

REFUNDING ISSUE**STANDARD & POOR'S: "A+/STABLE OUTLOOK"****SERIAL BOND****See "BOND RATING" herein**

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

The District will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$5,010,000*

SULLIVAN WEST CENTRAL SCHOOL DISTRICT DELAWARE AND SULLIVAN COUNTIES, NEW YORK



**GENERAL OBLIGATIONS
CUSIP BASE: 865353**

\$5,010,000* School District Refunding (Serial) Bonds, 2021
(the "Bonds")

Dated: Date of Delivery

Due: June 15, 2021-2024

MATURITIES*

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>
2021	\$ 5,000	%	%		2023	\$ 1,670,000	%	%		2024	\$ 1,720,000	%	%	
2022	1,615,000													

The Bonds will be general obligations of the Sullivan West Central School District (the "District"), Delaware and Sullivan Counties, New York 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. (See "TAX LEVY LIMITATION LAW" and "NATURE OF OBLIGATION" herein).

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM").

Interest on the Bonds will be payable on June 15, 2021, December 15, 2021, and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein. The Bonds are not subject to redemption prior to maturity.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York. Certain legal matters will be passed on for the Underwriter by its Counsel, Hawkins Delafield & Wood LLP, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey on or about March 30, 2021.

ROOSEVELT & CROSS INCORPORATED

March __, 2021

* Preliminary, subject to change.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT

SULLIVAN AND DELAWARE COUNTIES, NEW YORK

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President



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* * * * *

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Superintendent of Schools

LORRAINE POSTON

Assistant Superintendent for Administrative Services

CHRISTINA MECKLE

School District Treasurer



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor

BOND SCHOENECK
& KING

Bond Counsel

No person has been authorized by Sullivan West 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 Bonds 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 Sullivan West Central School District.

The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PREPARED WITH THE ASSISTANCE OF



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

www.fiscaladvisors.com

OFFICIAL STATEMENT
of the
SULLIVAN WEST CENTRAL SCHOOL DISTRICT
DELAWARE AND SULLIVAN COUNTIES, NEW YORK
Relating To
\$5,010,000* School District Refunding (Serial) Bonds, 2021

This Official Statement, which includes the cover page and appendices, has been prepared by the Sullivan West Central School District, Delaware and Sullivan Counties, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the School District of \$5,010,000* principal amount of School District Refunding (Serial) Bonds, 2021 (the "Bonds").

The factors affecting the District's financial condition and the Bonds 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 Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

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

NATURE OF OBLIGATION

Each Bond 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 Bonds 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). Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limitation Law" or "Chapter 97") 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 Bonds 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. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes (such as the Bonds). The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance or refinance deficits and certain judgments, including tax certiorari refund payments. (See "THE TAX LEVY LIMITATION LAW" herein.) (See "TAX LEVY LIMITATION LAW" herein).

* Preliminary, subject to change.

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

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

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

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

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

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

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

THE BONDS

Description of the Bonds

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

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the cover page. The Bonds are not subject to redemption prior to maturity. The “Record Date” of the Bonds will be the last day (whether or not a business day) of the calendar month immediately preceding each such interest payment date.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on June 15, 2021, December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

No Optional Redemption

The Bonds are not subject to redemption prior to maturity.

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds 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 bond certificate will be issued for each maturity of the Bonds.

DTC 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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.

Purchasers of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 the Bonds 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds 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 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 or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (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 BONDS.

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

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds 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 transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the District upon termination of the book-entry-only system. Interest on the Bonds will be payable on June 15, 2021, December 15, 2021, and semi-annually thereafter on June 15 and December 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last day (whether or not a business day) of the calendar month preceding an interest payment date and such interest payment date.

AUTHORIZATION AND PLAN OF REFUNDING

Authorization and Purposes

The Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly section 90.10 of the Local Finance Law, a refunding bond resolution adopted by the Board of Education on January 21, 2021 (the “Refunding Bond Resolution”) and other proceedings and determinations related thereto. The Refunding Bond Resolution authorizes the refunding of all or a portion of the \$5,180,000 outstanding principal balance of the School District Refunding (Serial) Bonds, 2011, dated December 7, 2011, originally issued by the School District in the aggregate principal amount of \$18,840,000 (“Refunded Bonds”) and authorizes issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were authorized by the Board of Education pursuant to a bond resolution adopted to provide funds for the following purposes and amounts:

\$18,840,000 School District Refunding (Serial) Bonds, 2011 – December 7, 2011

<u>Purpose</u>	<u>Amount Originally Issued</u>
Refunding of the District’s 2004 Bonds	\$ 18,840,000

The proceeds of the Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the “Government Obligations”) and pay certain costs of issuance related to the Bonds. The principal of and investment income on the portfolio of Government Obligations together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined) are expected to be sufficient to pay the maturing principal of and interest on the Refunded Bonds.

The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the District’s refunding financial plan (the “Refunding Financial Plan”). The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be applied to purchase a portfolio of U.S. Treasury securities (the “Government Obligations”) with any remaining amount to be held uninvested in cash. The Government Obligations and un-invested cash are to be placed in an irrevocable escrow fund (the “Escrow Deposit Fund”) with Manufacturers and Traders Trust Company, (the “Escrow Holder”), pursuant to the terms of an escrow contract (the “Escrow Contract”) by and between the District and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations will mature in amounts and bear interest sufficient, together with any un-invested cash, to pay the accrued interest on, and the redemption price of the Refunded Bonds (being equal to 100% of the principal amount thereof) on June 15, 2021 (the “Redemption Date”). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to call the Refunded Bonds for redemption on the Redemption Date. The owners of the Refunded Bonds will have a first lien on all of the cash and Government Obligations necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the uninvested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The District is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the District and will continue to be payable from District sources legally available therefore until they are redeemed on June 15, 2021. However, inasmuch as the Government Obligations and cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all scheduled payments of interest on, and the redemption price of, the Refunded Bonds, it is not anticipated that such District sources of payment will be used. (See “Verification of Mathematical Computations” herein.)

The list of Refunded Bond maturities set forth on the following page, may be changed by the District in its sole discretion due to market or other factors considered relevant by the District at the time of pricing of the Bonds and no assurance can be given that any particular series of bonds listed or that any particular maturity thereof will be refunded.

\$18,840,000 School District Refunding (Serial) Bonds, 2011 – December 7, 2011
CUSIP BASE: 865353

<u>Due June 15th</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CSP</u>
2022	\$ 1,650,000	5.00%	6/15/2021	100.00%	CJ3
2023	1,730,000	5.00	6/15/2021	100.00	CK0
2026	<u>1,800,000</u>	5.00	6/15/2021	100.00	CL8
	<u>\$ 5,180,000</u>				

The proceeds of the Refunded Bonds have been expended.

Verification of Mathematical Computations

Causey Demgen & Moore PC, a firm of independent public accountants, will deliver to the District, on or before the date of delivery of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the District and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the maturing principal of and interest on the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” under the Code and the regulations promulgated thereunder.

The verification performed by Causey Demgen & Moore PC will be solely based upon data, information and documents provided to Causey Demgen & Moore PC by the District and its representatives. Causey Demgen & Moore PC reports of its verification will state Causey Demgen & Moore PC has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Par Amount of the Bonds	\$
	Original Issue Premium (Discount)	
	Total	\$
Uses:	Deposit to Escrow Fund	\$
	Underwriter's Discount	
	Costs of Issuance and Contingency	
	Total	\$

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THE SCHOOL DISTRICT

General Information

On July 1, 1999, Delaware Valley, Jeffersonville-Youngsville and Narrowsburg Central School Districts merged to form the Sullivan West Central School District at Callicoon-Jeffersonville-Youngsville-Narrowsburg. The School District, with an approximate land area of 242 square miles, lies 90 miles southwest of Albany and 90 miles northwest of New York City, in the southern sector of the Catskill Mountains. The School District includes most of the Towns of Callicoon, Cohecton, Delaware, Fremont, and Tusten and small portions of Bethel and Liberty, all located in Sullivan County and a small portion of the Town of Hancock, located in Delaware County. The total population is approximately 10,583 persons.

Major highways within or in close proximity to the School District include Route #17/Interstate Route 86 (The Southern Tier Expressway) which runs east-west and connects with Interstate #90 near Erie, Pennsylvania and Interstate Route #87, which extends north to Canada and south to New York City at the Town of Monroe. The School District also encompasses New York State Routes #52, #97 and #17B and several County Routes. Air transportation through the Sullivan County Airport is provided by various national and regional airlines. Electric service is provided by New York State Electric & Gas. Sewer and water services are provided in the District by the municipalities located in the District. Police protection is provided by Town, County and State agencies. Fire protection is provided by various volunteer units. Banking services are provided by: Jeff Bank, JP Morgan Chase, NYLAF, NYCLASS and M&T Bank.

Source: District officials.

Population

The estimated population of the School District is estimated to be 10,071. (Source: 2019 U.S. Census Bureau)

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>
Towns of:						
Hancock	\$ 16,057	\$ 23,292	\$ 26,507	\$ 37,125	\$ 52,992	\$ 61,893
Bethel	25,335	24,777	36,229	37,321	57,780	78,646
Callicoon	19,272	26,138	33,006	46,645	63,750	77,457
Cohecton	19,841	26,784	33,649	46,875	68,875	75,150
Delaware	17,884	28,349	30,980	45,875	70,417	72,500
Fremont	18,087	32,205	37,639	40,938	67,455	87,955
Liberty	17,565	22,037	25,601	37,689	53,186	58,160
Tusten	19,413	26,592	32,927	46,250	62,143	62,125
Counties of:						
Sullivan	18,892	23,422	30,446	43,458	57,388	71,365
Delaware	17,357	22,928	27,701	39,695	53,590	64,686
State of:						
New York	23,389	30,948	39,326	51,691	67,405	84,385

Note: 2016-2020 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 2015-2019 American Community Survey data.

Larger Employers

The following are the four larger employers within or in close proximity to the School District.

<u>Name</u>	<u>Type</u>	<u>Estimated Number of Employees</u>
Villa Roma Resort & Confer Ctr	Resort	400
Peck's Market	Market	185
First Nat'l Bank of Jeffersonville	Bank	125
Delaware Valley Job Corps.	School for Academic & Career Training	95
Garnet Health Medical Center	Hospital	36

Source: District officials.

Unemployment Rate Statistics

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

	<u>Annual Average</u>					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Sullivan County	6.5%	5.4%	4.8%	4.9%	4.1%	4.0%
Delaware County	6.5%	6.0%	5.5%	5.6%	4.8%	4.7%
New York State	6.3%	5.3%	4.8%	4.7%	4.1%	4.0%

	<u>2020-2021 Monthly Figures</u>											
	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>July</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
Sullivan County	13.2%	10.8%	12.1%	13.6%	10.8%	6.6%	6.5%	5.8%	6.2%	N/A	N/A	N/A
Delaware County	12.5%	9.0%	9.1%	10.2%	7.6%	4.8%	5.1%	4.7%	5.6%	N/A	N/A	N/A
New York State	15.1%	14.2%	15.5%	16.0%	12.5%	9.3%	9.0%	8.1%	8.1%	N/A	N/A	N/A

Note: Unemployment rates for January, February and March 2021 are not available as of the date of this Official Statement. Unemployment rates for the foreseeable future are expected to increase substantially over prior periods as a result of the COVID-19 pandemic.

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 School District, consists of nine members with overlapping three-year terms so that as nearly as possible an equal number is elected to the Board each year. Each Board member must be a qualified voter of the School 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

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. This tentative budget must be completed at least fourteen days before the annual District meeting at which it is to be presented. Copies are available upon request to taxpayers within the School District, fourteen days preceding such meeting and at each such meeting. The Board must also give notice that a copy of the tentative budget may be obtained at each schoolhouse within the School District.

The Board of Education causes a notice to be published stating the time, date, place and purpose of the annual or district meeting. At least forty-five days must elapse between the first publication of such notice and the date specified for such meeting. The meeting must be held at the time and place specified but it may be adjourned to permit voting on the following day. If the qualified voters at the annual or School District meeting approve the tentative budget, the Board of Education, by resolution adopts the tentative budget as the budget of the School District for the ensuing year.

If by majority vote the budget is rejected, the Board of Education may make any change, alteration or revision to the budget and may hold a second public hearing and referendum. If no budget is approved, the Board of Education, must, pursuant to law, adopt by resolution an austerity budget for the ensuing fiscal year. The Board of Education may then levy a tax for ordinary contingent expenses of the School District, which includes debt service, in a like manner as if the same had been voted by the qualified voters.

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.

Recent Budget Votes

The District’s 2019-2020 budget was approved by the qualified voters of the School District on May 21, 2019 with a vote of 369 to 111. The District’s budget for 2019-20 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The tax increase was 2.50%, which was equal to the District’s allowable Tax Cap of 2.50% for the 2019-20 fiscal year.

The District’s 2020-2021 budget was approved by the qualified voters of the School District on June 16, 2020 with a vote of 1,023 to 574. The District’s budget for 2020-21 remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The tax increase is 1.98%, which is below the District’s allowable Tax Cap of 2.67% for the 2020-21 fiscal year.

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 Bond 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.

Consistent with the above statutory limitations, it is the School District’s current policy to invest in: (1) Savings Accounts, Now Accounts or Money Market Accounts of designated banks, (2) Certificates of Deposit issued by a bank or trust company located and authorized to do business in New York State, (3) Demand Deposit Accounts in a bank or trust company authorized to do business in New York State, (4) Obligations of New York State, (5) Obligations of the United States Government (U.S. Treasury Bills and Notes), (6) Repurchase Agreements involving the purchase and sale of direct obligations of the United States.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2020-2021 fiscal year, approximately 44.02% 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.

COVID-19

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

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

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

Potential Reductions in Federal Aid Received by the State

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

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

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

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

Building aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2021-2022 preliminary building aid ratios, the District expects to receive State building aid of approximately 70.4% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

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

School district fiscal year (2016-2017): The 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 \$8,448,553. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

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

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

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

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

On October 30, 2020, the New York State Division of Budget (the "DOB") released its Fiscal Year 2021 Mid-Year State Budget Financial Plan Update (the "Financial Plan"), which projects a \$14.9 billion General Fund revenue decline and a 15.3% All Funds tax receipts decline from the Budget forecast released in February, creating a total loss of nearly \$63 billion through fiscal year 2024 as a direct consequence of the COVID-19 pandemic. The budget gaps for future years are now projected at \$8.7 billion in fiscal year 2022, \$9.7 billion in fiscal year 2023, and \$9.4 billion in fiscal year 2024. The Financial Plan estimates and projections for each year, including fiscal year 2021, reflect \$8 billion in local aid reductions that are expected to be executed pursuant to the budget reduction authority granted to the Budget Director in the Enacted Budget (the "Reduction Authority"). Substantially all such outyear savings are dependent on the Legislature approving the continuation of the Reduction Authority or specific gap-closing actions, or both, in future years. If the U.S. Congress approves substantial new recovery aid to the states and localities, the level of State-planned reductions may be reduced. In the absence of Federal action since enactment of the FY 2021 budget, DOB began withholding 20 percent of most local aid payments in June 2020, pursuant to the withholding authority granted by State legislation enacted in connection with the adoption of the Enacted Budget. It has also imposed a rigorous process for reviewing all planned payments for local aid, agency operations, and capital projects. Through the end of September 2020, DOB estimates that approximately \$2.4 billion in local aid payments were not made as budgeted. All or a portion of these budgeted payments may not be made during fiscal year 2021, depending on the size and timing of new Federal aid, if any. Consistent with the Enacted Budget Financial Plan, the State has implemented a hiring freeze and controls on non-personal service and capital commitments and expenditures. It has also deferred, through December 30, 2020, the general salary increases that were scheduled to take effect on April 1, 2020. State agencies have been directed to reduce operating expenditures by 10 percent from the levels authorized in the Enacted Budget Financial Plan.

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

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

State Aid Litigation

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

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

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

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students’ Educational Rights v. State of New York* (“NYSER”) and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asked 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.

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

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2015-2016	\$ 33,739,398	\$ 14,257,957	42.26%
2016-2017	33,880,428	15,012,540	44.31
2017-2018	34,524,129	15,592,300	45.16
2018-2019	34,940,410	15,776,421	45.15
2019-2020	36,356,354	16,131,933	44.37
2020-2021 (Budgeted)	37,582,785	16,543,085	44.02

Source: Audited financial statements for the 2015-2016 fiscal year through and including the 2019-2020 fiscal year, and the budgets of the District for the 2020-2021 fiscal year. This table is not audited.

School Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Elementary School	K-6	1,674	1938, 1961, 1994
High School	7-12	1,398	2003

Note: The District closed Delaware Valley and Narrowsburg schools in 2006. The Delaware Valley School was sold on 9/23/13 for \$1,160,000. The Narrowsburg School and acreage was sold on 7/1/15 for \$751,000.

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2016-17	1,003	2021-22	1030
2017-18	1,053	2022-23	1020
2018-19	1,098	2023-24	1012
2019-20	1,068	2024-25	979
2020-21	1,033	2025-26	970

Source: District officials.

Employees

The School District employs a total of approximately 201 personnel, including approximately 17 part-time employees. Of said employees, 11 are managerial/confidential personnel who are not represented by unions. The remaining employees are represented by various unions as follows:

<u>Members</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
4	Western Sullivan Association of School Administrators	June 30, 2023
106	Western Sullivan United Teachers' Association	June 30, 2022
80 ⁽¹⁾	School Related Personnel	June 30, 2023

⁽¹⁾ Includes 15 part-time employees.

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 2020-2021 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2015-2016	448,339	1,320,392
2016-2017	418,301	1,193,834
2017-2018	432,842	995,692
2018-2019	428,452	1,097,697
2019-2020	422,123	914,792
2020-2021 (Budgeted)	440,920	1,018,916

Source: District records.

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

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

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

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

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

Chapter 57 of the Laws of 2010 (Part TT) ("Chapter 57") amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due

February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

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

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

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

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

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

Other Post Employee Benefits

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

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

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

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

The District contracted with Armory Associates, LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2019 and 2020.

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

	Balance beginning at:	June 30, 2018	June 30, 2019
		<u>\$ 87,035,903</u>	<u>\$ 74,830,997</u>
<u>Changes for the year:</u>			
Service cost		2,472,225	2,157,863
Interest		3,184,786	2,937,774
Changes of Benefit Terms		(5,649,464)	486,608
Differences between expected and actual experience		(8,140,867)	-
Changes in assumptions or other inputs		(1,987,889)	(33,886)
Benefit payments		<u>(2,083,697)</u>	<u>(2,154,757)</u>
Net Changes		<u>\$ (12,204,906)</u>	<u>\$ 3,393,602</u>
	Balance ending at:	June 30, 2019	June 30, 2020
		<u>\$ 74,830,997</u>	<u>\$ 78,224,599</u>

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

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

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

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

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

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

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

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 Bonds 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 Bonds 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.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2020 and is attached hereto as "APPENDIX – D". In addition, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for 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.

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District December 13, 2019. The purpose of the audit was to Determine whether District officials and personnel ensured that health insurance contributions from eligible retirees were properly billed, collected, and deposited. for the period July 1, 2018 through August 1, 2019.

Key Findings:

District officials did not provide sufficient oversight to ensure that retirees' health insurance contributions were properly billed, collected and deposited. Officials did not:

- Adequately segregate duties related to billing, collecting and depositing retirees' health insurance contributions.
- Ensure that sufficient documentation was maintained to verify the calculations of certain retirees' contributions.

Key Recommendations:

- Adequately segregate duties relating to billing, collecting and depositing retirees' health insurance contributions or implement sufficient compensating controls.
- Ensure that documentation necessary to verify calculations of all retirees' health insurance contributions is maintained.

The District provided a complete response to the State Comptroller's office on December 2, 2019. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other recent State Comptrollers audits of the District nor any that are currently in progress.

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2020	No Designation	0.0%
2019	No Designation	0.0%
2018	No Designation	0.0%

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

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

TAX INFORMATION

Taxable Assessed Valuations

<u>Years Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Towns of:					
Hancock	\$ 6,809,085	\$ 6,879,699	\$ 6,864,098	\$ 8,326,477	8,424,583
Bethel	66,942,533	67,792,766	68,741,695	70,280,586	70,775,126
Callicoon	169,704,728	170,150,102	171,263,921	172,196,307	173,877,706
Cochecton	142,360,472	143,578,862	144,758,106	145,017,403	148,968,908
Delaware	254,300,565	253,934,178	255,905,491	255,973,193	269,078,906
Fremont	98,804,047	99,032,252	99,750,905	100,167,282	99,323,192
Liberty	8,832,473	8,855,030	8,905,204	8,917,642	8,878,752
Tusten	<u>110,902,457</u>	<u>111,577,057</u>	<u>112,378,486</u>	<u>113,289,428</u>	<u>115,892,474</u>
Totals	<u>\$ 858,656,360</u>	<u>\$ 861,799,946</u>	<u>\$ 868,567,906</u>	<u>\$ 874,168,318</u>	<u>\$ 895,219,647</u>

State Equalization Rate:

Towns of:					
Hancock	12.33%	12.49%	11.71%	12.13%	12.50
Bethel	73.24%	69.75%	68.00%	61.00%	58.00
Callicoon	71.00%	69.00%	66.45%	65.30%	61.20
Cochecton	77.00%	79.00%	77.00%	74.00%	75.00
Delaware	100.00%	100.00%	100.00%	95.75%	93.00
Fremont	66.23%	66.50%	66.50%	65.90%	64.00
Liberty	77.80%	78.50%	75.00%	77.34%	74.00
Tusten	54.00%	54.00%	54.00%	56.00%	52.75
Taxable Full Valuation	<u>\$1,190,750,197</u>	<u>\$1,201,383,665</u>	<u>\$1,231,337,010</u>	<u>\$1,276,694,352</u>	<u>\$ 1,348,386,183</u>

Tax Rate Per M (Assessed)

<u>Years Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Towns of:					
Hancock	\$ 115.21	\$ 114.84	\$ 121.96	\$ 116.39	107.79
Bethel	19.40	20.56	21.00	23.14	23.23
Callicoon	20.01	20.79	21.49	21.62	22.02
Cochecton	18.45	18.16	18.55	19.08	17.96
Delaware	14.21	14.34	14.28	14.74	14.49
Fremont	21.45	21.57	21.48	21.42	21.05
Liberty	17.15	18.27	19.04	18.25	18.21
Tusten	26.31	26.56	26.45	25.21	25.54

Tax Levy and Collection Record

<u>Years Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Tax Levy	\$ 16,908,287	\$ 17,244,762	\$ 17,587,933	\$ 18,027,058	\$ 18,383,234
Amount Uncollected ⁽¹⁾	1,889,527	1,862,806	1,963,773	1,776,867	N/A
% Uncollected	11.18%	10.80%	11.17%	10.10	N/A

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

Tax Collection Procedure

Tax payments are due September 1st-September 30th. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged from October 1st to October 31st. Payments received from November 1st to November 2nd carry a penalty of 3%. On November 15, all unpaid taxes are turned over to the Counties for re-levy on the following year's town and county tax bills. The School District is reimbursed by the Counties for all unpaid taxes in April of each year and is thus assured of 100% collection of its annual tax levy.

The Sullivan West Central School District Board of Education implemented an installment payment option for taxpayers in Sullivan County, only. When paying by installment, Payment #1 is due by September 30th for 50% of the total bill. The next payment, Payment #2 gives the taxpayer the choice of paying the second installment which represents 25% of the bill or paying the balance which is the sum of Payment #2 and Payment #3. This must be paid by October 31st, 2020 and includes a 2% interest penalty. The final Payment #3 is due by November 2nd, 2020 and offers the option of paying the third installment or Payment #2 and Payment #3 if no payment was made in October. These amounts include 3% interest. All outstanding balances are turned over to Sullivan County and follow the process for unpaid taxes stated above.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Property Tax Levy</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2015-2016	\$ 33,739,398	\$ 17,905,218	53.07%
2016-2017	33,880,428	17,520,607	51.71
2017-2018	34,524,129	17,856,770	51.72
2018-2019	34,940,410	18,242,197	52.21
2019-2020	36,356,354	18,650,225	51.30
2020-2021 (Budgeted)	37,582,785	18,383,224	48.91

Source: Audited financial statements for the 2015-2016 fiscal year through and including the 2019-2020 fiscal year, and the budgets of the District for the 2020-2021 fiscal year. This table is not audited.

Larger Taxpayers – 2020 Assessment Roll for 2020-21 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
New York State Electric & Gas	Utility	\$ 17,274,841
Pennsylvania Lines LLC	Railroad	16,598,400
Villa Roma Resort & Country Club	Resort	16,289,400 ⁽¹⁾
Catskill Resort Lodges, Inc.	Development	4,691,000 ⁽²⁾
Callicoon Lodges	Resort	2,850,000 ⁽³⁾
TAP Realty	Development	2,352,000
Lake Huntington Summer Com Inc.	Development	1,636,100
WLMC PropCo	Development	1,618,800
Ayelet, Inc	Development	1,613,700
Verizon	Utility	1,382,027

- (1) Villa Roma Resort & Country Club has filed a Notice of Petition with the grievance board. The claim would be approximately \$1,262,000 if successful.
- (2) Catskill Resort Lodges, Inc. has filed a Notice of Petition with the grievance board. The claim would be approximately \$2,691,000 if successful.
- (3) Callicoon-Resort Lodges has filed a Notice of Petition with the grievance board. The claim would be approximately \$1,850,000 if successful.

The District has a Tax Certiorari Reserve account in the amount of \$559,646 for potential certiorari claims.

The larger taxpayers listed above have a total assessed valuation of \$66,306,268 which represents approximately 4.92% of the tax base of the School District.

Source: School District Tax Rolls.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities (“STAR Adjusted Gross Income”) of \$88,050 or less for 2020, increased annually according to a Cost-of-Living adjustment, are eligible for an “enhanced” exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of \$500,000 are eligible for a “basic” exemption on their primary residence.

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

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

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

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Hancock	\$ 8,470	\$ 3,640	4/10/2020
Bethel	42,580	18,300	4/10/2020
Callicoon	45,580	19,590	4/10/2020
Cochecton	51,650	22,200	4/10/2020
Delaware	66,830	28,730	4/10/2020
Fremont	46,000	19,770	4/10/2020
Liberty	53,980	23,200	4/10/2020
Tusten	39,090	16,800	4/10/2020

\$1,277,943 of the District's \$18,027,058 school tax levy for 2019-2020 was exempted by the STAR Program. The District received all of such exempt taxes from the State in January, 2020.

\$1,220,774 of the District's \$18,383,234 school tax levy for 2020-2021 was exempted by the STAR Program. The District received all of such exempt taxes from the State in January, 2021.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the School District is estimated to be categorized as follows: Agricultural-3%, Residential-64%, Vacant Land-12%, Public Service-8%, Forest Lands-2% and Commercial-11%.

The estimated total annual property tax bill of a- \$100,000 market value residential property located in the School District is approximately \$1,507 including only School District and Library taxes.

TAX LEVY LIMITATION LAW

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

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. 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, including the Bonds.

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, 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; or, in the alternative, the weighted average period of probable usefulness of the object or purpose determined by statute; unless substantially level or declining annual debt service is authorized by the Board of Education and utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Statutory Procedure

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

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending June 30th:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$ 22,065,000	\$ 19,690,000	\$ 17,225,000	\$ 14,660,000	\$ 11,975,000
Bond Anticipation Notes	0	0	0	0	0
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	\$ 22,065,000	\$ 29,690,000	\$ 17,225,000	\$ 14,660,000	11,975,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of March 2, 2021.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2021-2036	\$ 11,975,000
Bond Anticipation Notes	-	<u>0</u>
Total Indebtedness		<u>\$ 11,975,000</u>

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of March 2, 2021:

Full Valuation of Taxable Real Property	\$ 1,348,386,183
Debt Limit 10% thereof	134,838,618

Inclusions:

Bonds.....	\$ 11,975,000
Bond Anticipation Notes	0
Principal of this Issue	<u>5,010,000</u> *
Total Inclusions.....	<u>\$ 16,985,000</u>

Exclusions:

State Building Aid ⁽¹⁾	\$ <u>0</u>
Total Exclusions.....	<u>\$ 0</u>

Total Net Indebtedness\$ 16,985,000

Net Debt-Contracting Margin\$ 117,853,618

The percent of debt contracting power exhausted is 12.60%

- (1) Based on preliminary 2021-2022 building aid estimates, the District anticipates State Building aid of 70.4% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: \$5,180,000 of the serial bonds listed above are expected to be refunded with the proceeds of the Bonds.

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.

* Preliminary, subject to change.

Cash Flow Borrowings

The School District has not found it necessary to issues revenue anticipation notes or tax anticipation notes in the past five fiscal years and has no future plans to do so.

Capital Project Plans

There are presently several capital projects in various stages of planning, however, all of these are expected to be funded through an existing \$3.7 million capital reserve and budgetary line item transfer to capital.

There are presently no other capital projects authorized and unissued by the School District, nor are any contemplated.

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:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Sullivan	12/31/2018	\$ 166,520,000	\$ -	\$ 166,520,000	15.35%	\$ 25,560,820
Delaware	12/31/2018	9,305,000	-	9,305,000	1.02%	94,911
Town of:						
Hancock	12/31/2018	481,739	-	481,739	12.99%	62,578
Bethel	12/31/2018	5,691,333	-	5,691,333	14.41%	820,121
Callicoon	12/31/2018	609,627	273,717	335,910	71.73%	240,948
Cochecton	12/31/2018	-	-	-	100.00%	-
Delaware	12/31/2018	184,600	184,600	-	100.00%	-
Fremont	12/31/2018	-	-	-	50.51%	-
Liberty	12/31/2018	3,371,704	1,126,344	2,245,360	1.84%	41,315
Tusten	12/31/2018	-	-	-	94.30%	-
Total:						<u>\$ 26,820,693</u>

⁽¹⁾ Bonds and bond anticipation notes as of close of the 2018 fiscal year. Not adjusted to include subsequent bond sales, if any.

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

Note: The 2019 Comptroller's Special Report is currently unavailable as of the date of this Official Statement.

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

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Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of March 2, 2021:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 16,985,000	\$ 1,686.53	1.26%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	43,805,693	4,349.69	3.25

(a) The current estimated population of the District is 10,071. (See "THE SCHOOL DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for 2020-21 is \$1,348,386,183. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

(c) See "Calculation of Net Direct Indebtedness" herein.

(d) Estimated net overlapping indebtedness is \$26,820,693. (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

In the event of a default in the payment of the principal of and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of or interest on the Bonds.

In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

The Federal Bankruptcy Code allows public bodies 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 to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While these provisions do not apply to Districts, there can be no assurance that they will not be made so applicable in the future.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

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."

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

MARKET AND RISK FACTORS

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

The District 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 and revenues in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT – State Aid").

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

COVID 19. The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide.

The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State of New York has likewise declared a state of emergency and the Legislature has added “disease outbreak” to the definition of “disaster” (which already includes “epidemic”) in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020.

Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement same.

While the virus might affect revenue streams supporting revenue bond debt of some public authorities, as compared to general obligation debt, it is not possible to determine or reasonably predict at this time whether there could also be a material impact on local municipal and school district budgets, or state and local resources to meet their obligations supporting same.

The degree of any such impact to the District's operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the District and its economy. The District is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

TAX MATTERS

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

The District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

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

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

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

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

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

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

LEGAL MATTERS

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

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

Certain legal matters will be passed upon for the underwriter by its Counsel, Hawkins Delafield & Wood LLP, New York, New York.

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LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

UNDERWRITING

The Bonds are being purchased by Roosevelt & Cross Incorporated (the "Underwriter") for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to \$_____ (being the par amount of the Bonds plus a net original issue premium of \$_____, less an underwriter's discount for the transaction of \$_____). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its rating of "A+" with a stable outlook to the 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) 553-0038, Fax: (212) 553-1390.

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

MUNICIPAL ADVISOR

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

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 Bonds.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the 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”, “believe”, “intend”, “plan”, “foresee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases are intended to identify forward-looking statements.

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 Bonds.

Neither Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York, Bond Counsel to the District, nor Hawkins Delafield & Wood LLP, New York, New York Counsel to the Underwriter, express an opinion 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 Bonds, 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 Bonds, 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 limitation as to information in the Official Statement obtained from sources other than the District, as to which no representation can be made.

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

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 or hacking 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 will act as Paying Agent for the Bonds. The District’s contact information is as follows: Ms. Lorraine Poston, Assistant Superintendent for Administrative Services, 33 Schoolhouse Road – P.O. Box 308, Jeffersonville, New York 12748 telephone (845) 482-4610, fax (845) 482-4720, email postonlor@swcsd.org.

This Official Statement has been duly executed and delivered by the President of the Board of Education of the Sullivan West Central School District.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT

Dated: March ____, 2021

/s/ _____
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 6,424,533	\$ 6,213,680	\$ 5,843,317	\$ 6,553,702	\$ 5,853,211
Restricted Cash	8,704,620	8,997,537	5,519,376	5,154,917	5,901,828
Accounts Receivable	1,055	5,160	3,121	9,838	36,444
Due from Other Funds	746,815	1,550,820	602,000	630,625	852,786
State and Federal Aid Receivable	224,411	280,814	349,171	386,789	211,241
Due from Other Governments	318,920	390,304	351,525	428,871	596,203
Other Receivables	-	-	-	-	-
TOTAL ASSETS	<u>\$ 16,420,354</u>	<u>\$ 17,438,315</u>	<u>\$ 12,668,510</u>	<u>\$ 13,164,742</u>	<u>\$ 13,451,713</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 170,739	\$ 109,076	\$ 296,339	\$ 332,842	\$ 423,596
Accrued Liabilities	132,526	108,196	122,990	110,253	216,616
Due to Other Governments	792,538	871,876	424,922	1,175,355	968,887
Due to Other Funds	601,501	1,411,026	399,772	580,905	434,819
Due to Teachers' Retirement System	1,354,916	1,241,678	1,040,997	1,146,687	972,480
Due to Employees' Retirement System	161,534	185,454	201,090	199,924	189,814
Compensated Absences	-	-	-	-	-
Deferred Revenue	-	-	-	-	5
TOTAL LIABILITIES	<u>\$ 3,213,754</u>	<u>\$ 3,927,306</u>	<u>\$ 2,486,110</u>	<u>\$ 3,545,966</u>	<u>\$ 3,206,217</u>
<u>FUND EQUITY</u>					
Nondisposable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	8,704,620	8,997,537	5,519,376	5,154,917	5,901,828
Assigned	3,047,962	3,036,481	3,157,818	2,927,924	2,750,357
Unassigned	1,454,018	1,476,991	1,505,206	1,535,935	1,593,311
TOTAL FUND EQUITY	<u>\$ 13,206,600</u>	<u>\$ 13,511,009</u>	<u>\$ 10,182,400</u>	<u>\$ 9,618,776</u>	<u>\$ 10,245,496</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 16,420,354</u>	<u>\$ 17,438,315</u>	<u>\$ 12,668,510</u>	<u>\$ 13,164,742</u>	<u>\$ 13,451,713</u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 15,921,977	\$ 15,855,713	\$ 15,470,675	\$ 15,828,002	\$ 16,214,894
Real Property Tax Items	2,004,370	2,049,505	2,049,932	2,028,768	2,027,303
Charges for Services	38,643	42,874	85,749	54,443	132,983
Use of Money & Property	12,950	9,546	31,318	114,405	140,861
Sale of Property and Compensation for Loss	3,319	756,265	3,676	28,729	19,916
Miscellaneous	612,560	755,709	1,196,320	861,629	582,377
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	13,911,520	14,257,957	15,012,540	15,592,300	15,776,421
Revenues from Federal Sources	1,371	11,829	30,218	15,853	45,655
Total Revenues	<u>\$ 32,506,710</u>	<u>\$ 33,739,398</u>	<u>\$ 33,880,428</u>	<u>\$ 34,524,129</u>	<u>\$ 34,940,410</u>
Other Sources:					
Interfund Transfers	<u>2,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Total Revenues and Other Sources	<u>\$ 32,509,311</u>	<u>\$ 33,739,398</u>	<u>\$ 33,880,428</u>	<u>\$ 34,524,129</u>	<u>\$ 35,190,410</u>
<u>EXPENDITURES</u>					
General Support	\$ 3,828,628	\$ 3,775,948	\$ 3,540,710	\$ 3,749,624	\$ 3,631,334
Instruction	14,404,988	15,866,915	15,848,708	15,599,228	16,753,537
Pupil Transportation	1,915,366	1,805,129	1,799,260	1,898,958	2,017,069
Community Services	-	-	-	-	-
Employee Benefits	8,141,980	8,027,147	8,410,518	8,945,018	9,541,464
Debt Service	-	-	-	-	-
Total Expenditures	<u>\$ 28,290,962</u>	<u>\$ 29,475,139</u>	<u>\$ 29,599,196</u>	<u>\$ 30,192,828</u>	<u>\$ 31,943,404</u>
Other Uses:					
Interfund Transfers	<u>3,949,451</u>	<u>3,987,932</u>	<u>3,976,823</u>	<u>7,659,910</u>	<u>3,810,630</u>
Total Expenditures and Other Uses	<u>\$ 32,240,413</u>	<u>\$ 33,463,071</u>	<u>\$ 33,576,019</u>	<u>\$ 37,852,738</u>	<u>\$ 35,754,034</u>
Excess (Deficit) Revenues Over Expenditures	<u>268,898</u>	<u>276,327</u>	<u>304,409</u>	<u>(3,328,609)</u>	<u>(563,624)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	12,661,375	12,930,273	13,206,600	13,511,009	10,182,400
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 12,930,273</u>	<u>\$ 13,206,600</u>	<u>\$ 13,511,009</u>	<u>\$ 10,182,400</u>	<u>\$ 9,618,776</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:

	2020			2021
	Original Budget	Revised Budget	Actual	Adopted Budget
REVENUES				
Real Property Taxes	\$ 16,667,058	\$ 16,667,058	\$ 16,741,329	\$ 18,383,234
Real Property Tax Items	2,075,172	2,075,172	1,908,896	-
Local Revenues	-	-	-	2,656,466
Charges for Services	28,000	28,000	222,021	-
Use of Money & Property	75,000	75,000	121,559	-
Sale of Property and				
Compensation for Loss	500	500	10,841	-
Miscellaneous	550,000	550,000	1,036,884	-
Interfund Revenues	-	-	-	-
Revenues from State Sources	16,303,172	16,303,172	16,131,933	16,543,085
Revenues from Federal Sources	-	-	182,891	-
Total Revenues	<u>\$ 35,698,902</u>	<u>\$ 35,698,902</u>	<u>\$ 36,356,354</u>	<u>\$ 37,582,785</u>
Other Sources:				
Appropriated Reserves	\$ 199,445	\$ 199,445	\$ -	\$ -
Appropriated Fund Balance	2,400,000	2,400,000	-	2,250,000
Prior Year Encumbrances	-	527,924	-	-
Interfund Transfers	100,000	100,000	-	-
Total Revenues and Other Sources	<u>\$ 38,398,347</u>	<u>\$ 38,926,271</u>	<u>\$ 36,356,354</u>	<u>\$ 39,832,785</u>
EXPENDITURES				
General Support	\$ 4,493,636	\$ 4,660,445	\$ 3,634,150	\$ 4,380,144
Instruction	17,042,833	17,599,142	16,389,243	17,247,914
Pupil Transportation	2,576,744	2,582,028	2,346,938	2,659,200
Community Services	5,400	5,400	-	5,400
Employee Benefits	10,666,934	10,369,456	9,651,318	10,695,377
Debt Service	-	-	-	-
Total Expenditures	<u>\$ 34,785,547</u>	<u>\$ 35,216,471</u>	<u>\$ 32,021,649</u>	<u>\$ 34,988,035</u>
Other Uses:				
Interfund Transfers	3,612,800	3,709,800	3,707,985	4,844,750
Total Expenditures and Other Uses	<u>\$ 38,398,347</u>	<u>\$ 38,926,271</u>	<u>\$ 35,729,634</u>	<u>\$ 39,832,785</u>
Excess (Deficit) Revenues Over				
Expenditures	<u>-</u>	<u>-</u>	<u>626,720</u>	<u>-</u>
FUND BALANCE				
Fund Balance - Beginning of Year	-	-	9,618,776	-
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,245,496</u>	<u>\$ -</u>

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	NOT INCLUDING THE BONDS			REFUNDED BONDS DEBT SERVICE	REFUNDING BONDS			TOTAL NEW DEBT SERVICE
	Principal	Interest	Total		Principal	Interest	Total	
2021	\$ 2,795,000	\$ 598,750	\$ 3,393,750	\$ -	\$ -	\$ -	\$ -	\$ 3,393,750.00
2022	2,925,000	459,000	3,384,000	-	-	-	-	3,384,000.00
2023	3,060,000	312,750	3,372,750	-	-	-	-	3,372,750.00
2024	3,195,000	159,750	3,354,750	-	-	-	-	3,354,750.00
TOTALS	\$ 11,975,000	\$ 1,530,250	\$ 13,505,250	\$ -	\$ -	\$ -	\$ -	\$ 13,505,250.00

APPENDIX - B1
Sullivan West CSD

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2011			2012		
	Refunding of 2004 B Serial Bonds			Refunding of 2004 Serial Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,580,000	\$ 338,000	\$ 1,918,000	\$ 1,215,000	\$ 260,750	\$ 1,475,750
2022	1,650,000	259,000	1,909,000	1,275,000	200,000	1,475,000
2023	1,730,000	176,500	1,906,500	1,330,000	136,250	1,466,250
2024	1,800,000	90,000	1,890,000	1,395,000	69,750	1,464,750
TOTALS	\$ 6,760,000	\$ 863,500	\$ 7,623,500	\$ 5,215,000	\$ 666,750	\$ 5,881,750

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements 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 "Commission"), the District has agreed to provide, or cause to be provided,

- (i) In accordance with the requirements 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 "Commission"), the District has agreed to provide, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Official Statement dated March __, 2021 of the District relating to the Bonds under the headings "THE SCHOOL DISTRICT", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other than Appendix C and other than any Appendix related to bond insurance), and (ii) a copy of the audited financial statements, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2021; such information, data, and audit will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if the audited financial statements are not available at that time, within sixty days following receipt by the District of its audited financial statements for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year;
- (ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (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 securities
 - (g) modifications to rights of securityholders, if material
 - (h) Bond calls, if material and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the securities
 - (k) rating changes
 - (l) bankruptcy, insolvency, receivership or similar event of the District
 - (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a “financial obligation” of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Bond holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

For the purposes of the event identified in (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

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

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

- (iii) in a timely manner to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

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

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

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
DELAWARE AND SULLIVAN COUNTIES, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2020

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 Preliminary Official Statement.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
Sullivan West Central School District
Jeffersonville, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Sullivan West School District, New York, as of and for the year ended June 30, 2020, which collectively comprise the District's basic financial statements as listed in the table of contents, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Unmodified 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 Sullivan West School District, New York, as of June 30, 2020, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 4 through 11 and 54 through 59, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sullivan West Central School District, New York's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The prior year summarized comparative information has been derived from the District's June 30, 2019 financial statements and, in our report dated October 4, 2019, we expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2020 on our consideration of the Sullivan West School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Sullivan West School District, New York's internal control over financial reporting and compliance.

A handwritten signature in dark ink, reading "Cooper Armas LLP". The signature is written in a cursive, flowing style.

Mongaup Valley, New York
October 8, 2020

Management's Discussion and Analysis

Sullivan West Central School District Review

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2020. This section is a summary of the School District's financial activity based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for 2020 are as follows:

District – Wide Statements

- Tax Revenues accounted for \$18,650,225 or 45% of total revenues, State and Federal sources accounted for \$17,286,747 or 42% of total revenues, and Miscellaneous accounted for \$1,041,975 or 3% of total revenues.
- Total Net Position was (\$43,882,948) at June 30, 2020, down (\$1,955,364) from the prior year's amount.

Fund Financial Statements

- Among major funds, the General Fund had \$36,356,354 in total revenues, of which \$18,650,225 or 51% was made up of tax revenues, including STAR payments, and \$16,314,824 or 45%, was made up of state and federal sources. The General Fund expenditures totaled \$35,729,634 for the year ended June 30, 2020. The General Fund's fund balance increased from the amount of \$9,618,776 at June 30, 2019, to \$10,245,496, at June 30, 2020. Of the total fund balance, \$2,750,357 was assigned (\$2,250,000 designated to reduce the subsequent year's tax levy and \$500,357 encumbered for the subsequent year) and \$5,901,828 was restricted, leaving \$1,593,311 as unassigned. The unassigned fund balance is in compliance with the 4% requirement.

Using this Annual Report

This annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so that the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when the cash is received or paid.

These two statements report the District's net position and changes in it. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment and facility conditions in arriving at their conclusion regarding the overall health of the District.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's two types of funds, the governmental and fiduciary, use different accounting approaches.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Reporting the District's Fiduciary Responsibilities

The District is the trustee or fiduciary for assets that belong to others such as the student activities funds. It is the District's responsibility to ensure that assets reported in these funds are being used for their intended purposes. The District's fiduciary activities are reported in a separate "Statement of Fiduciary Net Position and Changes in Fiduciary Net Position" schedule, as the District may not use these assets to finance its operations.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Financial Analysis of the School District as a Whole
Condensed Statement of Net Statement of Net Position (in Thousands of Dollars)

Net Position	2020	2019	Increase (Decrease)
Current Assets	\$ 19,184	\$ 18,855	1.74%
Net Pension Asset	1,609	1,128	42.64%
Capital Assets, Net	34,824	35,807	-2.75%
Total Assets	55,617	55,790	-0.31%
Total Deferred Outflows of Resources	9,463	8,858	6.83%
Current Liabilities	2,927	3,141	-6.81%
Long-Term Liabilities	93,496	90,795	2.97%
Total Liabilities	96,423	93,936	2.65%
Total Deferred Inflows of Resources	12,540	16,550	-24.23%
Net Investment in Capital Assets	22,849	21,147	8.05%
Restricted	5,902	5,155	14.49%
Unrestricted	(72,634)	(72,141)	0.68%
Total Net Position	\$ (43,883)	\$ (45,839)	-4.27%
<i>Note: Totals may not add due to rounding.</i>			

Governmental Activities

The laws in New York State require the District to seek voter approval for the general fund-operating budget. Without voter approval, school districts are placed on a contingency budget, which limits expenditures to those considered essential to maintain an educational program, preserve property and assure the health and safety of students and staff. The budget for the 2020-2021 school year was approved by the voters.

School districts are dependent upon property taxes as a primary source of revenue. Since the District must rely heavily on voter approval for funding levels, management of resources is of paramount concern to District administration and the voting public.

The District's Funds

Information about the School District's major funds starts on Page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$37.5 million and expenditures of \$37 million, exclusive of interfund transfers and proceeds of debt.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Governmental Fund Activities (in Thousands of Dollars)

General Fund	\$ 36,356	\$ 35,190	3.31%
Special Aid Fund	904	947	-4.54%
School Lunch Fund	347	443	-21.67%
Capital Projects	155	475	-67.37%
Debt Service	<u>3,452</u>	<u>3,493</u>	-1.17%
Total	<u>\$ 41,214</u>	<u>\$ 40,548</u>	1.64%
Expenditures and Other Uses			
General Fund	\$ 35,730	\$ 35,754	-0.07%
Special Aid Fund	904	947	-4.54%
School Lunch Fund	400	451	-11.31%
Capital Projects	244	2,825	-91.36%
Debt Service	<u>3,406</u>	<u>3,653</u>	-6.76%
Total	<u>\$ 40,684</u>	<u>\$ 43,630</u>	-6.75%
Gains or (Losses)			
General Fund	\$ 627	\$ (564)	-211.17%
Special Aid Fund	-	-	0.00%
School Lunch Fund	(53)	(8)	562.50%
Capital Projects	(89)	(2,350)	96.21%
Debt Service	<u>46</u>	<u>(160)</u>	-128.75%
Total	<u>\$ 531</u>	<u>\$ (3,082)</u>	-117.23%
Fund Balances			
General	\$ 10,245	\$ 9,619	6.51%
Special Aid			0.00%
School Lunch	168	221	-23.98%
Capital Projects	4,119	4,208	-2.12%
Debt Service	<u>1,794</u>	<u>1,748</u>	2.63%
Total	<u>\$ 16,326</u>	<u>\$ 15,796</u>	3.36%
<i>Note: Totals may not add due to rounding.</i>			

General Fund Budget Information

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant fund is the General Fund. The adopted budget and subsequent modifications to the General Fund budget are detailed in the Required Supplementary Information on pages 54 and 60 in the financial statements.

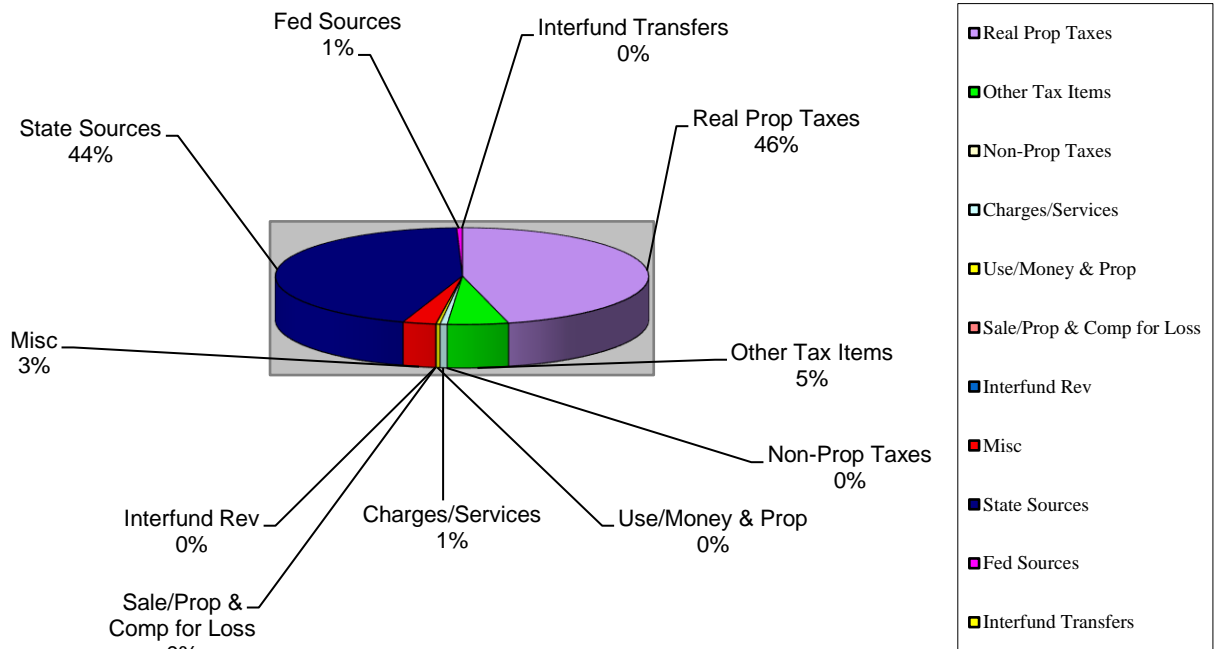
SULLIVAN WEST CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

General Fund Activity (in Thousands of Dollars)

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

Revenues	2020 Amount	2019 Amount	% Change
Real Property Taxes	\$ 16,741	\$ 16,215	3.24%
Other Tax Items, incl. STAR	1,909	2,027	-5.82%
Non-Property Taxes	-	-	0.00%
Charges for Services	222	133	66.92%
Use of Money & Property	122	141	-13.48%
Sale of Property & Compensation for Loss	11	20	-45.00%
Interfund Revenues	-	-	0.00%
Miscellaneous	1,037	582	78.18%
State Sources	16,132	15,776	2.26%
Federal Sources	183	46	297.83%
Interfund Transfers	-	250	0.00%
Total Revenues	\$ 36,357	\$ 35,190	3.32%
<i>Note: Totals may not add due to rounding.</i>			

Sources of Revenues for Fiscal Year 2020



Overall revenues were up \$1,166,000 or 3.3% from last year.

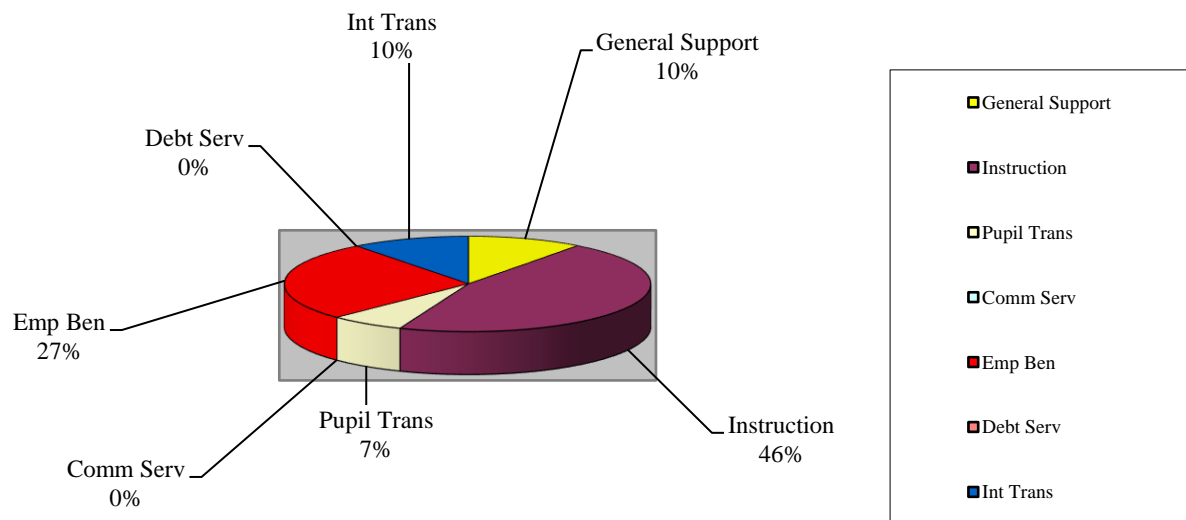
SULLIVAN WEST CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

General Fund Activity (in Thousands of Dollars (Continued))

Expenditures	2020 Amount	2019 Amount	% Change
General Support	\$ 3,634	\$ 3,631	0.08%
Instruction	16,389	16,754	-2.18%
Pupil Transportation	2,347	2,017	16.36%
Community Service	-	-	0.00%
Employee Benefits	9,651	9,541	1.15%
Debt Service	-	-	0.00%
Interfund Transfers	3,708	3,811	-2.70%
Total Expenditures	<u>\$ 35,729</u>	<u>\$ 35,754</u>	-0.07%
<i>Note: Totals may not add due to rounding.</i>			

The expenditures decreased \$24 thousand or .07%. The largest cost increase was in the pupil transportation category which represents a difference of \$330 thousand. Employee benefits and general support represent a total increase of \$113 thousand. Interfund transfers and instruction experienced a decrease of \$468 thousand.

Sources of Expenses for Fiscal Year 2020



SULLIVAN WEST CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	2020	2019	% Change
Land	\$ 50	\$ 50	0.00%
Construction In Progress	3,883	3,639	-6.71%
Building and Improvements	50,775	50,748	0.05%
Infrastructure	1,002	1,002	0.00%
Machinery and Equipment	1,952	1,907	2.36%
Vehicles	195	166	17.47%
Total	57,857	57,512	0.60%
Accumulate Depreciation	23,033	21,704	6.12%
Total Capital Assets, Net	<u>\$ 34,824</u>	<u>\$ 35,808</u>	<u>-2.75%</u>

Capital Assets

The District has \$34.8 million invested in capital assets, net of \$23.0 million in accumulated depreciation, as of June 30, 2020. During the year ended June 30, 2020, \$349 thousand was expended on furniture, equipment and capital construction. Depreciation for the year ended June 30, 2020, was \$1.3 million.

Debt

As of June 30, 2020, the District has \$12.0 million in outstanding bonds payable, a net reduction of \$2.6 million during the year. The District paid \$721 thousand in interest throughout the year.

Factors Bearing on the District's Future

The Board of Education received voter approval on the budget that has a 1.98% increase on the tax levy for the 2020-21 year. This budget is within the tax levy limit. The Board of Education has continued to present a budget that follows their financial plan. Moreover, as in the past, Sullivan West remains committed to seek and implement cost savings and efficiencies throughout the district's operations in an effort to stabilize taxes for our constituents.

All contracts with staff are settled. Agreements for all personnel are critical to planning future budgets and understanding our financial position.

Contacting the District's Financial Management

It is the intent of this report to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Business Office at Sullivan West Central School District; 33 Schoolhouse Road; Jeffersonville, NY 12748.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash	\$ 11,869,401	\$ 12,297,089
Cash - Restricted	5,901,828	5,154,917
Accounts Receivable	36,989	10,124
Due From Fiduciary Funds	245,350	165,131
State And Federal Aid Receivable	499,567	785,230
Due From Other Governments	596,203	428,871
Inventory	<u>34,392</u>	<u>13,562</u>
Total Current Assets	<u>19,183,730</u>	<u>18,854,924</u>
Non-Current Assets		
Net Pension Asset	1,608,791	1,127,897
Capital Assets, Net	<u>34,824,413</u>	<u>35,807,304</u>
Total Non-Current Assets	<u>36,433,204</u>	<u>36,935,201</u>
TOTAL ASSETS	<u>55,616,934</u>	<u>55,790,125</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	7,118,427	6,703,109
Total OPEB Liability	<u>2,344,643</u>	<u>2,154,757</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>9,463,070</u>	<u>8,857,866</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 491,344	\$ 410,306
Accrued Liabilities	285,452	191,564
Due To Other Governments	968,887	1,176,154
Due To TRS	972,480	1,146,687
Due To ERS	196,584	207,681
Unearned Revenues	<u>11,948</u>	<u>8,115</u>
Total Current Liabilities	<u>2,926,695</u>	<u>3,140,507</u>
Non-Current Liabilities:		
Due Within One Year		
Bonds Payable	2,795,000	2,685,000
Retirement Incentives	90,000	60,000
Total OPEB Liability	2,300,000	2,200,000
Due Beyond One Year		
Bonds Payable	9,180,000	11,975,000
Retirement Incentives	50,000	40,000
Compensated Absences	561,245	563,750
Total OPEB Liability	75,924,599	72,630,997
Net Pension Liability	<u>2,594,928</u>	<u>640,614</u>
Total Non-Current Liabilities	<u>93,495,772</u>	<u>90,795,361</u>
TOTAL LIABILITIES	<u>96,422,467</u>	<u>93,935,868</u>
DEFERRED INFLOW OF RESOURCES		
Pensions	2,207,249	1,627,922
Total OPEB Liability	<u>10,333,236</u>	<u>14,922,513</u>
DEFERRED INFLOWS OF RESOURCES	<u>12,540,485</u>	<u>16,550,435</u>
NET POSITION		
Net Investment In Capital Assets	22,849,413	21,147,304
Restricted	5,901,828	5,154,917
Unrestricted	<u>(72,634,189)</u>	<u>(72,140,533)</u>
TOTAL NET POSITION	<u>\$ (43,882,948)</u>	<u>\$ (45,838,312)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2019)

	<u>I</u> <u>PROGRAM REVENUES</u> <u>I</u>				<u>NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION</u>	
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANT</u>	<u>2020</u>	<u>2019</u>
FUNCTIONS AND PROGRAMS:						
General Support	\$ 7,590,558	\$ 2,879	\$ -	\$ -	\$ (7,587,679)	\$ (3,786,344)
Instruction	23,926,014	222,021	725,742	-	(22,978,251)	(20,285,225)
Pupil Transportation	2,545,192	-	36,022	-	(2,509,170)	(2,024,309)
Debt Service	708,394	-	-	-	(708,394)	(826,007)
School Lunch Program	<u>781,023</u>	<u>127,812</u>	<u>218,310</u>	<u>-</u>	<u>(434,901)</u>	<u>112,496</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>35,551,181</u>	<u>352,712</u>	<u>980,074</u>	<u>-</u>	<u>(34,218,395)</u>	<u>(26,809,389)</u>
GENERAL REVENUES						
Real Property Taxes					16,741,329	16,214,894
Other Tax Items					1,908,896	2,027,303
Investment Earnings					164,212	229,544
Sale Of Property And Compensation For Loss					10,841	19,916
Miscellaneous Local Sources					1,033,657	582,343
State Sources					16,131,933	15,776,421
Federal Aid					<u>182,891</u>	<u>45,655</u>
TOTAL GENERAL REVENUES					36,173,759	34,896,076
CHANGE IN NET POSITION					1,955,364	8,086,687
TOTAL NET POSITION – Beginning Of Year					<u>(45,838,312)</u>	<u>(53,924,999)</u>
TOTAL NET POSITION – End Of Year					<u>\$ (43,882,948)</u>	<u>\$ (45,838,312)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	<u>NON-MAJOR</u>					<u>TOTAL</u>	
	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>GOVERNMENTAL FUNDS</u>	<u>2019 TOTALS</u>
ASSETS							
Cash	\$ 5,853,211	\$ 37,780	\$ 180,319	\$ 4,004,575	\$ 1,793,516	\$ 11,869,401	\$ 12,297,089
Cash - Restricted	5,901,828	-	-	-	-	5,901,828	5,154,917
Accounts Receivable	36,444	500	45	-	-	36,989	10,124
Due From Other Funds	852,786	279,819	-	155,000	-	1,287,605	1,211,530
Due From State and Federal	211,241	238,268	24,849	25,209	-	499,567	785,230
Due From Other Governments	596,203	-	-	-	-	596,203	428,871
Inventories	-	-	34,392	-	-	34,392	13,562
TOTAL ASSETS	<u>\$ 13,451,713</u>	<u>\$ 556,367</u>	<u>\$ 239,605</u>	<u>\$ 4,184,784</u>	<u>\$ 1,793,516</u>	<u>\$ 20,225,985</u>	<u>\$ 19,901,323</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 423,596	\$ 500	\$ 1,144	\$ 66,104	\$ -	\$ 491,344	\$ 410,306
Accrued Liabilities	216,616	-	431	-	-	217,047	110,253
Due To Other Funds	434,819	555,865	51,571	-	-	1,042,255	1,046,399
Due To Other Governments	968,887	-	-	-	-	968,887	1,176,154
Due To Teachers' Retirement System	972,480	-	-	-	-	972,480	1,146,687
Due To Employees' Retirement System	189,814	-	6,770	-	-	196,584	207,681
Unearned Revenues	5	2	11,941	-	-	11,948	8,115
TOTAL LIABILITIES	<u>3,206,217</u>	<u>556,367</u>	<u>71,857</u>	<u>66,104</u>	<u>-</u>	<u>3,900,545</u>	<u>4,105,595</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

				NON-MAJOR			
	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS	2019 TOTALS
FUND BALANCES							
Non-spendable:							
Inventory	\$ -	\$ -	\$ 34,392	\$ -	\$ -	\$ 34,392	\$ 13,562
Restricted:							
Tax Certiorari	559,646	-	-	-	-	559,646	331,649
Unemployment Insurance	96,409	-	-	-	-	96,409	96,014
Employee Benefit Accrued Liability	502,741	-	-	-	-	502,741	496,491
Workers Compensation	565,197	-	-	-	-	565,197	557,232
Retirement Contribution - ERS	869,831	-	-	-	-	869,831	808,648
Retirement Contribution - TRS	100,000	-	-	-	-	100,000	-
Mandatory Reserve for Debt Service	1,064,493	-	-	-	-	1,064,493	1,048,036
Repairs	83,255	-	-	-	-	83,255	82,959
Capital	2,060,256	-	-	-	-	2,060,256	1,733,888
Assigned:							
Encumbrances	500,357	-	-	-	-	500,357	527,924
Appropriated	2,250,000	-	-	-	-	2,250,000	2,400,000
Unappropriated	-	-	133,356	4,118,680	1,793,516	6,045,552	6,163,390
Unassigned	1,593,311	-	-	-	-	1,593,311	1,535,935
TOTAL FUND BALANCES	10,245,496	-	167,748	4,118,680	1,793,516	16,325,440	15,795,728
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,451,713	\$ 556,367	\$ 239,605	\$ 4,184,784	\$ 1,793,516	\$ 20,225,985	\$ 19,901,323

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	<u>2020</u>	<u>2019</u>
Total Governmental Fund Balances	\$ 16,325,440	\$ 15,795,728
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 governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2020 are \$57,857,037 and \$23,032,624, respectively.		
	34,824,413	35,807,304
Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.		
Net Pension Asset	1,608,791	
Deferred Outflows of Resources	7,118,427	
Net Pension Liability	(2,594,928)	
Deferred Inflows of Resources	<u>(2,207,249)</u>	3,925,041
		5,562,470
Long-term asset and liability associated with the Total OPEB Liability are not current financial resources or obligations and are not reported in the governmental funds.		
Deferred Outflows of Resources	2,344,643	
Deferred Inflows of Resources	(10,333,236)	
Total OPEB Liability	<u>(78,224,599)</u>	(86,213,192)
		(87,598,753)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated Absences	(561,245)	
Serial Bonds	(11,975,000)	
Retirement Incentive	<u>(140,000)</u>	(12,676,245)
		(15,323,750)
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.		
	<u>(68,405)</u>	<u>(81,311)</u>
Net Position of Governmental Activities	<u>\$ (43,882,948)</u>	<u>\$ (45,838,312)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	<u>NON-MAJOR</u>					<u>TOTAL</u>	
	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>GOVERNMENTAL FUNDS</u>	<u>2019 TOTALS</u>
REVENUES							
Real Property Taxes	\$ 16,741,329	\$ -	\$ -	\$ -	\$ -	\$ 16,741,329	\$ 16,214,894
Other Tax Items	1,908,896	-	-	-	-	1,908,896	2,027,303
Charges For Services	222,021	-	-	-	-	222,021	132,983
Use of Money and Property	121,559	-	-	-	45,532	167,091	230,476
Sale of Property and Compensation For Loss	10,841	-	-	-	-	10,841	19,916
Miscellaneous Local Sources	1,036,884	4,924	167	-	-	1,041,975	583,006
State Sources	16,131,933	86,925	7,143	-	-	16,226,001	16,050,123
Federal Sources	182,891	666,688	211,167	-	-	1,060,746	1,044,523
Sales	-	-	127,645	-	-	127,645	184,955
TOTAL REVENUES	36,356,354	758,537	346,122	-	45,532	37,506,545	36,488,179
OTHER FINANCING SOURCES							
Operating Transfers In	-	145,666	1,019	155,000	3,406,300	3,707,985	4,060,630
TOTAL REVENUES AND OTHER FINANCING SOURCES	36,356,354	904,203	347,141	155,000	3,451,832	41,214,530	40,548,809
EXPENDITURES							
General Support	3,634,150	-	-	-	-	3,634,150	3,631,334
Instruction	16,389,243	779,802	-	-	-	17,169,045	17,572,011
Pupil Transportation	2,346,938	36,022	-	-	-	2,382,960	2,041,379
Community Services	-	-	-	-	-	-	-
Employee Benefits	9,651,318	88,379	84,456	-	-	9,824,153	9,718,229
Debt Service:							
Principal	-	-	-	-	2,685,000	2,685,000	2,565,000
Interest	-	-	-	-	721,300	721,300	838,350
Cost of Sales	-	-	315,895	-	-	315,895	378,987
Capital Outlay	-	-	-	244,330	-	244,330	2,825,208
TOTAL EXPENDITURES	32,021,649	904,203	400,351	244,330	3,406,300	36,976,833	39,570,498
OTHER USES							
Operating Transfers Out	3,707,985	-	-	-	-	3,707,985	4,060,630
TOTAL EXPENDITURES AND OTHER USES	35,729,634	904,203	400,351	244,330	3,406,300	40,684,818	43,631,128
NET CHANGE IN FUND BALANCE	626,720	-	(53,210)	(89,330)	45,532	529,712	(3,082,319)
FUND BALANCE - Beginning of Year	9,618,776	-	220,958	4,208,010	1,747,984	15,795,728	18,878,047
FUND BALANCE - End of Year	\$ 10,245,496	\$ -	\$ 167,748	\$ 4,118,680	\$ 1,793,516	\$ 16,325,440	\$ 15,795,728

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	<u>2020</u>	<u>2019</u>
Total Net Change in Fund Balances – Governmental Funds	\$ 529,712	\$ (3,082,319)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expenses	(1,332,341)	
Capital Outlay	<u>349,450</u>	(982,891) 1,616,738

Repayments of principal on long term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Serial Bonds	2,685,000	2,565,000
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In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

Compensated Absences	2,505	
Retirement Incentives	<u>(40,000)</u>	(37,495) 101,353

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

Teachers' Retirement System	4,354,664	
Employees' Retirement System	<u>(5,992,093)</u>	(1,637,429) 147,901

(Increases) decreases in total OPEB Liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Total OPEB Liability	1,385,561	6,763,415
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SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

(Continued)

		<u>2020</u>	<u>2019</u>
In the governmental funds, the gross proceeds from the sale of assets are reported as revenues. In the statement of activities, the revenues are reduced by the net book value of the disposed asset.		\$ -	\$ (37,744)
In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.			
Current Year Accrued Interest	(68,405)		
Prior Year Accrued Interest	<u>81,311</u>	<u>12,906</u>	<u>12,343</u>
Change in Net Position of Governmental Activities		<u>\$ 1,955,364</u>	<u>\$ 8,086,687</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	PRIVATE PURPOSE <u>TRUST FUND</u>	AGENCY <u>FUND</u>
ASSETS		
Cash And Cash Equivalents	\$ <u>186,117</u>	\$ <u>401,008</u>
TOTAL ASSETS	<u>186,117</u>	<u>\$ 401,008</u>
LIABILITIES		
Extraclassroom Activity Balances	-	\$ 63,946
Agency Liabilities	-	91,712
Due To Governmental Funds	<u>-</u>	<u>245,350</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 401,008</u>
Reserved For Scholarships	<u>\$ 186,117</u>	

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020

	PRIVATE PURPOSE <u>TRUST FUND</u>
ADDITIONS	
Gifts And Contributions	\$ 750
Investment Earnings	<u> 2,115</u>
TOTAL ADDITIONS	<u> 2,865</u>
DEDUCTIONS	
Scholarships Awarded	<u> 5,179</u>
TOTAL DEDUCTIONS	<u> 5,179</u>
Change In Net Position	(2,314)
NET POSITION – Beginning Of Year	<u>188,431</u>
NET POSITION – End Of Year	<u>\$ 186,117</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sullivan West Central School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

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

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

The financial reporting entity includes all funds, account groups, functions and organizations over which the School District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of the financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

1. Included in the Reporting Entity

Based on the foregoing criteria and the significant factors presented below, the following organizations, functions or activities are included in the reporting entity:

a. The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Sullivan West Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash balances are reported in the Agency Fund of the School District. Separate audited general purpose financial statements (cash basis) of the extraclassroom activity funds can be found within these financial statements.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Joint Venture

The Sullivan West Central School District is one of the eight component school districts in the Sullivan County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

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

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

C. Basis of Presentation

1. District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District as a whole. These statements include the financial activities of the overall District, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Fund financial statements:

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

The District reports the following major governmental funds:

a. *General Fund*

The General Fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

b. *Special Revenue Fund*

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

1. Special Aid Fund – used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.
2. School Lunch Fund – used to account for transactions of the School District lunch, breakfast, and milk programs.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. *Capital Projects Fund*

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment

The District reports the following non-major governmental funds.

a. *Debt Service Fund*

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

Additionally, the District reports the following fund type:

a. *Fiduciary Fund*

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. The District reports the following Fiduciary Funds:

Private Purpose Trust Fund

These funds are used to account for trust arrangements in which principal and income benefit third parties and/or scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency Fund

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

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. **Basis of Accounting/Measurement Focus**

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

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

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

E. **Property Taxes**

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1st, and become a lien on September 1st. Taxes are collected during the period commencing September 1st and ending November 6th.

2. Enforcement

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

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. **Budgetary Procedures And Budgetary Accounting**

1. **Budget Policies**

The budget policies are as follows:

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

I. General Fund

- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. There were no supplemental appropriations authorized during the year.

2. **Encumbrances**

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

3. **Budget Basis of Accounting**

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. **Cash and Cash Equivalents**

For financial statement purposes, the District considers all highly liquid investments of three months or less as cash equivalents.

H. **Inventory**

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost or, in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase.

I. **Accounts Receivable**

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

J. **Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The capitalization threshold used by the District is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
Buildings and Improvements	25-50
Furniture & Equipment	5-20
Vehicles	8

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the governmental fund financial statements.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Unearned Revenue

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when sources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

L. Vested Employee Benefits

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated on the pay rates in effect at year-end.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach retirement age while working for the District.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 10).

M. Interfund Activity

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities/business type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

N. Equity Classifications

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

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

Restricted – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the District and determine which classification of net position will be charged.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$34,392.

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

Mandatory Reserve For Debt Service

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

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

Unemployment Insurance

Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

Workers' Compensation

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

Repair

Used to pay the cost of repairs to capital improvements or equipment. The Board of Education may establish the reserve by majority vote. Voter approval is required to fund the reserve and expenditures may only be made after a public hearing. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability

Used to reserve funds for the payment of any accrued employee benefit due an employee upon termination. The reserve is established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Retirement Contribution

Used to pay contributions to the NYS Employee Retirement System and NYS Teachers Retirement System. This reserve is accounted for in the General Fund.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District’s highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2020.

Assigned – includes 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 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. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of \$500,357 as assigned fund balance in the General Fund as of June 30, 2020.

Unassigned – represents the residual classification for the 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 fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

Order of Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

O. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standards issued by GASB:

GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance.*

Q. Future Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 84 – *Fiduciary Activities*, effective for the year ending June 30, 2021.

GASB 87 – *Leases*, effective for the year ending June 30, 2022.

GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022.

GASB 90 – *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2021.

GASB 91 – *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB 92 – *Omnibus*, effective for the year ending June 30, 2022.

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

R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reports \$7,118,427 in deferred outflows of resources related to pensions and \$ 2,344,643 in deferred outflows of resources related to the Total OPEB Liability as of June 30, 2020.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The District reports \$2,207,249 in deferred inflows of resources related to pensions and \$10,333,236 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2020.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$4,911,178 to unrestricted net position as of June 30, 2020.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net decrease of \$7,988,593 to unrestricted net position as of June 30, 2020.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

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

Total fund balances of the District's governmental funds differs from net position of governmental activities reported in the Statement of Net Position. The difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet.

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

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

1. Long-term revenue differences:

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

2. Capital related differences:

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

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

3. Long-term debt transaction differences:

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

NOTE 3 – PARTICIPATION IN BOCES

During the year ended June 30, 2020, the Sullivan West Central School District was billed \$4,499,156 for BOCES administrative and program costs. General purpose financial statements for Sullivan County are available from the BOCES administrative office at 15 Sullivan Avenue, Suite 1, Liberty, NY 12754.

The School District's share of BOCES income amounted to \$747,980.

NOTE 4 – CASH AND INVESTMENTS

The Sullivan West Central School District investment policies are governed by State statutes. In addition the District has its own written investment policy. Sullivan West Central School District monies must be deposited in FDIC-Insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposit.

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

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and states other than New York and their municipalities and school districts.

The District's aggregate cash balances include balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the District's name: \$18,614,451

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS/ RECLASSIFICATIONS	ENDING BALANCE
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 50,471	\$ -	\$ -	\$ 50,471
Construction in Progress	<u>3,638,778</u>	<u>244,330</u>	<u>-</u>	<u>3,883,108</u>
Total non-depreciable historical cost	<u>3,689,249</u>	<u>244,330</u>	<u>-</u>	<u>3,933,579</u>
Capital assets that are depreciated:				
Building and Improvements	50,747,506	27,647	-	50,775,153
Infrastructure	1,001,501	-	-	1,001,501
Machinery and Equipment	1,906,933	49,310	4,043	1,952,200
Vehicles	<u>166,441</u>	<u>28,163</u>	<u>-</u>	<u>194,604</u>
Total depreciable historical cost	<u>53,822,381</u>	<u>105,120</u>	<u>4,043</u>	<u>53,923,458</u>
Less accumulated depreciation:				
Building and Improvements	19,967,012	1,200,074	-	21,167,086
Infrastructure	200,302	25,039	-	225,341
Machinery and Equipment	1,400,137	97,960	4,043	1,494,054
Vehicles	<u>136,875</u>	<u>9,268</u>	<u>-</u>	<u>146,143</u>
Total Accumulated Depreciation	<u>21,704,326</u>	<u>1,332,341</u>	<u>4,043</u>	<u>23,032,624</u>
Total historical cost, net	<u>\$ 35,807,304</u>	<u>\$ (982,891)</u>	<u>\$ -</u>	<u>\$ 34,824,413</u>
Depreciation expense was charged to Governmental functions as follows:				
General Support		\$ 53,021		
Instruction		1,274,674		
School Lunch Program		<u>4,646</u>		
		<u>\$ 1,332,341</u>		

NOTE 6 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2020 are as follows:

	INTERFUND RECEIVABLE	INTERFUND PAYABLE	INTERFUND REVENUES	INTERFUND EXPENDITURES
General Fund	\$ 852,786	\$ 434,819	\$ 145,666	\$ 3,707,985
Special Aid Fund	279,819	555,865	-	-
Capital Fund	155,000	-	155,000	-
Debt Service Fund	-	-	3,406,300	-
School Lunch Fund	<u>-</u>	<u>51,571</u>	<u>1,019</u>	<u>-</u>
Total Governmental Activities	<u>1,287,605</u>	<u>1,042,255</u>	<u>3,707,985</u>	<u>3,707,985</u>
Agency Fund	<u>-</u>	<u>245,350</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>-</u>	<u>245,350</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 1,287,605</u>	<u>\$ 1,287,605</u>	<u>\$ 3,707,985</u>	<u>\$ 3,707,985</u>

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – INTERFUND TRANSACTIONS (Continued)

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

The District typically transfers funds from the General Fund to the Debt Service Fund to make debt service payments and to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants.

The District transfers investment income earned in the Capital Projects Fund to the Debt Service Fund for the purpose of making future debt service payments.

The District typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 7 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2020 consisted of the following:

Food	\$ 31,546
Supplies	<u>2,846</u>
	<u>\$ 34,392</u>

NOTE 8 - LIABILITIES

A. **Pension Plans and Post-Employment Benefits**

1. General Information

The Sullivan West Central School District participates in New York State and Local Employee's Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These Systems are cost sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – LIABILITIES (Continued)

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the New York State Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the New York State Teachers' Retirement Board.

The System provides benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York. The New York State TRS issued a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL). The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

3. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and prior to January 1, 2010, with less than ten years of service, are required to contribute 3% of their salary.

Those joining the NYSERS on or after January 1, 2010 and before April 1, 2012, contribute 3% of their salary throughout their entire working career. Those joining after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, dependent upon their salary, for their entire working career.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – LIABILITIES (Continued)

Those joining the NYSTRS on or after January 1, 2010 and before April 1, 2012 contribute 3.5% of their salary throughout their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on their salary, for their entire working career.

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 8.86% of the annually covered payroll for the fiscal year ended June 30, 2020. Rates applicable to the fiscal years ended June 30, 2019 and 2018, were 10.62% and 9.80%, respectively. For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

	<u>ERS</u>	<u>TRS</u>
2020	\$ 411,027	\$ 914,920
2019	428,452	1,097,697
2018	432,842	995,692

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

Interest Expense on long-term debt consisted of the following:

Interest Paid	\$ 721,300
Less: Interest Accrued in the Prior Year	(81,311)
Plus: Interest Accrued in the Current Year	<u>68,405</u>
Total Expense	<u>\$ 708,394</u>

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – LIABILITIES (Continued)

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2020 are summarized as follows:

	<u>BALANCE</u> <u>07/01/19</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/20</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Serial Bonds	\$ 14,660,000	\$ -	\$ 2,685,000	\$ 11,975,000	\$ 2,795,000
Compensated Absences	563,750	-	2,505	561,245	-
Total OPEB Liability	74,830,997	5,582,245	2,188,643	78,224,599	2,300,000
Retirement Incentives	<u>100,000</u>	<u>150,000</u>	<u>110,000</u>	<u>140,000</u>	<u>90,000</u>
TOTAL	<u>\$ 90,154,747</u>	<u>\$ 5,732,245</u>	<u>\$ 4,986,148</u>	<u>\$ 90,900,844</u>	<u>\$ 5,185,000</u>

Additions and deletions to compensated absences are shown net since it is impractical to determine those amounts separately.

c. Maturity

The following is a summary of maturity of indebtedness:

<u>PURPOSE</u>	<u>ISSUE</u> <u>DATE</u>	<u>FINAL</u> <u>MATURITY</u>	<u>INTEREST</u> <u>RATE</u>	<u>OUTSTANDING</u> <u>06/30/20</u>
Refunded Bond	2012	2024	2.00%-5.00%	\$ 5,215,000
Refunded Bond	2011	2024	2.00%-5.00%	<u>6,760,000</u>
				<u>\$ 11,975,000</u>

The following is a summary of maturing debt service requirements.

	<u>General Obligations</u>	
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2021	\$ 2,795,000	\$ 598,750
2022	2,925,000	459,000
2023	3,060,000	312,750
2024	<u>3,195,000</u>	<u>159,750</u>
TOTAL	<u>\$ 11,975,000</u>	<u>\$ 1,530,250</u>

2. Short-Term Debt

The District had no short-term debt activity for the year ended June 30, 2020.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

The Sullivan West Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

B. Tax Certiorari Proceedings

The District may be liable for refunds related to tax assessment reviews brought on by various taxpayers. Individually, these claims would not have a material impact on the financial statements. However, in the aggregate, if settled unfavorably, they may be material to the financial statements. The outcome cannot be reasonably estimated at this time. The District has funded its Tax Certiorari Reserve to be prepared in the event of unfavorable outcomes.

C. Other Items

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

D. COVID - 19

In the early months of 2020, the COVID – 19 pandemic spread quickly around the world, causing significant shutdowns of economic activity. As a result, the District had to switch to remote learning and incurred unanticipated costs related to the conversion. Additionally, the District recognized some savings related to budgeted activity that was no longer needed. The ultimate cost of the shutdown and the effect, if any, on future tax levies and State and Federal funding sources cannot be determined at this time. However, the District has been notified by NYS that certain State Aid payments will be reduced by 20% beginning with fiscal year end 2020 receivables and into fiscal 2021. The State may eventually turn over this money to the District depending on whether they receive assistance from the federal government. Since the receipt of this money is based on future events that are not within the District's control, the withheld money has not been included in the District's fiscal 2020 revenues, and will be recognized if, and when, the revenues are actually received.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

For the year ended June 30, 2020, the District's revenues have been reduced as a result of the NYS withholding as follows:

<u>Revenue Source</u>	<u>Amount</u>
Excess Cost Aid	\$ 52,534
BOCES Aid	<u>74,400</u>
	<u>\$ 126,934</u>

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

The District provides post employment coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

General Information about the OPEB Plan

Plan Description - The healthcare plan is a defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a pay as you go funding plan. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides eligible actives, retirees and dependents post-employment medical and prescription drug coverage through a self-insured Alt-PPO plan as part of the plan. The benefit terms vary based on the union contract that governs the employee and years of service with the District. The District also reimburses the cost of Medicare Part B premiums to both retirees and spouses. Employees depending on the bargaining unit, are required to contribute towards their health insurance on a sliding scale from 25% if they retire at 55 years and at least 10 years with the District. The District contributes the full cost of benefits for all other retirees. Upon the death of a retiree, the surviving spouse will contribute 100% of the premium.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	167
Active Employees	<u>186</u>
	<u>353</u>

Total OPEB Liability

The District's total OPEB liability of \$78,224,599 was measured as of July 1, 2019, using an actuarial valuation as of Entry Age Normal – Level Percent of Pay.

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

Actuarial Cost Method	Entry Age Normal – Level Percent Pay
Measurement Date	July 1, 2019
Long-Term Bond Rate	3.50%
Rate of Inflation	2.20%
Salary Scale	3.50%
Initial Healthcare Cost Trend Rate	7.50%
Ultimate Healthcare Cost Trend Rate	3.94%

The discount rate was based on a 20 year Bond GO Index.

Mortality rates were based on the RPH – 2014 Mortality Table for employees, sex distinct, with generational adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2018.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2018- December 31, 2018.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at July 1, 2019		\$ 74,830,997
Changes for the Year -		
Service Cost	2,157,863	
Interest	2,937,774	
Changes of Benefit Terms	486,608	
Differences between expended and actual experience	-	
Changes in assumptions or other inputs	(33,886)	
Expected Benefit Payments	<u>(2,154,757)</u>	
Net Changes		<u>\$ 3,393,602</u>
Balance at June 30, 2020		<u>\$ 78,224,599</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50%) or 1 – percentage point higher (4.50%) than the current discount rate:

	1% Decrease <u>(2.50%)</u>	Current Assumption <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Total OPEB Liability	<u>\$ 90,731,482</u>	<u>\$ 78,224,599</u>	<u>\$ 68,099,006</u>

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

	1% Decrease <u></u>	Current Assumption <u></u>	1% Increase <u></u>
Total OPEB Liability	<u>\$ 68,715,991</u>	<u>\$ 78,224,599</u>	<u>\$ 90,785,012</u>

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$959,082. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,797,595
Changes of assumptions or other inputs	-	5,535,641
Employer contributions subsequent to the measurement date.	<u>2,344,643</u>	<u>-</u>
Total	<u>\$ 2,344,643</u>	<u>\$ 10,333,236</u>

District contributions subsequent to the measurement date of \$2,344,643 will be recognized as a reduction in the total OPEB Liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	\$ (4,623,163)
2022	(3,887,613)
2023	(1,816,406)
2024	(6,054)
Thereafter	<u>-</u>
TOTAL	<u>\$ (10,333,236)</u>

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) are included in Note 8-A to the financial statements.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES

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

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2019	June 30, 2018
Net pension asset/(liability)	\$ (2,594,928)	\$ 1,608,791
District's portion of the Plan's total net pension asset/(liability)	0.0097994%	0.061924%

For the year ended June 30, 2020, the District recognized pension expense of \$939,463 for ERS and \$2,025,148 for TRS. At June 30, 2020, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 152,722	\$ 1,090,237	\$ -	\$ 119,633
Changes of assumptions	52,250	3,039,222	45,117	741,048
Net difference between projected and actual earnings on pension plan investments	1,330,286	-	-	1,290,168
Changes in proportion and differences between the District's contributions and proportionate share of contributions	148,894	193,312	4,930	6,353
District's contributions subsequent to the measurement date	<u>196,584</u>	<u>914,920</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,880,736</u>	<u>\$ 5,237,691</u>	<u>\$ 50,047</u>	<u>\$ 2,157,202</u>

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

District contributions subsequent to the measurement date \$196,584 for ERS and \$914,920 for TRS will be recognized as a reduction of the net pension liability in the year June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2020	\$ -	\$ 763,441
2021	302,574	81,784
2022	415,455	760,803
2023	512,190	519,420
2024	403,886	86,091
Thereafter	<u>-</u>	<u>(45,970)</u>
 TOTAL	 <u>\$ 1,634,105</u>	 <u>\$ 2,165,569</u>

Actuarial Assumptions

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

The valuations used the following significant actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.8%	7.10%
Salary scale	4.2%	1.90%-4.72%
Decrement tables	April 1, 2010-March 31, 2015	July 1, 2009-June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.5%	2.25%

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

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009-June 30, 2014.

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

	<u>ERS</u> March 31, 2020	<u>TRS</u> June 30, 2019
Measurement date		
Asset Type:		
Domestic Equity	4.05%	6.3%
International Equity	6.15	7.8
Global Bonds	-	.9
Global Equities	-	7.2
Real Estate	4.95	4.6
Alternative Investments	2.0-3.0	-
Domestic fixed income securities	-	1.3
Bonds and Mortgages	.75	-
Inflation – Indexed Bonds	.50	-
Private Equities	6.75	9.9
High Yield Bonds	-	3.6
Real Estate Debt	-	2.9
Cash Equivalents	-	.3

Discount Rate

The discount rate used to calculate the total pension liability was 6.80% for ERS and 7.10% 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 employees will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net position asset /(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (5.80% for ERS and 6.10% for TRS) or 1-percentagepoint higher (7.80% for ERS and 8.10% for TRS) than the current rate:

<u>ERS</u>	1% Decrease (<u>5.80%</u>)	Current Assumption (<u>6.80%</u>)	1% Increase (<u>7.80%</u>)
Employer's proportionate share of the net pension asset (liability)	\$ (4,762,425)	\$ (2,594,928)	\$ (598,654)
<u>TRS</u>	1% Decrease (<u>6.10%</u>)	Current Assumption (<u>7.10%</u>)	1% Increase (<u>8.10%</u>)
Employer's proportionate share of the net pension asset (liability)	\$ (7,261,916)	\$ 1,608,791	\$ 9,050,314

Pension Plan Fiduciary Net Position

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

	<u>ERS (in thousands)</u> April 1, 2019	<u>TRS</u> June 30, 2018
Valuation date		
Employers' total pension asset/(liability)	\$ 194,596,261	\$ 119,879,473,882
Plan Net Position	<u>168,115,682</u>	<u>122,477,480,654</u>
Employer's net pension asset/(liability)	<u>\$ 26,480,579</u>	<u>\$ (2,598,006,772)</u>
Ration of plan net position to the Employer's total pension asset/(liability)	86.39%	102.17%

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions represent the projected employer contribution for the period of April 1 through June 30, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$196,584.

For TRS, employer and employee contributions for the fiscal year ended June 30 are paid to the System in September, October, and November through a state aid intercept. Accrued retirement contributions as of June 30th, represent employee and employer contributions for the fiscal year ended June 30 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$972,480.

NOTE 12 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2020 and October 8, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 13 – TAX ABATEMENTS

The District is subject to a tax abatement agreement entered into by the Sullivan County Industrial Development Agency and the Delaware County Industrial Development Agency pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2020, the District received \$45,444 in tax abatement payments, which resulted in abated property taxes totaling \$58,145.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, OTHER USES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2019)

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>REVISED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>2019</u> <u>ACTUALS</u>
REVENUES					
Local Sources:					
Real Property Taxes	\$ 16,667,058	\$ 16,667,058	\$ 16,741,329	\$ 74,271	\$ 16,214,894
Other Tax Items	2,075,172	2,075,172	1,908,896	(166,276)	2,027,303
Charges For Services	28,000	28,000	222,021	194,021	132,983
Use of Money and Property	75,000	75,000	121,559	46,559	140,861
Sale of Property and Compensation For Loss	500	500	10,841	10,341	19,916
Miscellaneous Local Sources	550,000	550,000	1,036,884	486,884	582,377
State Sources:					
Basic Formula	14,513,514	14,513,514	13,950,776	(562,738)	13,743,738
Lottery Aid	924,635	924,635	1,218,111	293,476	987,472
BOCES	771,102	771,102	747,980	(23,122)	753,712
Other	93,921	93,921	215,066	121,145	291,499
Federal Sources	-	-	182,891	182,891	45,655
TOTAL REVENUES	35,698,902	35,698,902	36,356,354	657,452	34,940,410
OTHER FINANCING SOURCES					
Operating Transfers In	100,000	100,000	-	(100,000)	250,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	35,798,902	35,798,902	36,356,354	\$ 557,452	35,190,410
FUND BALANCE					
Appropriated Fund Balance	2,400,000	2,400,000			
Appropriated Reserves	199,445	199,445			
Prior Year Encumbrances	-	527,924			
TOTAL FUND BALANCE	2,599,445	3,127,369			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	\$ 38,398,347	\$ 38,926,271			

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, OTHER USES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2019)

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>REVISED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>2019 ACTUAL</u>
EXPENDITURES						
General Support:						
Board of Education	\$ 107,260	\$ 114,287	\$ 76,551	\$ 640	\$ 37,096	\$ 57,390
Central Administration	252,298	243,048	233,082	340	9,626	259,742
Finance	673,590	609,733	540,855	28,854	40,024	544,488
Staff	167,950	188,067	104,249	5,000	78,818	131,343
Central Services	2,623,138	2,804,410	2,029,155	91,450	683,805	2,032,793
Special Items	669,400	700,900	650,258	-	50,642	605,578
Instructional:						
Instruction, Administration and Improvement	944,402	952,691	888,804	174	63,713	838,067
Teaching:						
Regular School	8,320,484	8,382,147	8,035,769	15,992	330,386	8,009,690
Programs For Children With Handicapped Conditions	4,296,133	4,635,436	4,290,918	127,494	217,024	4,568,071
Occupational Education	701,052	842,508	842,508	-	-	747,194
Special Schools	43,686	48,096	24,492	-	23,604	28,142
Instructional Media	1,264,643	1,280,300	1,039,948	57,105	183,247	1,185,114
Pupil Services	1,472,433	1,457,964	1,266,804	18,419	172,741	1,377,259
Pupil Transportation	2,576,744	2,582,028	2,346,938	353	234,737	2,017,069
Community Services	5,400	5,400	-	-	5,400	-
Employee Benefits	10,666,934	10,369,456	9,651,318	154,536	563,602	9,541,465
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	34,785,547	35,216,471	32,021,649	500,357	2,694,465	31,943,405
OTHER USES						
Operating Transfers Out	3,612,800	3,709,800	3,707,985	-	1,815	3,810,629
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 38,398,347</u>	<u>\$ 38,926,271</u>	<u>\$ 35,729,634</u>	<u>\$ 500,357</u>	<u>\$ 2,696,280</u>	<u>\$ 35,754,034</u>
NET CHANGE IN FUND BALANCE			626,720			(563,624)
FUND BALANCE - Beginning of Year			<u>9,618,776</u>			<u>10,182,400</u>
FUND BALANCE - End of Year			<u>\$ 10,245,496</u>			<u>\$ 9,618,776</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
YEAR ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 2,157,863	\$ 2,472,225	\$ 3,225,888
Interest	2,937,774	3,184,786	2,769,682
Changes of Benefit Terms	486,608	(5,649,464)	-
Differences Between Expected and Actual Experience	-	(8,140,867)	-
Changes of Assumptions	(33,886)	(1,987,889)	(11,946,340)
Benefit Payments	<u>(2,154,757)</u>	<u>(2,083,697)</u>	<u>(1,938,475)</u>
Net Change in Total OPEB Liability	3,393,602	(12,204,906)	(7,889,245)
Beginning Total OPEB Liability	<u>74,830,999</u>	<u>87,035,903</u>	<u>94,925,148</u>
Ending Total OPEB Liability	<u>\$ 78,224,599</u>	<u>\$ 74,830,997</u>	<u>\$ 87,035,903</u>
Covered Employee Payroll	<u>\$ 12,872,417</u>	<u>\$ 12,665,186</u>	<u>\$ 13,890,571</u>
Total OPEB Liability as a Percentage of Covered Payroll	608%	591%	627%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

Changes of Benefit Terms

The District will contribute a flat cash amount of 100% of the premium rate for Support Staff in the first year of retirement.

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

June 30, 2019 Measurement Date:	3.50%
June 30, 2018 Measurement Date:	3.87%

The discount rates are inputs taken from the rate for a 20-year high-quality tax-exempt municipal bond index as of each measurement date.

Removed the PPACA excise tax trend adjustment

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
YEAR ENDED JUNE 30, 2020

TRS System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.061924%	0.062375%	0.064280%	0.064531%	0.064378%	0.067972%
The District's proportionate share of the net pension asset (liability)	\$ 1,608,791	\$ 1,127,897	\$ 448,594	\$ (691,149)	\$ 6,686,744	\$ 7,571,701
The District's covered employee payroll	10,326,410	10,160,123	10,186,301	9,957,708	9,670,378	10,040,582
The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll	15.58%	11.10%	4.40%	6.94%	69.15%	75.41%
Plan Fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

ERS System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.0097994%	0.0090414%	0.0090650%	0.0092540%	0.0086404%	0.008683%
The District's proportionate share of the net pension liability	\$ (2,594,928)	\$ (640,614)	\$ (292,568)	\$ (869,531)	\$ (1,386,801)	\$ (299,322)
The District's covered employee payroll	2,965,910	2,861,850	2,730,135	2,589,429	2,331,961	2,380,934
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	87.49%	22.38%	10.72%	33.58%	59.47%	12.57%
Plan Fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2020

TRS System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 914,920	\$ 1,097,697	\$ 995,692	\$ 1,193,834	\$ 1,320,392	\$ 1,695,217	\$ 1,631,594	\$ 1,166,767	\$ 1,096,848	\$ 1,046,516
Contribution in relation to the contractually required contribution	<u>914,920</u>	<u>1,097,697</u>	<u>995,692</u>	<u>1,193,834</u>	<u>1,320,392</u>	<u>1,695,217</u>	<u>1,631,594</u>	<u>1,166,767</u>	<u>1,096,848</u>	<u>1,046,516</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%

ERS System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 411,027	\$ 428,452	\$ 432,842	\$ 418,301	\$ 448,339	\$ 417,105	\$ 485,817	\$ 452,207	\$ 380,171	\$ 277,386
Contribution in relation to the contractually required contribution	<u>411,027</u>	<u>428,452</u>	<u>432,842</u>	<u>418,301</u>	<u>448,339</u>	<u>417,105</u>	<u>485,817</u>	<u>452,207</u>	<u>380,171</u>	<u>277,386</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	13.86%	14.97%	15.89%	16.15%	19.23%	17.52%	20.97%	N/A	N/A	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2020

ADOPTED BUDGET	\$ 38,398,347
ADDITIONS:	
Encumbrances From Prior Year	<u>527,924</u>
FINAL BUDGET	<u>\$ 38,926,271</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
REAL PROPERTY TAX LIMIT
YEAR ENDED JUNE 30, 2020

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2020-2021 Voter Approved Expenditure Budget		<u>\$ 39,832,785</u>
Maximum allowed (4% of Budget)		<u>\$ 1,593,311</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 2,750,357	
Unassigned Fund Balance	<u>1,593,311</u>	
Total Unrestricted Fund Balance		4,343,668
Less:		
Appropriated Fund Balance	2,250,000	
Encumbrances included in Assigned Fund Balance	<u>500,357</u>	
Total Adjustments		<u>2,750,357</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		<u>\$ 1,593,311</u>
Actual Percentage		4.00%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2020

<u>PROJECT TITLE</u>	<u>I EXPENDITURES I</u>					<u>I METHODS OF FINANCING I</u>				<u>FUND BALANCE JUNE 30, 2020</u>
	<u>ORIGINAL APPROPRIATIONS</u>	<u>REVISED APPROPRIATIONS</u>	<u>PRIOR YEARS</u>	<u>CURRENT YEARS</u>	<u>TOTAL</u>	<u>UNEXPENDED BALANCE</u>	<u>LOCAL SOURCES</u>	<u>STATE SOURCES</u>	<u>TOTAL</u>	
High School Drainage	\$ 450,000	\$ 1,317,357	\$ 1,175,771	\$ -	\$ 1,175,771	\$ 141,586	\$ 1,317,357	\$ -	\$ 1,317,357	\$ 141,586
Elementary School Roof	1,600,000	2,100,000	2,065,927	-	2,065,927	34,073	2,100,000	-	2,100,000	34,073
Storage Buildings	675,000	675,000	727,693	-	727,693	(52,693)	675,000	-	675,000	(52,693)
Capital Project	2,698,000	2,698,000	2,358,855	59,228	2,418,083	279,917	2,698,000	-	2,698,000	279,917
Local Projects	950,000	1,075,000	2,022,336	118,998	2,141,334	(1,066,334)	3,261,158	125,000	3,386,158	1,244,824
Smart Schools Bond Act	425,059	425,059	131,114	-	131,114	293,945	-	131,114	131,114	-
New Roof & Temperature Control	3,799,300	4,304,300	1,767,223	<u>66,104</u>	1,833,327	2,470,973	4,304,300	-	4,304,300	<u>2,470,973</u>
				<u>\$ 244,330</u>						<u>\$ 4,118,680</u>

SEE ACCOMPANYING NOTES AND AUDITORS’ OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2020

Capital Assets, Net	\$ 34,824,413
Less: Outstanding Bonds	<u>(11,975,000)</u>
Net Investment in Capital Assets	<u>\$ 22,849,413</u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

<u>GRANTOR AGENCY</u>	<u>CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>EXPENDITURES CURRENT YEAR</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through State Dept. of Education:			
National School Lunch Program	10.555	N/A	\$ 51,881
School Breakfast Program	10.553	N/A	<u>130,741</u>
Total Child Nutrition Cluster			182,622
Passed Through State Dept. of Health and Human Services:			
Commodity Supplement Food Program (Non-cash)	10.565	N/A	<u>28,545</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>211,167</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
ESEA, Title I	84.010A	021-20-3280	258,137
IDEA, Part B	84.027A	032-20-1243	329,459
IDEA, Pre-School	84.173A	033-20-1243	<u>12,780</u>
Total Special Education Cluster			<u>342,239</u>
Title II, A	84.367A	147-20-3280	43,724
Title IV, SSAE Allocation	84.424A	204-20-3280	<u>22,588</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>666,688</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 877,855</u>

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Sullivan West Central School District. The Sullivan West Central School District's reporting entity is defined in Note 1 to the District's basic financial statements. All federal financial assistance passed through other governmental agencies are included on the schedule.

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the District's basic financial statements as follows:

Governmental Funds:	
General Fund	\$ -
Special Aid Fund	666,658
School Lunch Fund	<u>211,167</u>
 TOTAL	 <u>\$ 877,855</u>

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

To the Board of Education of the
Sullivan West Central School District
Jeffersonville, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Sullivan West School District, New York as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Sullivan West School District, New York's basic financial statements and have issued our report thereon dated October 8, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sullivan West School District, New York'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 Sullivan West School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sullivan West School District, New York'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 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

A handwritten signature in dark ink, reading "Cooper Armas LLP". The signature is written in a cursive, flowing style.

Mongaup Valley, New York
October 8, 2020

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

To the Board of Education of the
Sullivan West Central School District
Jeffersonville, New York

Report on Compliance for Each Major Federal Program

We have audited the Sullivan West Central School District, New York's 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 Sullivan West Central School District, New York's major federal programs for the year ended June 30, 2020. The Sullivan West Central School District, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Sullivan West Central School District, New York'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 the Sullivan West Central School District, New York'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. Our audit does not provide a legal determination on the Sullivan West School District, New York's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Sullivan West School District, New York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Sullivan West Central School District, New York 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 Sullivan West Central School District, New York'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 Sullivan West Central School District, New York'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 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.

A handwritten signature in dark ink, appearing to read "Cooper Quinn LLP", is written over a light gray rectangular background.

Mongaup Valley, New York
October 8, 2020

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of the Sullivan West Central School District.
2. There were no significant deficiencies disclosed during the audit of the financial statements of the Sullivan West Central School District.
3. No instances of non-compliance material to the financial statements of the Sullivan West Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of internal control over major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the Sullivan West Central School District expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) are reported on this schedule.
7. The programs tested as major programs included:

IDEA, Part B	84.027A
IDEA, Pre-School	84.173A
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Sullivan West Central School District was determined to be a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Awards Program Audit

None

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2020

No findings noted in the prior year.

INDEPENDENT AUDITORS' REPORT

To The President and Board Members of
The Board of Education
Sullivan West Central School District
Jeffersonville, New York

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Sullivan West School District as of June 30, 2020, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Sullivan West School District 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 the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the Sullivan West School District as of June 30, 2020, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

This report is intended solely for the information and use of the school board governing body and management of the Extraclassroom Activity Funds of Sullivan West School District, and for filing with the various offices and agencies of the State of New York. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in dark ink, appearing to read "Cooper Arias LLP". The signature is written in a cursive, flowing style.

Mongaup Valley, New York
October 8, 2020

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
JUNE 30, 2020

ASSETS	
Cash	<u>\$ 63,946</u>
 TOTAL ASSETS	 <u>\$ 63,946</u>
 FUND BALANCE	 <u>\$ 63,946</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE-CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

<u>ACTIVITY</u>	CASH & FUND BALANCE <u>07/01/19</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	CASH & FUND BALANCE <u>06/30/20</u>
High School Campus:				
Class of 2019	\$ 2,997	\$ 100	\$ 3,097	\$ -
Class of 2020	6,484	11,426	9,174	8,736
Class of 2021	1,558	2,102	1,315	2,345
Class of 2022	828	780	579	1,029
Class of 2023	807	887	610	1,084
Class of 2024	3,386	2	-	3,388
Class of 2025	795	-	-	795
Class of 2026	-	26,735	17,642	9,093
Student Council	3,062	10,972	9,296	4,738
Band – HS	1,390	17,326	15,765	2,951
Band – Jr. High	5	-	-	5
Chorus	2,238	6,914	5,823	3,329
Drama Club	2,680	2	-	2,682
French Club	630	2,892	1,411	2,111
Musical Production Club	8,624	3,409	6,315	5,718
National Honor Society	1,490	1,595	1,373	1,712
SADD	911	-	-	911
Sales Tax Account	672	2,864	2,774	762
Spanish Club	555	-	-	555
School Store	1,324	850	1,162	1,012
Video Tech Club	122	-	-	122
Yearbook	9,166	3,789	4,905	8,050
Jeffersonville Campus :				
Memory Books	<u>2,970</u>	<u>1,395</u>	<u>1,547</u>	<u>2,818</u>
TOTAL	<u>\$ 52,694</u>	<u>\$ 94,040</u>	<u>\$ 82,788</u>	<u>\$ 63,946</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN WEST CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - DESCRIPTION OF OPERATIONS

Student activity funds are defined by the New York State Education Department as “funds raised other than by taxation, or through charges of a Board of Education, for, by or in the name of a school, student body or any subdivision thereof.”

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school activity funds in accordance with established policies and rules of the District’s Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The books and records of the Extraclassroom Activity Funds of Sullivan West School District are maintained on the cash basis of accounting. Consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.

Interest Income

Interest income earned on the bank account during the year has been credited to the Student Council Fund.

Bank Charges

All bank service charges have been charged to the respective activity fund.

Inactive Accounts

Account balances of inactive clubs have been transferred to the Student Council Fund.