other Funds	843,860	1,232,641	750,900	1,864,689	1,589,712
Advances to Other Funds	-	-	-	-	-
Prepaid Expenditures	-	80,163	294,350	292,035	276,012
TOTAL ASSETS	$ 17,894,383	$ 19,681,013	$ 20,479,725	$ 20,294,555	$ 18,432,966
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 1,108,900	$ 640,110	$ 660,194	$ 455,292	$ 729,125
Accrued Liabilities	67,013	115,146	130,240	647,483	252,225
Due to Other Governments	10,145	-	-	-	-
Due to Other Funds	6,541,078	7,326,655	7,033,074	6,390,655	5,462,575
Due to Retirement System	3,063,088	3,300,941	2,646,421	2,509,669	2,266,345
Tax Anticipation Notes Payable	-	-	-	-	-
Bond Anticipation Notes Payable	-	-	-	-	-
Bonds Payable	-	-	-	-	-
Deferred Revenues	49,560	-	3,918	-	-
TOTAL LIABILITIES	10,839,784	11,382,852	10,473,847	10,003,099	8,710,270
FUND EQUITY					
Nonspendable	$ -	$ 80,163	$ 294,350	$ 292,035	$ 276,012
Restricted	3,716,080	4,719,299	5,251,371	5,481,191	5,788,939
Assigned	1,412,315	1,580,572	2,552,968	2,576,541	1,605,509
Unassigned	1,926,204	1,918,127	1,907,189	1,941,689	2,052,236
TOTAL FUND EQUITY	7,054,599	8,298,161	10,005,878	10,291,456	9,722,696
TOTAL LIABILITIES and FUND EQUITY	$ 17,894,383	$ 19,681,013	$ 20,479,725	$ 20,294,555	$ 18,432,966

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
REVENUES					
Real Property Taxes	$ 30,541,574	$ 30,911,681	$ 30,843,529	$ 30,712,908	$ 31,164,016
Other Tax Items	5,313,368	5,154,789	5,120,962	4,762,889	4,602,321
Non-Property Taxes	48,974	50,146	49,870	50,924	53,856
Charges for Services	724,975	526,160	578,362	328,073	281,944
Use of Money & Property	36,773	25,691	44,239	126,338	278,412
Sale of Property and Compensation for Loss	-	-	-	-	-
Miscellaneous	254,232	415,296	278,366	270,219	264,485
Revenues from State Sources	9,336,482	9,742,578	9,890,856	10,365,812	10,495,848
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	$ 46,256,378	$ 46,826,341	$ 46,806,184	$ 46,617,163	$ 47,140,882
Other Sources:					
Interfund Transfers	1,996,703	309,800	-	-	-
Total Revenues and Other Sources	48,253,081	47,136,141	46,806,184	46,617,163	47,140,882
EXPENDITURES					
General Support	$ 4,223,861	$ 3,943,507	$ 4,109,456	$ 4,368,314	$ 5,005,589
Instruction	24,449,958	24,849,087	26,104,774	27,736,864	28,266,641
Pupil Transportation	2,551,195	2,599,548	2,506,510	2,282,369	2,476,181
Community Services	-	-	-	-	-
Employee Benefits	10,752,238	10,547,365	10,143,673	10,154,273	10,656,435
Debt Service	2,419,618	2,249,488	-	-	-
Total Expenditures	$ 44,396,870	$ 44,188,995	$ 42,864,413	$ 44,541,820	$ 46,404,846
Other Uses:					
Insurance Recoveries	-	(7,266)	-	-	-
Interfund Transfers	3,351,021	1,710,850	2,234,054	1,789,765	1,304,796
Total Expenditures and Other Uses	47,747,891	45,892,579	45,098,467	46,331,585	47,709,642
Excess (Deficit) Revenues Over Expenditures	505,190	1,243,562	1,707,717	285,578	(568,760)
FUND BALANCE					
Fund Balance - Beginning of Year	6,549,409	7,054,599	8,298,161	10,005,878	10,291,456
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 7,054,599	$ 8,298,161	$ 10,005,878	$ 10,291,456	$ 9,722,696

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2018 Adopted Budget	2018 Modified Budget	2018 Actual	2019 Adopted Budget	2020 Adopted Budget
REVENUES					
Real Property Taxes	$ 31,219,236	$ 31,219,236	$ 31,164,016	$ 36,747,311 (1)	$ 37,480,010 (1)
Other Tax Items	4,596,585	4,596,585	4,602,321	-	-
Non-Property Taxes	-	-	53,856	-	-
Charges for Services	400,000	400,000	281,944	-	-
Use of Money & Property	60,000	60,000	278,412	-	-
Sale of Property and Compensation for Loss	-	-	-	-	-
Miscellaneous	195,000	195,000	264,485	1,856,272 (2)	1,700,000 (2)
Revenues from State Sources	10,415,000	10,415,000	10,495,848	10,472,933	11,000,000
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	$ 46,885,821	$ 46,885,821	$ 47,140,882 #	$ 49,076,516	$ 50,180,010
Other Sources:					
Appropriated Fund Balance	-	-	-	2,218,403	1,500,000
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	46,885,821	46,885,821	47,140,882	51,294,919	51,680,010
EXPENDITURES					
General Support	$ 4,955,228	$ 5,829,556	$ 5,005,589	$ 4,476,405	$ 4,501,415
Instruction	29,197,756	29,177,837	28,266,641	29,405,799	29,344,905
Pupil Transportation	2,629,893	2,484,132	2,476,181	2,827,287	2,942,402
Community Services	-	-	-	-	-
Employee Benefits	11,336,101	10,666,041	10,656,435	11,955,237	11,849,373
Debt Service	-	-	-	2,537,191	2,958,915
Total Expenditures	$ 48,118,978	$ 48,157,566	$ 46,404,846	$ 51,201,919	$ 51,597,010
Other Uses:					
Insurance Recoveries	-	-	-	-	-
Interfund Transfers	1,343,384	1,304,796	1,304,796	93,000	83,000
Total Expenditures and Other Uses	49,462,362	49,462,362	47,709,642	51,294,919	51,680,010
Excess (Deficit) Revenues Over Expenditures	(2,576,541)	(2,576,541)	(568,760)	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	2,576,541	2,576,541	10,291,456	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 9,722,696 #	$ -	$ -

(1) Includes Real Property Taxes and Other Tax Items.

(2) Includes all local non-tax revenue sources.

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	$ 1,555,000	$ 326,125	$ 1,881,125
2021	1,555,000	278,450	1,833,450
2022	695,000	229,000	924,000
2023	685,000	194,250	879,250
2024	670,000	160,000	830,000
2025	655,000	126,500	781,500
2026	640,000	93,750	733,750
2027	625,000	61,750	686,750
2028	610,000	30,500	640,500
TOTALS	$ 7,690,000	$ 1,500,325	$ 9,190,325

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2014 Refunding of 2006 Principal	2014 Refunding of 2006 Interest	2014 Refunding of 2006 Total	2015 Refunding of 2005 Principal	2015 Refunding of 2005 Interest	2015 Refunding of 2005 Total
2020	$ 830,000	$ 39,925	$ 869,925	$ 725,000	$ 286,200	$ 1,011,200
2021	850,000	21,250	871,250	705,000	257,200	962,200
2022	-	-	-	695,000	229,000	924,000
2023	-	-	-	685,000	194,250	879,250
2024	-	-	-	670,000	160,000	830,000
2025	-	-	-	655,000	126,500	781,500
2026	-	-	-	640,000	93,750	733,750
2027	-	-	-	625,000	61,750	686,750
2028	-	-	-	610,000	30,500	640,500
TOTALS	$ 1,680,000	$ 61,175	$ 1,741,175	$ 6,010,000	$ 1,439,150	$ 7,449,150

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the securities, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the Note

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Notes

(k) rating changes

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

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

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

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

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

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

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

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the School 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 School 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 School 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 School District determines that any such other event is material with respect to the Note; but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

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

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

The School 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 School District; provided that the School 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.

FORM OF BOND COUNSEL'S OPINION

September 5, 2019

Putnam Valley Central School District
Putnam and Westchester Counties
State of New York

Re: Putnam Valley Central School District, Putnam and Westchester Counties, New York
$2,000,000 Bond Anticipation Notes, 2019

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a $2,000,000 Bond Anticipation Notes, 2019 (the "Obligation"), of the Putnam Valley Central School District, Putnam and Westchester Counties, New York (the "Obligor"), dated September 5, 2019, numbered 1, of the denomination of $2,000,000, bearing interest at the rate of ___% per annum, payable at maturity, and maturing July 17, 2020.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

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

In our opinion:

(a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT
PUTNAM AND WESTCHESTER COUNTIES, NEW YORK

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2018

Such Financial Report and opinions 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.

PKF O'Connor Davies, LLP, the District's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. PKF O'Connor Davies, LLP also has not performed any procedures relating to this Official Statement.

Putnam Valley Central School District, New York

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

The Board of Education of the
Putnam Valley Central School District, 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 Putnam Valley Central School District, New York ("School District") as of and for the year ended June 30, 2018, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

PKF O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Harrison, NY 10528 I Tel: 914.381.8900 I Fax: 914.381.8910 I www.pkfod.com

Emphasis of Matter

We draw attention to Note 2E and Note 3D in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the School District as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated September 19, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2017 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2018 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
September 20, 2018

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Putnam Valley Central School District, New York

Management's Discussion and Analysis (MD&A)
June 30, 2018

Introduction

Our discussion and analysis of the Putnam Valley Central School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2018. It should be read along with the basic financial statements, which immediately follows this section, to enhance the understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4.0% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $2,052,236. This amount represents 4%.

- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of $22,195,478, an increase of $4,793,877 from the prior year. Exclusive of the Capital Projects Fund amount of $6,816,289, the combined ending fund balances are $15,379,189. Of this amount, the unassigned fund balance is $2,052,236. This amount is available for spending at the discretion of the School District.

- On the district-wide financial statements, the liabilities and deferred inflows of resource exceeded the assets and deferred outflows of resources of the School District at the close of its most recent fiscal year by $26,220,170. The School District's total net position decreased by $1,284,625 for the year ended June 30, 2018. In addition, the School District's total net position included a decrease to the opening balance due to the application of Government Accounting Standards Board ("GASB") Statement No. 75 "Accounting and Financial Reporting for Post Employment Benefits Other than Pension ("OPEB"). The amount that was recorded as a cumulative change in accounting principle was $57,461,894.

- At June 30, 2018, the School District reported in its Statement of Net Position a liability of $580,338 for its proportionate share of the New York State and Local Employees' Retirement System ("ERS") net pension liability, while also reporting a pension asset of $896,824 for its proportionate share of the New York State Teachers' Retirement System ("TRS") net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3D in the notes to financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

District-Wide Financial Statements

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

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

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

- The *governmental* activities of the School District include instruction, pupil transportation, community services, cost of food sales, other, interest and general administrative support.

- The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

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

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

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

- The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid, Debt Service and Capital Projects funds, since the School District has elected to report them as major funds.

- The School District adopts an annual budget for its General Fund and Special Aid Fund. A budgetary comparison statement has been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.

- The Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit obligations, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial situation. This MD&A includes a summary of two district-wide statements that focus on operations of the School District as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

In the case of the Putnam Valley Central School District, New York, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $26,220,170 at the close of the current fiscal year.

Net Position

	June 30, 2018	June 30, 2017
Current Assets	$ 25,873,937	$ 21,048,245
Net Pension Asset	896,824	-
Capital Assets, net	30,237,049	30,339,725
Total Assets	57,007,810	51,387,970
Deferred Outflows of Resources		
Deferred amounts on pensions	13,542,634	13,053,345
Deferred amounts on refunding	316,736	1,057,325
	13,859,370	14,110,670
Current Liabilities	5,761,683	5,494,303
Non-Current Liabilities	86,546,586	26,610,777
Total Liabilities	92,308,269	32,105,080
Deferred Inflows of Resources		
Deferred amounts on pensions	4,779,081	867,211
Net Position		
Net investment in capital assets	20,218,820	19,096,249
Restricted for		
Future capital projects	1,367,734	962,291
Repairs	30,599	30,553
Special Purpose	91,607	146,515
Property loss and liability	127,412	127,221
Tax certiorari	967,876	1,265,746
Debt Service	5,337,020	6,254,971
Retirement contributions	2,317,984	2,115,261
Capital projects	-	142,983
Unrestricted	(56,679,222)	2,384,559
Total Net Position	$ (26,220,170)	$ 32,526,349

A large component of the School District's net position (77.1%) is its investment in capital assets, less any outstanding related debt used to acquire those assets. The School District uses these capital assets to provide services to students and therefore, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As of June 30, 2018, the School District reported a net pension, liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees' Retirement systems. This asset and the net deferrals are not in custody of, nor are they accessible by the School District; rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note 3D of the financial statements for more information on these pension items.

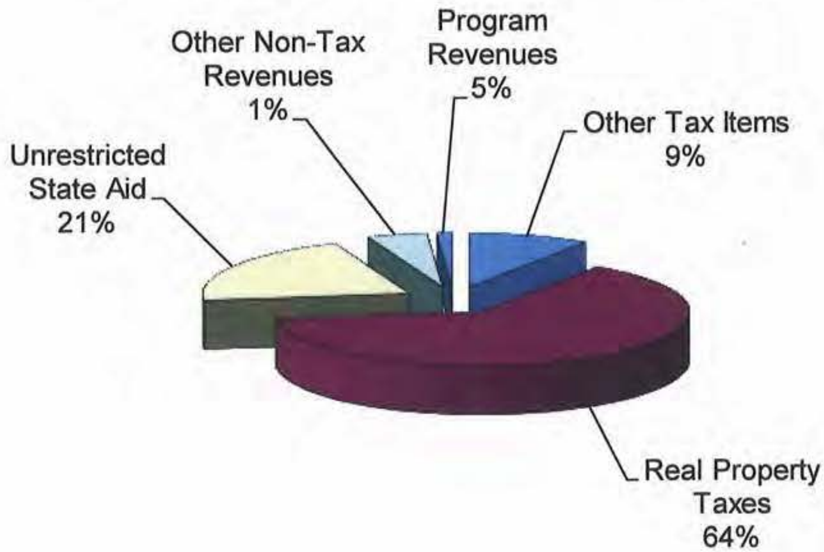
The restricted net position subject to external restrictions constitute is $10,240,232.

Net position decreased by $1,284,625 for the year ended June 30, 2018.

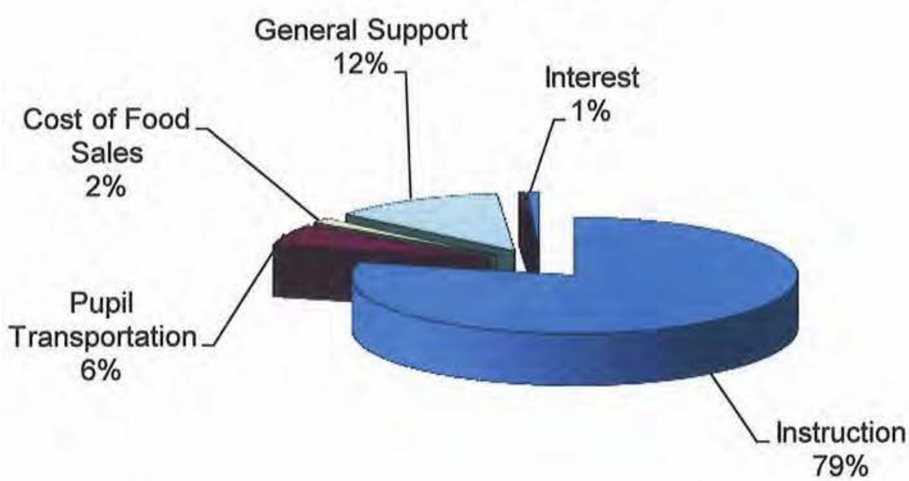
Changes in Net Position

	Years Ended June 30, 2018	Years Ended June 30, 2017
Revenues		
Program Revenues		
Charges for Services	$ 781,700	$ 797,459
Operating Grants and Contributions	1,518,605	1,635,750
Capital Grants and Contributions	3,933	71
Total Program Revenues	2,304,238	2,433,280
General Revenues		
Real Property Taxes	31,164,016	30,712,908
Other Tax Items	4,602,321	4,762,889
Non-Property Taxes	53,856	50,924
Unrestricted Earnings on Investments	272,134	125,618
Unrestricted State Aid	10,259,883	10,103,625
Miscellaneous	264,485	270,219
Total General Revenues	46,616,695	46,026,183
Total Revenues	48,920,933	48,459,463
Program Expenses		
General Support	6,239,934	5,370,976
Instruction	39,655,046	39,246,465
Pupil Transportation	2,900,187	2,727,157
Cost of Food Sales	764,225	619,121
Other	230,475	212,770
Interest	415,691	442,268
Total Program Expenditures	50,205,558	48,618,757
Change in Net Position	(1,284,625)	(159,294)
Net Position		
Beginning - as reported	32,526,349	32,685,643
Cumulative effect of Change in Accounting Principle	(57,461,894)	-
Beginning - as restated	(24,935,545)	32,685,643
Ending	$ (26,220,170)	$ 32,526,349

Revenues by Sources for Fiscal Year 2018



Expenses for Fiscal Year 2018 Governmental Activities



The major changes are as follows:

Revenues

- The School District relies upon real property taxes (64%) as its primary revenue source.
- Real property Taxes: The reason for the increase is attributed to a fact that in prior year levy was decrease by $370,000 after the budget was passed; which inflated current years' difference.
- Use of money and property: The reason for the increase in this category is due to a fact that the District could invest in NYCLASS long term. NYCLASS had great interest rates throughout the year.

Expenditures

- Central Services: The reason for the increase is attributed to expenses associated with new modular administration building that had to be purchased during school year.
- Special items: At the end of the school year the district received a "curtesy copy" of the proposed judgment for one of the tax certioraris for approx. $178,000. At the end of the school year district encumbered this amount; therefore, the increase in this category.
- Instruction: Current year increase is due to retirement incentive accrual of approximately $250,000. The remaining increase of approximately $250,000 is attributed to a fact that in the current year the district had increases in contractual expenses and the district added some instructional positions during the year to address class size and teachers on leave.
- Debt Service: The reason for a decrease of approximately $480,000 is attributed to the fact that in the prior year the entire debt service principle and interest was covered by the General Fund. In the current year, the Debt Service Fund covered part of principle and interest.

Fund Balance Reporting

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements beginning with the period ending June 30, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

> <u>Nonspendable</u> – consists of assets that are 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 principal of endowments.
>
> <u>Restricted</u> – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Note: According to the Office of the State Comptroller, school districts in New York will not have committed fund balance to report.

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

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

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. According to GASB, this pronouncement should result in an improvement in the usefulness of fund balance information.

Financial Analysis of the School District's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of $22,195,478 an increase of $4,793,877 from the prior year. Of this amount, the *unassigned* fund balance of $2,052,236 is available for spending at the School District's discretion. The remainder of fund balances is either Nonspendable, Restricted, or Assigned to indicate they're unavailable for spending because they have already been committed to honor the specific purposes for which it can be spent. The nonspendable fund balance of $284,356 consists of assets that are inherently unspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, and principal of endowments. The restricted fund balance of $18,033,855 consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Included within the restricted fund balances are reserves for tax certiorari $467,876, tax certiorari for subsequent year's expenditures $500,000, employee benefit accrued liability $477,334, employee benefit accrued liability for subsequent year's expenditures $500,000, retirement contributions $1,817,984, retirement contributions for subsequent year's expenditures $500,000, property loss and liability of $127,412, repairs restriction of $30,599, future capital projects of $1,367,734 debt service

$5,337,020, and capital projects $6,816,289. The assigned fund balance of $1,825,031 consists of amounts that are subject to a purpose constraint that represents an intended use established by the Board of Education. Included within the assigned fund balances are encumbrances of $887,106 and a designation for subsequent year's expenditures of $718,403.

General Fund Budgetary Highlights

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was $9,722,696, of which $2,052,236 or 4% of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the amount of unassigned fund balance that can be retained to 4.0% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

General Fund revenue received was $255,061 more than budgeted. The positive variance resulted mostly in Earnings on Investments revenue being more than anticipated based on the district invested in CLASS, which resulted in more revenue than originally budgeted.

Expenditures were below the final budget. After encumbrances of $887,106 expenditure savings were $865,614. Savings were exhibited throughout the budget. General Support, Instruction and Employee Benefits.

The original General Fund budget anticipated the use of $2,576,541 of fund balance; $918,223 from prior year encumbrances and $1,658,318 from assigned fund balance.

Capital Assets

At June 30, 2018, the School District had $30,237,049, net of accumulated depreciation invested in capital assets, including land, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

	June 30,	
Class	2017	2016
Land	$ 2,891,200	$ 2,891,200
Construction-in-Progress	17,850	50,686
Buildings and Improvements	25,190,889	25,595,555
Machinery and Equipment	2,137,110	1,802,284
Total Capital Assets, net of accumulated depreciation	$ 30,237,049	$ 30,339,725

More detailed information about the School District's capital assets is presented in the notes to the financial statements.

Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

	June 30, 2018	June 30, 2017
Bonds Payable	$ 10,587,346	$ 12,661,020
Energy Performance Contract Payable	6,921,212	-
Compensated Absences	477,334	1,505,118
Net Pension Liability	580,338	2,932,397
Other Post Employment Benefit Obligations Payable	69,965,486	11,342,242
Total	$ 88,531,716	$ 28,440,777

More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the finances of the Putnam Valley Central School District, New York for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Putnam Valley Central School District
Attn: Jill Figarella
District Treasurer
171 Oscawana Lake Rd.
Putnam Valley, NY 10579

Putnam Valley Central School District, New York

Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Cash and equivalents	$ 3,240,325
Restricted cash	6,923,404
Investments	13,289,273
Receivables	
Accounts	66,620
State and Federal aid	1,343,196
Due from other governments	726,763
Inventories	8,344
Prepaid expenses	276,012
Net pension asset	896,824
Capital assets	
Not being depreciated	2,909,050
Being depreciated, net	27,327,999
Total Assets	57,007,810
DEFERRED OUTFLOWS OF RESOURCES	13,859,370
LIABILITIES	
Accounts payable	802,165
Accrued liabilities	252,225
Unearned revenues	357,304
Due to other governments	420
Due to retirement systems	2,266,345
Accrued interest payable	98,094
Non-current liabilities	
Due within one year	1,985,130
Due in more than one year	86,546,586
Total Liabilities	92,308,269
DEFERRED INFLOWS OF RESOURCES	4,779,081
NET POSITION	
Net investment in capital assets	20,218,820
Restricted	
Future capital projects	1,367,734
Repairs	30,599
Special purpose	91,607
Property loss and liability	127,412
Tax certiorari	467,876
Debt service	5,337,020
Retirement contributions	1,817,984
Unrestricted	(55,679,222)
Total Net Position	$ (26,220,170)

The notes to the financial statements are an integral part of this statement.

Putnam Valley Central School District, New York

Statement of Activities
Year Ended June 30, 2018

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General support	$ 6,239,934	$ 314	$ 4,521	$ -
Instruction	39,655,046	281,944	1,075,574	-
Pupil transportation	2,900,187	-	-	-
Cost of food sales	764,225	499,442	262,943	-
Other	230,475	-	175,567	-
Interest	415,691	-	-	3,933
Total Governmental Activities	$ 50,205,558	$ 781,700	$ 1,518,605	$ 3,933

General revenues
Real property taxes
Other tax items
School tax relief reimbursement
Interest and penalties on real property taxes
Non-property taxes
Non-property tax distribution from County
Unrestricted earnings on investments
Unrestricted State aid
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning as reported

Cumulative Effect of Change in Accounting Principle

Net Position - Beginning as restated

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position
$ (6,235,099)
(38,297,528)
(2,900,187)
(1,840)
(54,908)
(411,758)
(47,901,320)
31,164,016
4,556,585
45,736
53,856
272,134
10,259,883
264,485
46,616,695
(1,284,625)
32,526,349
(57,461,894)
(24,935,545)
$ (26,220,170)

Putnam Valley Central School District, New York

Balance Sheet
Governmental Funds
June 30, 2018

	General	Special Aid	Debt Service
ASSETS			
Cash and equivalents	$ 2,269,416	$ 475,279	$ -
Restricted cash	-	-	-
Investments	13,289,273	-	-
Receivables			
Accounts	66,380	-	-
State and Federal aid	215,410	757,129	-
Due from other governments	726,763	-	-
Due from other funds	1,589,712	-	5,337,020
Inventories	-	-	-
Prepaid expenditures	276,012	-	-
Total Assets	$ 18,432,966	$ 1,232,408	$ 5,337,020
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 729,125	$ -	$ -
Accrued liabilities	252,225	-	-
Due to other funds	5,462,575	1,232,408	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to retirement systems	2,266,345	-	-
Total Liabilities	8,710,270	1,232,408	-
Fund balances			
Nonspendable	276,012	-	-
Restricted	5,788,939	-	5,337,020
Assigned	1,605,509	-	-
Unassigned	2,052,236	-	-
Total Fund Balances	9,722,696	-	5,337,020
Total Liabilities and Fund Balances	$ 18,432,966	$ 1,232,408	$ 5,337,020

The notes to the financial statements are an integral part of this statement.

Capital Projects	Non-Major Governmental	Total Governmental Funds
$ 176,956	$ 318,674	$ 3,240,325
6,923,404	-	6,923,404
-	-	13,289,273
-	240	66,620
357,304	13,353	1,343,196
-	-	726,763
628,371	38,221	7,593,324
-	8,344	8,344
-	-	276,012
$ 8,086,035	$ 378,832	$ 33,467,261
$ 14,101	$ 58,939	$ 802,165
-	-	252,225
898,341	-	7,593,324
357,304	-	357,304
-	420	420
-	-	2,266,345
1,269,746	59,359	11,271,783
-	8,344	284,356
6,816,289	91,607	18,033,855
-	219,522	1,825,031
-	-	2,052,236
6,816,289	319,473	22,195,478
$ 8,086,035	$ 378,832	$ 33,467,261

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Putnam Valley Central School District, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
June 30, 2018

Fund Balances - Total Governmental Funds	$ 22,195,478
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,237,049
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amount are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	316,736
Deferred amounts on net pension liabilities	8,763,553
	9,080,289
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net pension asset	896,824
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(98,094)
Bonds payable	(10,587,346)
Energy performance contract payable	(6,921,212)
Net pension liabilities	(580,338)
Compensated absences	(477,334)
Other post employment benefit obligations payable	(69,965,486)
	(88,629,810)
Net Position of Governmental Activities	$ (26,220,170)

The notes to the financial statements are an integral part of this statement.

Putnam Valley Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	General	Special Aid	Debt Service	Capital Projects
REVENUES				
Real property taxes	$ 31,164,016	$ -	$ -	$ -
Other tax items	4,602,321	-	-	-
Non-property taxes	53,856	-	-	-
Charges for services	281,944	-	-	-
Use of money and property	278,412	-	2,490	-
State aid	10,495,848	277,409	-	-
Federal aid	-	562,200	-	-
Food sales	-	-	-	-
Miscellaneous	264,485	-	-	-
Total Revenues	47,140,882	839,609	2,490	-
EXPENDITURES				
Current				
General support	5,005,589	-	-	-
Instruction	28,266,641	908,961	-	-
Pupil transportation	2,476,181	-	-	-
Employee benefits	10,656,435	-	-	-
Cost of food sales	-	-	-	-
Other	-	-	-	-
Debt service				
Principal	-	-	1,680,000	-
Interest	-	-	423,825	-
Capital outlay	-	-	-	644,795
Total Expenditures	46,404,846	908,961	2,103,825	644,795
Excess (Deficiency) of Revenues Over Expenditures	736,036	(69,352)	(2,101,335)	(644,795)
OTHER FINANCING SOURCES (USES)				
Energy performance contract issued	-	-	-	6,921,212
Transfers in	-	69,352	1,183,384	52,060
Transfers out	(1,304,796)	-	-	-
Total Other Financing Sources (Uses)	(1,304,796)	69,352	1,183,384	6,973,272
Net Change in Fund Balances	(568,760)	-	(917,951)	6,328,477
FUND BALANCES				
Beginning of Year	10,291,456	-	6,254,971	487,812
End of Year	$ 9,722,696	$ -	$ 5,337,020	$ 6,816,289

The notes to the financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
$ -	$ 31,164,016
-	4,602,321
-	53,856
-	281,944
599	281,501
10,396	10,783,653
236,337	798,537
499,442	499,442
191,178	455,663
937,952	48,920,933
-	5,005,589
-	29,175,602
-	2,476,181
-	10,656,435
755,366	755,366
230,475	230,475
-	1,680,000
-	423,825
-	644,795
985,841	51,048,268
(47,889)	(2,127,335)
-	6,921,212
-	1,304,796
-	(1,304,796)
-	6,921,212
(47,889)	4,793,877
367,362	17,401,601
$ 319,473	$ 22,195,478

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Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2018

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	$ 4,793,877
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	956,604
Depreciation expense	(1,059,280)
	(102,676)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Energy performance contract issued	(6,921,212)
Principal paid on serial bonds	1,680,000
Amortization of loss on refunding bonds and issuance premium	(346,915)
	(5,588,127)
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.	
Accrued interest	(80,435)
Compensated absences	1,027,784
Pension liabilities	(173,698)
Other post employment benefit obligations	(1,161,350)
	(387,699)
Change in Net Position of Governmental Activities	$ (1,284,625)

The notes to the financial statements are an integral part of this statement.

Putnam Valley Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General and Special Aid Funds
Year Ended June 30, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	$ 31,219,236	$ 31,219,236	$ 31,164,016	$ (55,220)
Other tax items	4,596,585	4,596,585	4,602,321	5,736
Non-property taxes	-	-	53,856	53,856
Charges for services	400,000	400,000	281,944	(118,056)
Use of money and property	60,000	60,000	278,412	218,412
State aid	10,415,000	10,415,000	10,495,848	80,848
Federal aid	-	-	-	-
Miscellaneous	195,000	195,000	264,485	69,485
Total Revenues	46,885,821	46,885,821	47,140,882	255,061
EXPENDITURES				
Current				
General support	4,955,228	5,829,556	5,005,589	823,967
Instruction	29,197,756	29,177,837	28,266,641	911,196
Pupil transportation	2,629,893	2,484,132	2,476,181	7,951
Employee benefits	11,336,101	10,666,041	10,656,435	9,606
Total Expenditures	48,118,978	48,157,566	46,404,846	1,752,720
Excess (Deficiency) of Revenues Over Expenditures	(1,233,157)	(1,271,745)	736,036	2,007,781
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,343,384)	(1,304,796)	(1,304,796)	-
Total Other Financing Sources (Uses)	(1,343,384)	(1,304,796)	(1,304,796)	-
Net Change in Fund Balances	(2,576,541)	(2,576,541)	(568,760)	2,007,781
FUND BALANCES				
Beginning of Year	2,576,541	2,576,541	10,291,456	7,714,915
End of Year	$ -	$ -	$ 9,722,696	$ 9,722,696

The notes to the financial statements are an integral part of this statement.

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
277,409	277,409	277,409	-
554,777	570,823	562,200	(8,623)
-	-	-	-
832,186	848,232	839,609	(8,623)
-	-	-	-
917,186	917,584	908,961	8,623
-	-	-	-
-	-	-	-
917,186	917,584	908,961	8,623
(85,000)	(69,352)	(69,352)	-
85,000	69,352	69,352	-
-	-	-	-
85,000	69,352	69,352	-
-	-	-	-
-	-	-	-
$ -	$ -	$ -	$ -

Putnam Valley Central School District, New York

Statement of Assets and Liabilities
Fiduciary Fund
June 30, 2018

		Agency
ASSETS		
Cash and equivalents	$	107,310
LIABILITIES		
Accounts payable	$	155
Student activity funds		107,155
Total Liabilities	$	107,310

The notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The Putnam Valley Central School District, New York ("School District"), as presently constituted, was established in 1934 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government which is the School District, b) organizations for which the School District is financially accountable and c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Putnam-Northern Westchester Board of Cooperative Educational Services ("BOCES"). BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by the ratio which the component school district's full value of taxable properties in effect at the time of adoption bears to the total full value of taxable properties of all component school districts within the BOCES as defined in Education Law. Copies of BOCES' financial statements can be requested from Putnam-Northern Westchester BOCES, 200 BOCES Drive, Yorktown Heights, New York, 10598.

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

   General Fund - The General Fund constitutes the primary operating fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is as follows:

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State Funds. The major revenues of this fund are State and Federal aid.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

b. Fiduciary Funds (Not Included in District-Wide Financial Statements) - Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for payroll tax withholdings that are payable to other jurisdictions.

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

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

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are

Note 1 - Summary of Significant Accounting Policies (Continued)

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenue when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

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

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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

The School District utilizes a pooled investment concept for all governmental funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District follows the provisions of GASB Statement No. 72, *"Fair Value Measurements and Application"*, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. CLASS issues separately available audited financial statements with a year end of June 30th.

The School District's position in the pool is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days. CLASS is rated AAAm by Standard & Poor's. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17th Street, Suite 1850, Denver, CO 80202.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial 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. 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, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not

Note 1 - Summary of Significant Accounting Policies (Continued)

covered by depository insurance were not exposed to custodial credit risk at June 30, 2018.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

Restricted Cash - Restricted cash of the Capital Projects Fund consist of energy performance contract proceeds which are currently being held by U.S. BankCorp Government Leasing and Finance, Inc. These funds are to be used for the School's energy performance project.

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable on that date. The School District is responsible for the billing and collection of taxes through October 31st, at which time the responsibility for uncollected taxes is transferred to the County. On or about April 1st, the County remits to the School District the balance of all uncollected taxes thus making the School District whole.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenses/expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2018, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories in the School Lunch Fund consist of surplus food, at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are received. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consists of insurance costs and other charges for services, which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent years budget and will benefit such periods. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives.

Class	Life in Years
Buildings and Improvements	20-50
Machinery and Equipment	8-20

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows of resources and deferred inflows of resources have been reported on the district-wide Statement of Net Position for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
New York State and Local Employees' Retirement System	$ 1,666,171	$ 1,874,483
New York State Teachers' Retirement System	11,876,463	2,904,598
Deferred Loss on Refunding Bonds	316,736	-
	$ 13,859,370	$ 4,779,081

The amount reported for the deferred loss on the refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*.

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for future capital projects, repairs, special purpose, property loss and liability, tax certiorari, debt service and retirement contributions. The balance is classified as unrestricted.

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

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

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable

Note 1 - Summary of Significant Accounting Policies (Continued)

requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

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

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

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

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

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

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 20, 2018.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.

b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.

c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.

d) The voters are permitted to vote upon the General Fund budget at the annual meeting.

e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

Note 2 - Stewardship, Compliance and Accountability (Continued)

f) Formal budgetary integration is employed during the year as a management control device for the General and Special Aid funds.

g) Budgets for the General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Debt Service, School Lunch or Special Purpose funds.

h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

i) Appropriations in the General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Board of Education.

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

C. Property Tax Limitation

The School District is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments, including school districts.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a School District in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of two percent or the annual increase in the consumer price index. Certain adjustments would be permitted as defined by Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation only if the budget is approved by at least 60% of the vote. There are certain exemptions to the tax levy limitation, such as expenditures made on account of certain tort settlements and certain increases in the actuarial contribution rates of the various public employee retirement systems.

Note 2 - Stewardship, Compliance and Accountability (Continued)

D. Capital Projects Fund Deficit

The following individual capital project had a deficit fund balance in the amount indicated:

Smart Schools Bond Act	$357,304

This deficit will be eliminated with the subsequent receipt or issuance of authorized financing.

E. Cumulative Effect of Change in Accounting Principle

For the year ended June 30, 2018, the School District implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("OPEB")". This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in accounting principle of $(57,461,894).

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The composition of interfund balances at June 30, 2018 is as follows:

Fund	Due From	Due To
General	$ 1,589,712	$ 5,462,575
Special Aid	-	1,232,408
Debt Service	5,337,020	-
Capital Projects	628,371	898,341
Non-Major Governmental	38,221	-
	$ 7,593,324	$ 7,593,324

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Note 3 - Detailed Notes on All Funds (Continued)

B. Capital Assets

Changes in the School District's capital assets are as follows:

Class	July 1, 2007, as reported	Reclassification	July 1, 2007, as restated	Additions	Deletions	Balance June 30, 2018
Capital Assets, not being depreciated						
Land	$ 2,891,200	$ -	$ 2,891,200	$ -	$ -	$ 2,891,200
Construction-in-Progress	50,686	-	50,686	17,850	50,686	17,850
Total Capital Assets, not being depreciated	$ 2,941,886	$ -	$ 2,941,886	$ 17,850	$ 50,686	$ 2,909,050
Capital Assets, being depreciated						
Buildings and Improvements	$ 39,855,165	763,487	40,618,652	$ 493,718	$ -	$ 40,348,883
Machinery and Equipment	3,039,938	(764,620)	2,275,318	495,722	-	3,535,660
Total Capital Assets, being depreciated	42,895,103	(1,133)	42,893,970	989,440	-	43,884,543
Less Accumulated Depreciation for						
Buildings and Improvements	14,259,610	(26,627)	14,232,983	898,384	-	15,157,994
Machinery and Equipment	1,237,654	25,494	1,263,148	160,896	-	1,398,550
Total Accumulated Depreciation	15,497,264	(1,133)	15,496,131	1,059,280	-	16,556,544
Total Capital Assets, being depreciated, net	$ 27,397,839	$ -	$ 27,397,839	$ (69,840)	$ -	$ 27,327,999
Capital Assets, net	$ 30,339,725	$ -	$ 30,339,725	$ (51,990)	$ 50,686	$ 30,237,049

Depreciation expense was charged to School District functions and programs as follows:

General Support	$ 93,864
Instruction	851,171
Pupil Transportation	67,653
Cost of Food Sales	46,592
Total Depreciation Expense	$ 1,059,280

C. Accrued Liabilities

Accrued liabilities at June 30, 2018 were as follows:

	General Fund
Payroll and Employee Benefits	$ 252,225

Note 3 - Detailed Notes on All Funds (Continued)

D. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2018:

	Balance, as Reported July 1, 2017	Change in Accounting Principle	Balance, as Restated July 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2018	Due Within One-Year
Bonds Payable	$ 10,934,911	$ -	$ 10,934,911	$ -	$ 1,680,000	$ 9,254,911	$ 1,565,000
Plus							
Unamortized premium on bonds	1,726,109	-	1,726,109	-	393,674	1,332,435	-
	12,661,020	-	12,661,020	-	2,073,674	10,587,346	1,565,000
Other Non-current Liabilities							
Energy Performance Contract Payable	-	-	-	6,921,212	-	6,921,212	372,130
Net Pension Liability	2,932,397	-	2,932,397	-	2,352,059	580,338	-
Compensated Absences	1,505,118	-	1,505,118	-	1,027,784	477,334	48,000
Other Post Employment Benefit Obligations Payable	11,342,242	57,461,894	68,804,136	3,193,240	2,031,890	69,965,486	-
Total Long-Term Liabilities	$ 28,440,777	$ 57,461,894	$ 85,902,671	$ 10,114,452	$ 7,485,407	$ 88,531,716	$ 1,985,130

The liabilities for bonds, compensated absences, energy performance contract, net pension liability and other post employment benefit obligations are liquidated by the General Fund.

Bonds Payable

Bonds payable at June 30, 2018 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2018
Refunding bonds	2015	$ 9,545,000	June, 2028	4.0 - 5.0 %	$ 6,759,911
Refunding bonds	2014	4,850,000	June, 2021	2.0 - 2.5	2,495,000
					$ 9,254,911

Interest expenditures of $423,825 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of $333,115 was recorded in the district-wide financial statements.

Energy Performance Contract

The School District entered into a lease agreement to finance the costs of the energy performance contract payable. The terms of this agreement provided for the repayment of the principal amount of $6,921,212 in annual installments through February, 2033. This interest rate is 3.318%. Interest expense of $82,576 was recorded in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of June 30, 2018 including interest payments of $3,848,593 are as follows:

Year Ending June 30,	Bonds Payable Principal	Bonds Payable Interest	Energy Performance Contract Principal	Energy Performance Contract Interest	Total Principal	Total Interest
2019	$ 1,565,000	$ 372,425	$ 372,130	$ 215,416	$ 1,937,130	$ 587,841
2020	1,555,000	326,125	383,294	220,634	1,938,294	546,759
2021	1,555,000	278,450	394,793	207,721	1,949,793	486,171
2022	695,000	229,000	406,636	194,421	1,101,636	423,421
2023	685,000	194,250	418,835	180,721	1,103,835	374,971
2024-2028	3,199,911	472,500	2,290,365	683,293	5,490,276	1,155,793
2029-2033	-	-	2,655,159	273,637	2,655,159	273,637
	$ 9,254,911	$ 1,872,750	$ 6,921,212	$ 1,975,843	$ 16,176,123	$ 3,848,593

The above general obligation bonds are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Pension Plans

New York State and Local Retirement System and Teachers' Retirement 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. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, 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, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a

Note 3 - Detailed Notes on All Funds (Continued)

public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2018 are as follows:

	Tier/Plan	Rate
ERS	2 75I	19.8 %
	4 A15	16.1
	5 A15	13.2
	6 A15	9.4
TRS	1-6	9.8 %

At June 30, 2018, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Net pension liability (asset)	$ 580,338	$ (896,824)
School Districts' proportion of the net pension liability (asset)	0.017981 %	0.117988 %
Change in proportion since the prior measurement date	(0.000338) %	0.00491 %

The net pension liability was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended June 30, 2018, the School District recognized pension expense in the district-wide financial statements of $2,883,891 ($698,845 for ERS and $2,185,046 for TRS). Pension expenditures of $2,691,913 ($735,015 for ERS and $1,956,898 for TRS) and $18,280 ($11,245 for ERS and $7,035 for TRS) were recorded in the fund financial statements and were charged to the General and Special Aid Funds, respectively.

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

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 206,988	$ 171,047	$ 737,866	$ 349,661
Changes of assumptions	384,812	-	9,125,355	-
Net difference between projected and actual earnings on pension plan investments	842,894	1,663,789	-	2,112,279
Changes in proportion and differences between School District contributions and proportionate share of contributions	58,897	39,647	13,580	442,658
School District contributions subsequent to the measurement date	172,580	-	1,999,662	-
	$ 1,666,171	$ 1,874,483	$ 11,876,463	$ 2,904,598

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 944,854	$ 520,708
Changes of assumptions	9,510,167	-
Net difference between projected and actual earnings on pension plan investments	842,894	3,776,068
Changes in proportion and differences between School District contributions and proportionate share of contributions	72,477	482,305
School District contributions subsequent to the measurement date	2,172,242	-
	$ 13,542,634	$ 4,779,081

$172,580 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2019. The $1,999,662 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Note 3 - Detailed Notes on All Funds (Continued)

Year Ended	March 31, ERS	June 30, TRS
2018	$ -	$ 138,008
2019	121,478	2,344,762
2020	102,479	1,658,177
2021	(415,321)	359,375
2022	(189,528)	1,653,150
Thereafter	-	818,731

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Investment rate of return	7.0% *	7.25% *
Salary scale	3.8%	1.90%-4.72%
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.5%

*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on 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. Active member mortality rates are based on plan member experience.

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

For ERS, the long-term expected 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 return, net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

For TRS, the 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

Note 3 - Detailed Notes on All Funds (Continued)

and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

	ERS March 31, 2018		TRS June 30, 2017	
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %	35 %	5.90 %
International Equity	14	6.35	18	7.40
Private Equity	10	7.50	8	9.00
Real Estate	10	5.55	11	4.30
Domestic Fixed Income Securities	-	-	16	1.60
Global Fixed Income Securities	-	-	2	1.30
High Yield Fixed Income Securities	-	-	1	3.90
Short-Term	-	-	1	0.60
Absolute Return Strategies	2	3.75	-	-
Opportunistic Portfolio	3	5.68	-	-
Real Assets	3	5.29	-	-
Bonds and Mortgages	17	1.31	8	2.80
Cash	1	(0.25)	-	-
Inflation Indexed Bonds	4	1.25	-	-
	100 %		100 %	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.2% for TRS.

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

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

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the ERS net pension liability	$ 4,390,990	$ 580,338	$ 2,643,322

	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
School District's proportionate share of the TRS net pension liability (asset)	$ 15,449,616	$ (896,824)	$ (14,586,155)

The components of the collective net pension liability as of the March 31, 2018 ERS measurement date and the June 30, 2017 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	$ 183,400,590,000	$ 114,708,261,032
Fiduciary net position	180,173,145,000	115,468,360,316
Employers' net pension liability (asset)	$ 3,227,445,000	$ (760,099,284)
Fiduciary net position as a percentage of total pension liability	98.24%	100.66%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2018 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2018 were $172,580 to ERS and $2,093,765 to TRS (including employee contribution of $140,117).

Compensated Absences

Under the terms of the existing collective bargaining agreements, the School District is required to compensate teachers retiring from the School District for accumulated sick time to a maximum of 300 days. Teachers will be compensated at $50 per day for unused leave up to 100 days and $100 per day from 101-300 days. In addition, pursuant to existing collective bargaining agreements, the School District is required to compensate employees retiring from the School District for

Note 3 - Detailed Notes on All Funds (Continued)

accumulated sick time to a maximum of 300 days for the twelve month employees and 250 days for ten month employees. Employees will be compensated at a rate of $45 and $40 per day, respectively, for any accumulations over 100 days. No payment will be made by the School District for unused vacation time upon separation from employment. The value of the compensated absences has been reflected in the district-wide financial statements.

Other Post Employment Benefit Obligations ("OPEB")

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	156
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	279
	435

The School District's total OPEB liability of $69,965,486 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3%, average, including inflation
Discount rate	3.7%
Healthcare cost trend rates	7.0% for 2019, decreasing 0.5% per year to an ultimate rate of 4.0% for 2025 and later years
Retirees' share of benefit-related costs	Retiree contribution rates vary by employee class and date of retirement.

The discount rate was based on an average of three 20-year bond indices (e.g., Bond Buys, 20 Bond G0, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of March 28, 2018.

Note 3 - Detailed Notes on All Funds (Continued)

Mortality rates were based on the Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using Projection Scale AA for 3.50 years plus ten years additional mortality improvement.

The actuarial assumptions used in the June 30, 2018 valuation reflects the retirement from the active plan and is based on age and gender period. This is the assumption used by the TRS and ERS.

The School District's change in the total OPEB liability for the year ended June 30, 2018 is as follows:

Total OPEB Liability - Beginning of Year	$ 68,804,136
Service cost	685,077
Interest	2,508,163
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	(2,031,890)
Total OPEB Liability - End of Year	$ 69,965,486

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 (2.7%) or 1 percentage point higher (4.7%) than the current discount rate:

	1% Decrease (2.7%)	Current Assumption (3.7%)	1% Increase (4.7%)
Total OPEB Liability	$ 85,189,223	$ 69,965,486	$ 58,740,398

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 healthcare cost trend rates that are 1 percentage point lower (6.0% decreasing to 3.0%) or 1 percentage point higher (8.0% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.0%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.0%)	1% Increase (8.0% decreasing to 5.0%)
Total OPEB Liability	$ 57,283,926	$ 69,965,486	$ 88,822,838

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended June 30, 2018 the School District recognized OPEB expense of $2,031,890 in the district-wide financial statements. At June 30, 2018, no amounts were reported in deferred outflows/inflows of resources.

G. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

	Transfers In			
Transfers Out	Special Aid Fund	Debt Service Fund	Capital Projects Fund	Total
General Fund	$ 69,352	$ 1,183,384	$ 52,060	$ 1,304,796

Transfers are used to move funds from the operating funds to the Debt Service Fund as debt service principal, interest payments become due and move amounts earmarked in the operating funds to fulfill commitments for the Special Aid Fund and move amounts earmarked in the General Fund to fulfill commitments for Capital Projects Fund expenditures.

H. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds that are directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Future Capital Projects - the component of net position that has been established pursuant to General Municipal Law to set aside funds to be used for future capital projects.

Restricted for Repairs - the component of net position that has been established pursuant to Section 6d of General Municipal Law to pay the cost of major repairs to School District assets.

Restricted for Special Purpose - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

Restricted for Property Loss and Liability - the component of net position that has been established to set aside funds for the deductible provisions of the School District's insurance policies in accordance with Section 6n of General Municipal Law.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Tax Certiorari - the component of net position that has been established in accordance with Education Law to provide funding for court ordered tax refunds which are currently in process.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

Restricted for Retirement Contributions - the component of net position that reports the amounts set aside to be used for retirement costs in accordance with Section 6r of General Municipal Law.

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

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2018					2017				
	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable										
Inventories	$ -	$ -	$ -	$ 8,344	$ 8,344	$ -	$ -	$ -	$ 8,501	$ 8,501
Prepaid expenditures	276,012	-	-	-	276,012	292,035	-	-	-	292,035
Total Nonspendable	276,012	-	-	8,344	284,356	292,035	-	-	8,501	300,536
Restricted										
Repairs	30,599	-	-	-	30,599	30,553	-	-	-	30,553
Property loss and liability	127,412	-	-	-	127,412	127,221	-	-	-	127,221
Tax certiorari	467,876	-	-	-	467,876	1,040,746	-	-	-	1,040,746
Tax certiorari for subsequent year's expenditures	500,000	-	-	-	500,000	225,000	-	-	-	225,000
Employee benefit accrued liability	477,334	-	-	-	477,334	1,505,119	-	-	-	1,505,119
Employee benefit accrued liability for subsequent year's expenditures	500,000	-	-	-	500,000	400,000	-	-	-	400,000
Retirement contributions	1,817,984	-	-	-	1,817,984	1,815,261	-	-	-	1,815,261
Retirement contributions for subsequent year's expenditures	500,000	-	-	-	500,000	300,000	-	-	-	300,000
Future capital projects	1,367,734	-	-	-	1,367,734	962,291	-	-	-	962,291
Debt service	-	5,337,020	-	-	5,337,020	-	6,254,971	-	-	6,254,971
Capital projects	-	-	6,816,289	-	6,816,289	-	-	487,812	-	487,812
Trusts	-	-	-	91,607	91,607	-	-	-	146,515	146,515
Total Restricted	5,788,939	5,337,020	6,816,289	91,607	18,033,855	6,406,191	6,254,971	487,812	146,515	13,295,489
Assigned										
Purchases on order										
General government support	581,666	-	-	-	581,666	592,741	-	-	-	592,741
Instruction	303,972	-	-	-	303,972	317,482	-	-	-	317,482
Pupil transportation	34	-	-	-	34	-	-	-	-	-
Employee benefits	1,434	-	-	-	1,434	8,000	-	-	-	8,000
	887,106	-	-	-	887,106	918,223	-	-	-	918,223
Subsequent year's expenditures	718,403	-	-	-	718,403	733,318	-	-	-	733,318
School Lunch Fund	-	-	-	219,522	219,522	-	-	-	212,346	212,346
Total Assigned	1,605,509	-	-	219,522	1,825,031	1,651,541	-	-	212,346	1,863,887
Unassigned	2,052,236	-	-	-	2,052,236	1,941,689	-	-	-	1,941,689
Total Fund Balance	$ 9,722,696	$ 5,337,020	$ 6,816,289	$ 319,473	$ 22,195,478	$ 10,291,456	$ 6,254,971	$ 487,812	$ 367,362	$ 17,401,601

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Prepaid Expenditures has been provided to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Employee benefit accrued liability has been established pursuant to General Municipal Law to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Trusts has been provided to report the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

Purchases on order represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2018, the Board has utilized the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as non-spendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which may require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

B. Contingencies

The School District participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to $1 million. The School District maintains liability coverage for school board members up to $1 million. The School District also maintains an umbrella policy with coverage up to $20 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District has also established a reserve for property loss and liability pursuant to General Municipal Law. At June 30, 2018, the balance in the reserve was $127,412, which is to be used for the uninsured portion of any losses.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Westchester-Putnam Schools Cooperative Self-Insurance Plan for Workers' Compensation. This plan operates under an agreement, as amended, dated February 6, 1987. The purposes of the plan are to provide for the efficient and economical evaluation, processing, administration, defense and payment of claims against Plan members for workers' compensation payments. The Board of Trustees of the Plan consists of five Trustees selected by the Plan members. Each Trustee shall have one vote and no action may be taken except by a majority vote of the total membership of Trustees. Billings to each participant are based upon the costs incurred for workers' compensation. The School District has transferred all related risk to the Plan.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Northern Westchester - Putnam Schools Cooperative Medical Expense Benefit Plan. The plan operates under an agreement dated February 17, 1989. The purposes of the plan are to provide for the efficient and economical evaluation, processing, administration and payment of claims against plan members for medical expenses through self-insurance and to provide for centralized administration, funding and disbursements for such services. The governance of the plan rests in the Board of Trustees which shall consist of five Trustees selected by the plan members. A majority vote of the total number of Trustees shall be required to taken any actions. The billings are based upon coverages provided to each participants' employees. The School District has transferred all related risk to the Plan.

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Putnam Valley Central School District, New York

Required Supplementary Information - Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1)

	2018
Total OPEB Liability:	
Service cost	$ 685,077
Interest	2,508,163
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	(2,031,890)
Net Change in Total OPEB Liability	1,161,350
Total OPEB Liability – Beginning of Year	68,804,136
Total OPEB Liability – End of Year	$ 69,965,486
School District's covered-employee payroll	$ 21,493,900
Total OPEB liability as a percentage of covered-employee payroll	326%

Notes to Schedule:

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

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

See independent auditors' report.

Putnam Valley Central School District, New York

Required Supplementary Information - Schedule of the
School District's Proportionate Share of the Net Pension Liability (Asset)
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

	2018 (3)	2017 (2)	2016	2015
School District's proportion of the net pension liability (asset)	(0.117988%)	0.113078%	(0.110161%)	(0.110175%)
School District's proportionate share of the net pension liability (asset)	$ (896,824)	$ 1,211,113	$ (11,442,268)	$ (12,272,786)
School District's covered payroll	$ 19,002,024	$ 17,826,436	$ 17,017,000	$ 16,679,000
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(4.72)%	6.79%	(67.24)%	(73.58)%
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%

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

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

(2) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.

Putnam Valley Central School District, New York

Required Supplementary Information - Schedule of Contributions
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

	2018	2017	2016	2015
Contractually required contribution	$ 1,963,607	$ 2,227,037	$ 2,363,785	$ 2,983,123
Contributions in relation to the contractually required contribution	(1,963,607)	(2,227,037)	(2,363,785)	(2,983,123)
Contribution excess	$ -	$ -	$ -	$ -
School District's covered payroll	$ 20,036,811	$ 19,002,024	$ 17,826,426	$ 17,017,000
Contributions as a percentage of covered payroll	9.80%	11.72%	13.26%	17.53%

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

Putnam Valley Central School District, New York

Required Supplementary Information - Schedule of the
School District's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	2018	2017	2016 (2)	2015
School District's proportion of the net pension liability	0.017981%	0.018319%	0.018833%	0.018730%
School District's proportionate share of the net pension liability	$ 580,338	$ 1,721,284	$ 3,022,746	$ 632,733
School District's covered payroll	$ 5,054,799	$ 4,851,419	$ 4,753,923	$ 4,824,000
School District's proportionate share of the net pension liability as a percentage of its covered payroll	11.48%	35.48%	63.58%	13.12%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

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

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

Putnam Valley Central School District, New York

Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	2018	2017	2016	2015
Contractually required contribution	$ 757,522	$ 749,797	$ 829,309	$ 855,220
Contributions in relation to the contractually required contribution	(757,522)	(749,797)	(829,309)	(855,220)
Contribution excess	$ -	$ -	$ -	$ -
School District's covered payroll	$ 4,346,645	$ 4,976,862	$ 4,988,810	$ 4,824,000
Contributions as a percentage of covered payroll	17.43%	15.07%	16.62%	17.73%

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

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Putnam Valley Central School District, New York

General Fund
Comparative Balance Sheet
June 30,

	2018	2017
ASSETS		
Cash and equivalents	$ 2,269,416	$ 1,362,664
Investments	13,289,273	15,741,408
Receivables		
Accounts	66,380	108,189
State and Federal aid	215,410	215,367
Due from other governments	726,763	710,203
Due from other funds	1,589,712	1,864,689
	2,598,265	2,898,448
Prepaid expenditures	276,012	292,035
Total Assets	$ 18,432,966	$ 20,294,555
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 729,125	$ 455,292
Accrued liabilities	252,225	647,483
Due to other funds	5,462,575	6,390,655
Due to retirement systems	2,266,345	2,509,669
Total Liabilities	8,710,270	10,003,099
Fund balance		
Nonspendable	276,012	292,035
Restricted	5,788,939	6,406,191
Assigned	1,605,509	1,651,541
Unassigned	2,052,236	1,941,689
Total Fund Balance	9,722,696	10,291,456
Total Liabilities and Fund Balance	$ 18,432,966	$ 20,294,555

See independent auditors' report.

Putnam Valley Central School District, New York

General Fund
Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Years Ended June 30,

	2018				
	Original Budget	Final Budget	Actual	Encumbr-ances	Variance with Final Budget Positive (Negative)
REVENUES					
Real property taxes	$ 31,219,236	$ 31,219,236	$ 31,164,016	$	$ (55,220)
Other tax items	4,596,585	4,596,585	4,602,321		5,736
Non-property taxes	-	-	53,856		53,856
Charges for services	400,000	400,000	281,944		(118,056)
Use of money and property	60,000	60,000	278,412		218,412
State aid	10,415,000	10,415,000	10,495,848		80,848
Miscellaneous	195,000	195,000	264,485		69,485
Total Revenues	46,885,821	46,885,821	47,140,882		255,061
EXPENDITURES					
Current					
General support					
Board of education	71,640	78,477	62,661	11,520	4,296
Central administration	407,837	365,001	360,503	1,498	3,000
Finance	608,735	633,684	599,064	19,016	15,604
Staff	314,861	276,747	231,479	-	45,268
Central services	2,980,755	3,721,918	3,035,633	517,632	168,653
Special items	571,400	753,729	716,249	32,000	5,480
Total General Support	4,955,228	5,829,556	5,005,589	581,666	242,301
Instruction					
Instruction, administration and improvement	2,288,390	2,355,848	2,309,956	41,750	4,142
Teaching - Regular school	14,220,086	14,461,967	14,194,052	178,793	89,122
Programs for students with disabilities	8,200,512	7,147,755	6,618,528	24,167	505,060
Instructional media	1,609,975	1,795,444	1,779,836	11,403	4,205
Pupil services	2,878,793	3,416,823	3,364,269	47,859	4,695
Total Instruction	29,197,756	29,177,837	28,266,641	303,972	607,224
Pupil transportation	2,629,893	2,484,132	2,476,181	34	7,917
Employee benefits	11,336,101	10,666,041	10,656,435	1,434	8,172
Total Expenditures	48,118,978	48,157,566	46,404,846	887,106	865,614
Excess (Deficiency) of Revenues Over Expenditures	(1,233,157)	(1,271,745)	736,036	(887,106)	1,120,675
OTHER FINANCING USES					
Transfers out	(1,343,384)	(1,304,796)	(1,304,796)	-	-
Net Change in Fund Balance	(2,576,541)	(2,576,541)	(568,760)	$ (887,106)	$ 1,120,675
FUND BALANCE					
Beginning of Year	2,576,541	2,576,541	10,291,456		
End of Year	$ -	$ -	$ 9,722,696		

See independent auditors' report.

2017				
Original Budget	Final Budget	Actual	Encumbr-ances	Variance with Final Budget Positive (Negative)
$ 30,761,467	$ 30,761,467	$ 30,712,908	$	$ (48,559)
4,748,497	4,748,497	4,762,889		14,392
-	-	50,924		50,924
225,000	225,000	328,073		103,073
25,000	25,000	126,338		101,338
10,049,681	10,049,681	10,365,812		316,131
270,000	270,000	270,219		219
46,079,645	46,079,645	46,617,163		537,518
74,972	84,753	78,416	2,365	3,972
398,130	385,516	380,115	298	5,103
628,705	626,652	617,472	4,475	4,705
323,816	227,893	204,208	-	23,685
2,745,986	3,144,186	2,558,583	585,603	-
574,276	545,620	529,520	-	16,100
4,745,885	5,014,620	4,368,314	592,741	53,565
2,032,630	2,510,145	2,199,632	11,115	299,398
13,494,847	13,930,733	13,778,034	128,100	24,599
8,222,628	8,005,467	7,744,079	30,187	231,201
1,297,996	1,406,253	1,300,291	98,809	7,153
2,837,849	2,811,112	2,714,828	49,271	47,013
27,885,950	28,663,710	27,736,864	317,482	609,364
2,779,400	2,362,211	2,282,369	-	79,842
11,438,994	10,802,307	10,154,273	8,000	640,034
46,850,229	46,842,848	44,541,820	918,223	1,382,805
(770,584)	(763,203)	2,075,343	(918,223)	1,920,323
(1,782,384)	(1,789,765)	(1,789,765)	-	-
(2,552,968)	(2,552,968)	285,578	$ (918,223)	$ 1,920,323
2,552,968	2,552,968	10,005,878		
$ -	$ -	$ 10,291,456		

Putnam Valley Central School District, New York

General Fund
Schedule of Revenues Compared to Budget
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	$ 31,219,236	$ 31,219,236	$ 31,164,016	$ (55,220)
OTHER TAX ITEMS				
School tax relief reimbursement	4,556,585	4,556,585	4,556,585	-
Interest and penalties on real property taxes	40,000	40,000	45,736	5,736
	4,596,585	4,596,585	4,602,321	5,736
NON-PROPERTY TAXES				
Non-property tax distribution from County	-	-	53,856	53,856
CHARGES FOR SERVICES				
Day school tuition	250,000	250,000	14,568	(235,432)
Other student fees and charges	150,000	150,000	267,376	117,376
	400,000	400,000	281,944	(118,056)
USE OF MONEY AND PROPERTY				
Earnings on investments	60,000	60,000	278,098	218,098
Commissions	-	-	314	314
	60,000	60,000	278,412	218,412

STATE AID				
Basic formula	7,586,578	7,586,578	7,180,730	(405,848)
BOCES aid	1,387,352	1,387,352	1,387,352	-
Textbook aid	104,443	104,443	104,443	-
Lottery aid	1,280,646	1,280,646	1,691,801	411,155
Computer software aid	45,691	45,691	45,691	-
Library materials aid	10,290	10,290	10,290	-
Tuition aided for handicap children	-	-	75,541	75,541
	10,415,000	10,415,000	10,495,848	80,848
MISCELLANEOUS				
Refund of prior year's expenditures	100,000	100,000	84,885	(15,115)
Refund of prior year's BOCES expenditures	50,000	50,000	86,568	36,568
Unclassified	45,000	45,000	93,032	48,032
	195,000	195,000	264,485	69,485
TOTAL REVENUES	$ 46,885,821	$ 46,885,821	$ 47,140,882	$ 255,061

See independent auditors' report.

Putnam Valley Central School District, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	$ 10,615	$ 11,715	$ 7,419	$ -	$ 4,296
District clerk	20,525	20,701	17,362	3,339	-
District meeting	40,500	46,061	37,880	8,181	-
Total Board of Education	71,640	78,477	62,661	11,520	4,296
CENTRAL ADMINISTRATION					
Chief school administrator	407,837	365,001	360,503	1,498	3,000
FINANCE					
Business administration	250,572	263,953	250,535	1,376	12,042
Auditing	70,000	75,400	75,400	-	-
Treasurer	165,125	155,125	153,267	7	1,851
Tax collector	111,038	103,206	101,495	-	1,711
Fiscal agent fees	12,000	36,000	18,367	17,633	-
Total Finance	608,735	633,684	599,064	19,016	15,604
STAFF					
Legal	115,000	106,000	81,332	-	24,668
Personnel	169,991	140,877	123,015	-	17,862
Public information and services	29,870	29,870	27,132	-	2,738
Total Staff	314,861	276,747	231,479	-	45,268

CENTRAL SERVICES					
Operation and maintenance of plant	2,980,755	3,721,918	3,035,633	517,632	168,653
SPECIAL ITEMS					
Unallocated insurance	204,000	198,512	194,809	-	3,703
School association dues	20,400	14,317	14,317	-	-
Judgments and claims	25,000	218,900	218,613	-	287
Administrative charges - BOCES	322,000	322,000	288,510	32,000	1,490
Total Special Items	571,400	753,729	716,249	32,000	5,480
Total General Support	4,955,228	5,829,556	5,005,589	581,666	242,301
INSTRUCTION					
INSTRUCTION, ADMINISTRATION AND IMPROVEMENT					
Curriculum development and supervision	354,115	404,212	374,532	29,680	-
Supervision - Regular school	1,934,275	1,951,636	1,935,424	12,070	4,142
Total Instruction, Administration and Improvement	2,288,390	2,355,848	2,309,956	41,750	4,142
TEACHING - REGULAR SCHOOL	14,220,086	14,461,967	14,194,052	178,793	89,122
PROGRAMS FOR STUDENTS WITH DISABILITIES	8,200,512	7,147,755	6,618,528	24,167	505,060
INSTRUCTIONAL MEDIA					
School library and audiovisual	215,402	197,005	193,761	1,350	1,894
Computer assisted instruction	1,394,573	1,598,439	1,586,075	10,053	2,311
Total Instructional Media	1,609,975	1,795,444	1,779,836	11,403	4,205

(Continued)

Putnam Valley Central School District, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
PUPIL SERVICES					
Guidance - Regular school	$ 642,840	$ 611,842	$ 600,975	$ 10,000	$ 867
Health services - Regular school	295,654	270,211	265,617	3,803	791
Psychological services - Regular school	385,800	352,800	352,148	-	652
Pupil personnel services - Special schools	295,965	911,372	911,372	-	-
Co-curricular activities - Regular school	278,755	324,294	323,668	-	626
Interscholastic activities - Regular school	979,779	946,304	910,489	34,056	1,759
Total Pupil Services	2,878,793	3,416,823	3,364,269	47,859	4,695
Total Instruction	29,197,756	29,177,837	28,266,641	303,972	607,224
PUPIL TRANSPORTATION					
District transportation services	1,152,532	1,110,260	1,102,309	34	7,917
Contract transportation	1,477,361	1,373,872	1,373,872	-	-
Total Pupil Transportation	2,629,893	2,484,132	2,476,181	34	7,917
EMPLOYEE BENEFITS					
State retirement	1,031,821	735,015	735,015	-	-
Teachers' retirement	2,021,681	1,956,898	1,956,898	-	-
Social security	2,073,455	1,892,248	1,892,248	-	-
Workers' compensation benefits	140,000	140,000	135,197	-	4,803
Life insurance	12,000	12,000	11,903	-	97
Unemployment benefits	50,000	3,021	3,021	-	-
Hospital, medical and dental insurance	5,535,394	5,425,660	5,423,824	1,434	402
Union welfare benefits	471,750	501,199	498,329	-	2,870
Total Employee Benefits	11,336,101	10,666,041	10,656,435	1,434	8,172
TOTAL EXPENDITURES	48,118,978	48,157,566	46,404,846	887,106	865,614

OTHER FINANCING USES					
Transfers out					
Special Aid Fund	85,000	69,352	69,352	-	-
Debt Service Fund	1,183,384	1,183,384	1,183,384	-	-
Capital Projects Fund	75,000	52,060	52,060	-	-
TOTAL OTHER FINANCING USES	1,343,384	1,304,796	1,304,796	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 49,462,362	$ 49,462,362	$ 47,709,642	$ 887,106	$ 865,614

See independent auditors' report.

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Putnam Valley Central School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	2018	2017
ASSETS		
Cash and equivalents	$ 475,279	$ 970,674
State and Federal aid receivable	757,129	889,686
Total Assets	$ 1,232,408	$ 1,860,360
LIABILITIES		
Due to other funds	$ 1,232,408	$ 1,860,360

See independent auditors' report.

Putnam Valley Central School District, New York

Special Aid Fund
Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Years Ended June 30,

	2018			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
State aid	$ 277,409	$ 277,409	$ 277,409	$ -
Federal aid	554,777	570,823	562,200	(8,623)
Total Revenues	832,186	848,232	839,609	(8,623)
EXPENDITURES				
Current				
Instruction	917,186	917,584	908,961	8,623
Deficiency of Revenues Over Expenditures	(85,000)	(69,352)	(69,352)	-
OTHER FINANCING SOURCES				
Transfers in	85,000	69,352	69,352	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	$ -	$ -	$ -	$ -

See independent auditors' report.

2017			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 369,525	$ 369,525	$ 369,525	$ -
514,607	562,353	546,307	(16,046)
884,132	931,878	915,832	(16,046)
969,132	1,024,259	1,008,213	16,046
(85,000)	(92,381)	(92,381)	-
85,000	92,381	92,381	-
-	-	-	-
-	-	-	-
$ -	$ -	$ -	$ -

Putnam Valley Central School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	2018	2017
ASSETS		
Due from other funds	$ 5,337,020	$ 6,254,971
FUND BALANCE		
Restricted	$ 5,337,020	$ 6,254,971

See independent auditors' report.

Putnam Valley Central School District, New York

Debt Service Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	2018	2017
REVENUES		
Use of money and property	$ 2,490	$ 71
EXPENDITURES		
Debt service		
Serial bonds		
Principal	1,680,000	1,665,000
Interest	423,825	490,425
Total Expenditures	2,103,825	2,155,425
Deficiency of Revenues Over Expenditures	(2,101,335)	(2,155,354)
OTHER FINANCING SOURCES		
Transfers in	1,183,384	1,697,384
Net Change in Fund Balance	(917,951)	(457,970)
FUND BALANCE		
Beginning of Year	6,254,971	6,712,941
End of Year	$ 5,337,020	$ 6,254,971

See independent auditors' report.

Putnam Valley Central School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	2018	2017
ASSETS		
Cash and equivalents	$ 176,956	$ 394,240
Restricted cash	6,923,404	-
Due from other funds	628,371	632,119
State and Federal aid receivable	357,304	-
Total Assets	$ 8,086,035	$ 1,026,359
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 14,101	$ -
Due to other funds	898,341	538,547
Unearned revenues	357,304	-
Total Liabilities	1,269,746	538,547
Fund balance		
Restricted	6,816,289	487,812
Total Liabilities and Fund Balance	$ 8,086,035	$ 1,026,359

See independent auditors' report.

Putnam Valley Central School District, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30,

	2018	2017
REVENUES	$ -	$ -
EXPENDITURES		
Capital outlay	644,795	124,206
Deficiency of Revenues Over Expenditures	(644,795)	(124,206)
OTHER FINANCING SOURCES		
Energy performance contract issued	6,921,212	-
Transfers in	52,060	-
Total Other Financing Sources	6,973,272	-
Net Change in Fund Balance	6,328,477	(124,206)
FUND BALANCE		
Beginning of Year	487,812	612,018
End of Year	$ 6,816,289	$ 487,812

See independent auditors' report.

Putnam Valley Central School District, New York

Capital Projects Fund
Project-Length Schedule
Inception of Project Through June 30, 2018

PROJECT	Project Budget	Expenditures and Transfers To Date: Prior Years	Current Year	Totals
School Bus Replacements	$ 1,352,886	$ 1,352,486	$ -	$ 1,352,486
Elementary School/Middle School Construction	7,450,000	7,447,128	-	7,447,128
General Reconstruction				
General Reconstruction	1,834,476	1,585,367	-	1,585,367
Middle School Roof	257,000	257,000	-	257,000
Middle School Elevator	140,674	50,686	89,988	140,674
Window Replacements	17,850	-	17,850	17,850
	2,250,000	1,893,053	107,838	2,000,891
Student Transportation Vehicles	52,060	-	52,060	52,060
Geothermal Piping/Sewer Ejector Pump	309,800	182,207	127,593	309,800
Smart Schools Bond Act	915,998	-	357,304	357,304
Energy Performance Project	6,921,212	-	-	-
Totals	$ 19,251,956	$ 10,874,874	$ 644,795	$ 11,519,669

See independent auditors' report.

	Methods of Financing			Fund Balance (Deficit) at
Unexpended Balance	Interfund Transfers	Proceeds of Obligations	Total	June 30, 2018
$ 400	$ -	$ 1,352,886	$ 1,352,886	$ 400
2,872	-	7,450,000	7,450,000	2,872
249,109	-	1,834,476	1,834,476	249,109
-	-	257,000	257,000	-
-	-	140,674	140,674	-
-	-	17,850	17,850	-
249,109	-	2,250,000	2,250,000	249,109
-	52,060	-	52,060	-
-	309,800	-	309,800	-
558,694	-	-	-	(357,304)
6,921,212	-	6,921,212	6,921,212	6,921,212
$ 7,732,287	$ 361,860	$ 17,974,098	$ 18,335,958	$ 6,816,289

Putnam Valley Central School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018
(With Comparative Totals for 2017)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds 2018	2017
ASSETS				
Cash and equivalents	$ 255,310	$ 63,364	$ 318,674	$ 354,466
Receivables				
Accounts	160	80	240	177
State and Federal aid	13,353	-	13,353	635
Due from other funds	-	38,221	38,221	42,111
	13,513	38,301	51,814	42,923
Inventories	8,344	-	8,344	8,501
Total Assets	$ 277,167	$ 101,665	$ 378,832	$ 405,890
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 48,881	$ 10,058	$ 58,939	$ 33,723
Due to other funds	-	-	-	4,328
Due to other governments	420	-	420	477
Total Liabilities	49,301	10,058	59,359	38,528
Fund balances				
Nonspendable	8,344	-	8,344	8,501
Restricted	-	91,607	91,607	146,515
Assigned	219,522	-	219,522	212,346
Total Fund Balances	227,866	91,607	319,473	367,362
Total Liabilities and Fund Balances	$ 277,167	$ 101,665	$ 378,832	$ 405,890

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2018
(With Comparative Totals for 2017)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds 2018	Total Non-Major Governmental Funds 2017
REVENUES				
Use of money and property	$ 385	$ 214	$ 599	$ 348
State aid	10,396	-	10,396	11,196
Federal aid	236,337	-	236,337	232,964
Food sales	499,442	-	499,442	468,903
Miscellaneous	15,825	175,353	191,178	212,986
Total Revenues	762,385	175,567	937,952	926,397
EXPENDITURES				
Current				
Cost of food sales	755,366	-	755,366	946,731
Other	-	230,475	230,475	212,770
Total Expenditures	755,366	230,475	985,841	1,159,501
Excess (Deficiency) of Revenues Over Expenditures	7,019	(54,908)	(47,889)	(233,104)
FUND BALANCES				
Beginning of Year	220,847	146,515	367,362	600,466
End of Year	$ 227,866	$ 91,607	$ 319,473	$ 367,362

See independent auditors' report.

Putnam Valley Central School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	2018	2017
ASSETS		
Cash and equivalents	$ 255,310	$ 245,911
Receivables		
Accounts	160	-
State and Federal aid	13,353	635
	13,513	635
Inventories	8,344	8,501
Total Assets	$ 277,167	$ 255,047
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 48,881	$ 33,723
Due to other governments	420	477
Total Liabilities	49,301	34,200
Fund balance		
Nonspendable	8,344	8,501
Assigned	219,522	212,346
Total Fund Balance	227,866	220,847
Total Liabilities and Fund Balance	$ 277,167	$ 255,047

See independent auditors' report.

Putnam Valley Central School District, New York

School Lunch Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30,

	2018	2017
REVENUES		
Use of money and property	$ 385	$ 222
State aid	10,396	11,196
Federal aid	236,337	232,964
Food sales	499,442	468,903
Miscellaneous	15,825	24,242
Total Revenues	762,385	737,527
EXPENDITURES		
Current		
Cost of food sales	755,366	946,731
Excess (Deficiency) of Revenues Over Expenditures	7,019	(209,204)
FUND BALANCE		
Beginning of Year	220,847	430,051
End of Year	$ 227,866	$ 220,847

See independent auditors' report.

Putnam Valley Central School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	2018	2017
ASSETS		
Cash and equivalents	$ 63,364	$ 108,555
Accounts receivable	80	177
Due from other funds	38,221	42,111
Total Assets	$ 101,665	$ 150,843
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 10,058	$ -
Due to other funds	-	4,328
Total Liabilities	10,058	4,328
Fund balance		
Restricted	91,607	146,515
Total Liabilities and Fund Balance	$ 101,665	$ 150,843

See independent auditors' report.

Putnam Valley Central School District, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30,

	2018	2017
REVENUES		
Use of money and property	$ 214	$ 126
Miscellaneous	175,353	188,744
Total Revenues	175,567	188,870
EXPENDITURES		
Current		
Other	230,475	212,770
Deficiency of Revenues Over Expenditures	(54,908)	(23,900)
FUND BALANCE		
Beginning of Year	146,515	170,415
End of Year	$ 91,607	$ 146,515

See independent auditors' report.

Putnam Valley Central School District, New York

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2018

Adopted Budget	$	48,544,139
Encumbrances		918,223
Original/Final Budget	$	49,462,362

General Fund
Section 1318 of Real Property Tax Law Limit Calculation

2018-19 Expenditure Budget		$	51,294,919
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law			
Unrestricted fund balance			
Assigned fund balance	1,605,509		
Unassigned fund balance	2,052,236		
Total Unrestricted Fund Balance	3,657,745		
Less			
Appropriated for subsequent year's budget	718,403		
Encumbrances	887,106		
Total Adjustments	1,605,509		
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$	2,052,236
Actual Percentage			4.00%

See independent auditors' report.

Putnam Valley Central School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2018

Capital Assets, net		$ 30,237,049
Less		
Bonds Payable	(9,254,911)	
Energy Performance Contract Payable	(6,921,212)	
Unamortized Portion of Premium on Bonds	(1,332,435)	(17,508,558)
Plus		
Unexpended Bond Proceeds	252,381	
Unexpended Energy Performance Contract Payable	6,921,212	
Unamortized Portion of Loss on Refunding Bonds	316,736	7,490,329
Net Investment in Capital Assets		$ 20,218,820

See independent auditors' report.

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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*

Independent Auditors' Report

The Board of Education of the
Putnam Valley Central School District, 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 Putnam Valley Central School District, New York ("School District") as of and for the year ended June 30, 2018, 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 September 20, 2018.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
September 20, 2018

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

The Board of Education of the
Putnam Valley Central School District, New York

Report on Compliance for Each Major Federal Program

We have audited the Putnam Valley Central School District, New York's ("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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

PKF O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.pkfod.com

Opinion on Each Major Federal Program

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
September 20, 2018

Putnam Valley Central School District, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number (1)	Pass-Through Entity Identifying Number	Passed Through to Sub-Recipients	Total Program Expenditures
U.S. Department of Agriculture				
Indirect Programs - Passed through New York State Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A	$ -	$ 27,655
National School Lunch Program - Commodities	10.555	N/A	-	41,883
National School Lunch Program - Cash	10.555	N/A	-	166,799
Total U.S. Department of Agriculture			-	236,337
U.S. Department of Education				
Indirect Programs - Passed through New York State Department of Education				
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	0032-18-0741	-	363,353
Special Education - Preschool Grants	84.173	0033-18-0741	-	17,202
Subtotal Special Education Cluster			-	380,555
Title I Grants to Local Educational Agencies	84.010	0021-18-2460	-	121,236
English Language Acquisition State Grants	84.365	0152-17-2460	-	23,749
Supporting Effective Instruction State Grants	84.367	0147-18-2460	-	36,660
Total U.S. Department of Education			-	562,200
Hurricane Education Recovery	84.938	N/A	-	6,750
Total Expenditures of Federal Awards			$ -	$ 805,287

(1) Catalog of Federal Domestic Assistance number.

N/A - Information not available.

The accompanying notes are an integral part of this schedule.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Putnam Valley Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2018. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with 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").* Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minis indirect cost rate allowed under the Uniform Guidance. Pass-through identifying numbers are presented where available.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

None

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	____Yes __X__No
• Significant deficiency(ies) identified?	____Yes __X__None reported
Noncompliance material to financial statements noted?	____Yes __X__No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	____Yes __X__No
• Significant deficiency(ies) identified?	____Yes __X__None reported
Type of auditors' report issued on compliance for major federal 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 federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Child Nutrition Cluster:
10.533	School Breakfast Program
10.555	National School Lunch Program - Commodities
10.555	National School Lunch Program – Cash
84.010	Title 1 Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	______Yes __X__No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None