PRELIMINARY OFFICIAL STATEMENT DATED JUNE 1, 2021

NEW ISSUES
SERIAL BONDS

RATING: MOODY'S INVESTOR SERVICE:
See "Bond Rating", herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the 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). Bond Counsel expresses no opinion regarding any other tax consequence related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "Tax Matters". The Bonds will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$4,500,000

TRI-VALLEY CENTRAL SCHOOL DISTRICT AT GRAHAMSVILLE, SULLIVAN AND ULSTER COUNTIES, NEW YORK

(the "District")

SCHOOL DISTRICT (SERIAL) BONDS, 2021

Dated: July 1, 2021

Principal Due: June 15, 2022-2036, inclusive
Interest Due: December 15, 2021 and semiannually thereafter in each year to maturity

SEE BOND MATURITY SCHEDULE HEREIN

Security and Sources of Payment: The Bonds are general obligations of the Tri-Valley Central School District at Grahamsville, Sullivan and Ulster Counties, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, without limitation as to rate or amount. (See "*The Tax Levy Limit Law*" herein).

Prior Redemption: The Bonds maturing on June 15, 2028 and thereafter are subject to redemption prior to maturity, at the option of the District, as a whole or in part, on any date on or after June 15, 2027. (See "Optional Redemption" under "THE BONDS," herein.)

Form and Denomination: At the option of the purchaser, the Bonds may be issued in registered certificated form in the name of the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds. Individual purchases of the Bonds may be made in denominations of $5,000 or integral multiples thereof. Bondholders will not receive certificates representing their respective interests in the Bonds purchased in book-entry form. See "Book-entry-only System" under "The Bonds," herein.

Payment: Payment of the principal of and interest on any Bonds issued in book-entry form will be made by the District to DTC which will in turn remit such payment to its Participants for subsequent distribution to the Beneficial Owners of the Bonds in accordance with standing instructions and customary practices. Payment to the Beneficial Owners will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-entry-only System" under "The Bonds," herein. Payment of the principal of and interest on any Bonds registered in the name of the Purchaser will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder, at the bidder's expense.

The Bonds are offered when, as and if issued and received by the Purchaser and subject to the receipt of an approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about July 1, 2021 or as otherwise agreed to by the District and the Purchaser.

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE DISTRICT FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE") EXCEPT FOR CERTAIN INFORMATION THAT WILL BE UPDATED FOLLOWING THE SALE OF THE BONDS. FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE. SEE "DISCLOSURE UNDERTAKING" HEREIN.

TRI-VALLEY CENTRAL SCHOOL DISTRICT AT GRAHAMSVILLE, SULLIVAN AND ULSTER COUNTIES, NEW YORK

(the "District")

$ 4,500,000 SCHOOL DISTRICT (SERIAL) BONDS, 2021

BOND MATURITY SCHEDULE

Year	Amount	Rate	Yield or Price	CUSIP #
2022	$300,000			
2023	300,000			
2024	300,000			
2025	300,000			
2026	300,000			
2027	300,000			
2028	300,000*			
2029	300,000*			
2030	300,000*			
2031	300,000*			
2032	300,000*			
2033	300,000*			
2034	300,000*			
2035	300,000*			
2036	300,000*			

*Subject to redemption prior to maturity. See "*Optional Redemption*" herein.

TRI-VALLEY CENTRAL SCHOOL DISTRICT AT GRAHAMSVILLE
SULLIVAN AND ULSTER COUNTIES

34 Moore Hill Road
Grahamsville, NY 12740
Telephone: 845/985-2296
Fax: 845/985-0310
Website: www.trivalleycsd.org

BOARD OF EDUCATION

Keri Poley, President
Joseph Colon, Vice President

Kimberly Botsford
Brent Clarke
Patrick Kelly
Randy McGregor
Erin Mentnech
Kathy Poppo
Keith Stryker

Michael Williams, Superintendent of Schools
Robert Whitaker, Assistant Superintendent for Finance and Human Resources
Kimberly Decker, Treasurer
Norma Pena, District Clerk

* * *

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

* * *

MUNICIPAL ADVISOR

Municipal Finance Advisory Service

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

E-mail: info@munistat.com
Website: http://www.munistat.com

No person has been authorized by the Tri-Valley Central School District at Grahamsville to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the 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 the Tri-Valley Central School District at Grahamsville since the date hereof.

TABLE OF CONTENTS

Page

TABLE OF CONTENTS - CONTINUED

Page

OFFICIAL STATEMENT

TRI-VALLEY CENTRAL SCHOOL DISTRICT AT GRAHAMSVILLE
SULLIVAN AND ULSTER COUNTIES, NEW YORK

$4,500,000 SCHOOL DISTRICT (SERIAL) BONDS, 2021

This Official Statement and appendices thereto presents certain information relating to the Tri-Valley Central School District at Grahamsville, Sullivan and Ulster Counties, in the State of New York (the "District", "County" and "State," respectively) in connection with the sale of $4,500,000 School District (Serial) Bonds, 2021 (the "Bonds").

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 form 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" and "IMPACTS OF COVID-19" herein.

THE BONDS

Description of the Bonds

The Bonds will be dated date of delivery, and will mature in the principal amounts on June 15, in each of the years 2022 to 2036, inclusive, as set forth on the inside cover page. Interest on the Bonds will be payable December 15, 2021, and semi-annually thereafter in each year until maturity.

At the option of the purchaser, the Bonds may be either issued in registered certificated form in the name of the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds. Individual purchases of the Bonds may be made in denominations of $5,000 or integral multiples thereof. For Bonds issued as book-entry bonds through DTC, Bondholders will not receive certificates representing their respective interests in the Bonds purchased. See "Book-entry-only System" under "The Bonds," herein.

Interest on the Bonds will be payable December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year to maturity. For Bonds issued as book-entry bonds through DTC, principal and interest will be paid by the District to DTC as the securities depository, 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 may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the District referred to therein.

The Record Date of the Bonds will be the last business day of the calendar month preceding each interest payment date.

The District will act as Paying Agent for any Bonds issued in book-entry form and the purchaser(s) will serve as or retain a paying agent for the Bonds registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: Robert Whitaker, School Business Official, Tri-Valley Central School District at Grahamsville, 34 Moore Hill Road, Grahamsville, New York 12740, telephone number (845) 985-2296, email: robertwhitaker@trivalleycsd.org.

Optional Redemption for the Bonds

The Bonds maturing on or before June 15, 2027 will not be subject to redemption prior to maturity. The Bonds maturing on June 15, 2028 and thereafter, will be subject to redemption, at the option of the District, prior to maturity, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after June 15, 2027, at par plus accrued interest to the date of redemption.

Notice of such call for redemption shall be given by mailing such notice to the registered owner at least thirty (30) days prior to the date set for such redemption. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

Book-entry-only System

DTC will act as Securities Depository for the Bonds, if the book-entry-only format is chosen by the successful bidder. The Bonds will be issued as fully-registered securities, 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 and deposited with DTC for each maturity of the Bonds.

DTC is 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 facilities 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 certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found a www.dtcc.com and www.dtc.org.

Purchases of 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 or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the 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 affect 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 accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

Source: The Depository Trust Company, New York, New York.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the District takes no responsibility for the accuracy thereof.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

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

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 and a successor depository is not obtained, the following provisions will apply: The Bonds will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the District as the fiscal agent. Certificated Bonds may be transferred or exchanged at no cost to the owner of such Bonds at any time prior to maturity at the corporate trust 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 President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the New York State Local Finance Law.

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, and a bond resolution duly adopted by the Board of Education on July 11, 2019 authorizing the issuance of $4,500,000 Bonds for the construction and reconstruction of various school district buildings and facilities. The Bonds will finance in full such authorized amount.

Continuing Disclosure Undertaking for the Bonds

At the time of delivery of the Bonds, the District will provide an executed copy of its "Undertaking to Provide Continuing Disclosure" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interest in the Bonds, to provide, or cause to be provided to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board ("MSRB") established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking:

(1) (i) 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 final Official Statement dated June 15, 2021 relating to the Bonds under the headings "The District", "Indebtedness of the District", "Finances of the District, "Tax Information", "Litigation" and all Appendices (other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending June 30, 2021, and (ii) a copy of the audited financial statement, 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 audit, if any, 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 an audited financial statement is not available at that time, within sixty days following receipt by the District of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the District of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the District; (xiii) 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; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a "financial obligation" (as defined in the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect bond holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

"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); provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The District has been advised on the new disclosure rules pertaining to "financial obligations" as defined in the Rule. Existing standard operating procedures of the District include initiation, oversight, and tracking of such "financial obligations" by the chief fiscal officer. Appropriate disclosure filings within the required timeframe is part of an existing contract with the District's financial advisor, acting in the capacity of dissemination agent of the District.

The District may provide notice of the occurrence of certain other events, in addition to those listed above, if it 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 event except those events listed above; and

(3) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide the annual financial information by the date specified.

The District's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provisions, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the District, and no person or entity, including a holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the District to comply with the Undertaking will not constitute a default with respect to the Bonds.

The District reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in a manner consistent with Rule 15c2-12 as then in effect; subject to approval of bond counsel and the District.

COMPLIANCE HISTORY

Other than as noted below, the District is in compliance in all respects with all previous undertakings made pursuant to Rule 15c2-12 during the last five years.

On December 3, 2018, the District filed a material event notice for the rating upgrade given by Moody's from "A1 Positive Outlook" to "Aa3".

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 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 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, and without limitation as to rate or amount for the Bonds.

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

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the 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 Limit 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 Limit Law, it also provides the procedural method to surmount that limitation. See "Tax Information - Tax Levy Limit Law," herein.

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

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

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds 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 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 TAX LEVY LIMIT LAW

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

Prior to the enactment of the Tax Levy Limit 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 now requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020 unless extended; it was made permanent by recent legislation. Pursuant to the Tax Levy Limit 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 would be 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 could 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 this is an exclusion from the tax levy limitation. It is applicable to 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 Limit Law is unconstitutional as it applies to public school districts. The suit alleged that the Tax Levy Limit Law arbitrarily caps property tax levy increases and perpetuates funding inequities between affluent and low-wealth school districts. The suit further alleged that the tax cap unconstitutionally limits the ability of school districts and their taxpayers to address these inequities by exercising substantial local control. Among seven cause of action, the suit also alleges that the Tax Levy Limit Law unconstitutionally interferes with fundamental voting rights in violation of the principle of "one person, one vote." On May 5, 2016, the Appellate Division upheld a 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 increase". NYSUT then appealed to the Court of Appeals. An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

Real Property Tax Rebate

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

Certain additional restrictions on the amount of the personal income tax credit were set forth in Chapter 59 in order for the tax cap to qualify as one which would have provided the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount was increased in the second year if compliance occurred in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrated "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 were required to 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 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they did provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limit Law.

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 applied beginning in 2016 and was fully phased in during 2019 and generally has included continued tax cap compliance.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision

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

Execution/Attachment of Municipal Property

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

Section 99-b of the State Finance Law Applicable to School Districts

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

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

Authority to File For Municipal Bankruptcy

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

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Bonds should the District be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Bonds to receive interest and principal from the District could be adversely affected by the restructuring of the District's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the District (including the Bonds) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the District under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law

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

At the Extraordinary Session of the State Legislature held in November 1975, legislation was enacted which purported to suspend the right to commerce 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 grounds that it violates the provisions of the State Constitution requiring a pledge by such District of its faith and credit for the payment of obligations.

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

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of the governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the "property, affairs and governments" of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and school districts so as to prevent abuses in taxation and assessment and in contracting indebtedness by them. In 2013, the State established a new state advisory board to assist counties, cities, towns and school district in financial distress. The Financial Restructuring Board for Local Governments (the "FRB"), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to $5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The District is not working with the FRB. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision

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

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

Default Litigation

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

No Past Due Debt

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

THE DISTRICT

Description

The Tri-Valley Central School District at Grahamsville with an area of approximately 210 square miles and an estimated population of 6,200 is located in northeastern Sullivan County and western Ulster County. The District centers around the unincorporated community of Grahamsville situated about 10 miles east of the Village of Liberty and 15 miles north of the Village of Monticello. In Sullivan County valuation wise the District comprises 97% of the Town of Neversink, 13% of the Town of Fallsburg and a minor portion of the Town of Liberty and in Ulster County the District contains 100% of the Town of Denning and minor portions of the Towns of Wawarsing and Rochester.

The District, which contains very sizeable valuations of the City of New York water properties (reservoir, dam and laboratory properties) is otherwise mainly residential and agricultural in character.

Limited commercial facilities in the District are supplemented by the major shopping centers in Monticell, Fallsburg and Liberty nearby. Sizeable agricultural operations are primarily devoted to dairying and general agriculture.

The City of New York, in addition to reservoir and dam properties, operates a central laboratory in Grahamsville for water analysis and control. The Neversink Dam unit is a highly complex operation which controls the flow of water to the Roundout Reservoir through two hydro-electric plants.

In addition to in-district employment at the New York City Water Department operations and in Town and County governmental units, the residents have easy access to employment opportunities at the New York State Correctional Institutions at Woodbourne and Napanoch and in the commercial and industrial operations in nearby Liberty, Monticello and Ellenville.

District Organization

The Board of Education, which is the policy-making body of the District, consists of nine members with overlapping three-year terms so that as nearly as possible an equal number shall be elected to the Board each year. The President and the Vice President are selected by the Board members.

The administrative officers of the District, whose duty it is to implement the polices of the Board of Education and who are appointed by the Board, include the Superintendent of Schools, the Assistant Superintendent for Finance and Human Resources, the School District Clerk and the District Treasurer.

Enrollment History

The following table presents the past and current school enrollment for the District.

School Year	School Enrollment
2017	1,034
2018	1,006
2019	997
2020	975
2021	938

Source: District Officials.

Projected Future Enrollment

The following table presents the projected future school enrollment for the District.

School Year	School Enrollment
2022	950
2023	950
2024	950

Source: District Officials.

District Facilities

The District operates two schools and offices; statistics relating to each are shown below.

Name of School	Grades	Date of Construction	Capacity
Tri-Valley Elementary	UPK-6	1959, 1972, 1988	635
Tri-Valley Secondary	7-12	1950, 1963, 1996, 2006	534

Employees

The collective bargaining agents, if any, which represent employees and the dates of expirations of the various collective bargaining agreements are as follows:

Name of Union	Expiration Date of Contract	Approx. No. of Members
NYS Union of Teachers (NYSUT)/ TVTA	06/30/2024	119
Superintendent	06/30/2021[a]	1
TESSA (Support Staff)	06/30/2021[a]	72
TVAA (Administrators)	06/30/2021[a]	5

a. Currently in negotiations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The estimated population of the District is 6,200.

Income Data

The information set forth below with respect to Towns, Counties and State is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the District is necessarily representative of the Towns, Counties or State or vice versa.

	Per Capita Money Income			
	1990	2000	2010	2019[a]
Town of:				
Denning	$13,740	$23,846	$25,747	$41,751
Fallsburg	9,672	16,744	16,614	23,450
Liberty	11,629	17,565	22,037	25,601
Neversink	15,975	19,260	25,076	36,791
Rochester	13,216	21,065	26,051	36,176
Wawarsing	11,779	16,512	18,380	23,577
County of:				
Sullivan	12,567	18,892	23,422	30,446
Ulster	14,921	20,846	28,954	34,834
State of New York	16,501	23,389	30,984	39,326

	Median Household Income			
	1990	2000	2010	2019[a]
Town of:				
Denning	$26,964	$40,893	$53,125	$75,755
Fallsburg	25,028	33,036	43,009	40,631
Liberty	25,919	32,022	48,730	48,556
Neversink	35,833	45,174	50,795	66,886
Rochester	27,196	43,071	56,660	57,801
Wawarsing	26,605	35,872	43,690	48,743
County of:				
Sullivan	27,582	36,998	48,103	57,426
Ulster	34,033	42,551	57,584	64,304
State of New York	32,965	43,393	55,603	68,486

Source: United States Bureau of the Census
a. Based on American Community Survey 5-Year Estimate (2015-2019)

Large Employers
(As of 2019)

Company	Estimated Number of Employees	Primary Business Activity
Tri-Valley Central School District	200	School
Frost Valley YMCA	200	Camp
NYC Department of Environmental Protection	100	Watershed Protection
Maxon Company	50	Insurance Billing
Town of Neversink	30	Government
Grey's Woodworks	15	Sheds, Gazebos, Garages

Unemployment Rate Statistics

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

Annual Averages:	County of Sullivan (%)	County of Ulster (%)	New York State (%)
2016	4.8	4.4	4.8
2017	4.9	4.6	4.7
2018	4.1	3.9	4.1
2019	4.0	3.8	4.0
2020	8.8	8.0	10.0
2021 (3 Month Average)[a]	6.9	6.6	9.2

Source: Department of Labor, State of New York
a. Unemployment rates dramatically increased throughout the State due to the COVID-19 pandemic.

INDEBTEDNESS OF THE DISTRICT

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 otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the District and the Bonds, include the following:

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods (such as the Bonds), 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 the weighted average maturity thereof. No installment may be more than fifty per centum in excess of the smallest prior installment unless the District provides for substantially level or declining annual debt service in the manner prescribed by the State Legislature. 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 or such required annual installments on its notes.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any school 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 constitutional and 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 ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

Statutory Requirements and 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 and the General Municipal Law.

Pursuant to the Local Finance Law, the District authorizes the issuance of bonds by the adoption of a bond resolution, approved by at least two-thirds of the members of the Board of Education, the finance board of the District. Customarily, the Board of Education has delegated to the President of the Board of Education, as chief fiscal officer of the District, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

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

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

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

2) There has not been substantial compliance with the provisions of law which should have been complied with in 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 estoppels procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Principal installments are made in reduction of the total amount of such bonds or notes outstanding issued in anticipation thereof, commencing no later than two years from the date of the first of such bonds or notes and provided that such renewals do not extend five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

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

The following pages present certain details with respect to the indebtedness of the District as of the date of the Debt Statement prepared in connection with the issuance of the Bonds.

Computation of Debt Limit and Debt Contracting Margin
(As of June 1, 2021)

In Town of (2020-2021):[a]	Assessed Valuation	State Equalization Rate (%)	Full Valuation
Fallsburgh	$85,116,932	63.50	$134,042,413
Liberty	2,584,565	77.80	3,322,063
Neversink	29,907,008	3.80	787,026,526
Denning	27,431,933	17.00	161,364,312
Rochester	1,907,297	100.00	1,907,297
Wawarsing	16,938,209	110.78	15,289,952
Total:	163,885,944		1,102,952,563

Debt Limit - 10% of Average Full Valuation	110,295,256
Inclusions:[b]	
Outstanding Bonds	4,010,000
Bond Anticipation Notes	-
Total Indebtedness	4,010,000
Exclusions (Estimated Building Aid)[c]	1,966,407
Total Net Indebtedness Before Issuing the Bonds	2,043,593
The Bonds	4,500,000
Less: BAN Being Redeemed by the Bonds	0
Net effect of Issuing the Bonds	4,500,000
Total Net Indebtedness After Issuing the Bonds	8,510,000
Net Debt Contracting Margin	$101,785,256
Per Cent of Debt Contracting Margin Exhausted	7.72%

a. The latest completed assessment roll for which a State Equalization Rate has been established.
b. Tax Anticipation Notes, Energy Performance Lease Purchase and Revenue Anticipation Notes are not included in this computation of the debt contracting margin of the District.
c. Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent information received by the District from the State Department of Education. The amount shown is not necessarily the amount the District will ultimately receive. The District has not applied for a building aid exclusion certificate from the Commissioner of Education and therefore may not exclude such amount from its total indebtedness on the Debt Statement form required to be filed with the Office of the State Comptroller when bonds are to be issued.

Trend of Outstanding Indebtedness
As of June 30:

	2016	2017	2018	2019	2020
Bonds	$9,875,000	$8,790,000	$6,980,000	$5,950,000	$4,865,000
BANs	0	0	0	0	0
Other	0	0	0	0	0
Total	$9,875,000	$8,790,000	$6,980,000	$5,950,000	$4,865,000

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the District has no short-term indebtedness outstanding.

Debt Service Requirements - Outstanding Bonds[a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2021	$1,105,000	$111,050	$1,216,050
2022	1,120,000	88,950	1,208,950
2023	1,140,000	65,925	1,205,925
2024	250,000	41,875	291,875
2025	250,000	35,625	285,625
2026	250,000	29,375	279,375
2027	250,000	22,500	272,500
2028	250,000	15,000	265,000
2029	250,000	7,500	257,500
Totals	$4,865,000	$417,800	$5,282,800

a. Does not include payments made to date or that the District will redeem their 2014 outstanding bonds in the amount of $2,000,000 on June 1, 2021.

Authorized and Unissued Debt

The District has $6,000,000 of authorized and unissued debt outstanding for district-wide improvements. $4,500,000 of such amount will be financed with the issuance of the Bonds.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of:				
Sullivan	03/17/2021	8.70	$12,603,908	$11,688,479
Ulster	10/23/2020	1.05	1,348,295	1,252,501
Town of:				
Fallsburgh	07/08/2020	12.92	3,582,998	2,970,582
Liberty	12/31/2020	0.28	7,500	7,500
Neversink	12/31/2020	96.84	94,300	94,300
Denning	12/31/2020	100.00	0	0
Rochester	12/31/2020	0.25	1,550	1,550
Wawarsing	12/31/2020	1.00	69,100	69,100
Fire Districts (Estimated)	12/31/2020	Var.	0	0
Totals:			$17,707,651	$16,084,012

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements.

Debt Ratios
(As of June 1, 2021)

	Amount	Per Capita[a]	Percentage of Full Value (%)[b]
Total Direct Debt	$4,010,000	$ 647	0.36
Net Direct Debt	2,043,593	330	0.19
Total Direct & Applicable Total Overlapping Debt	7,592,998	1,225	0.69
Net Direct & Applicable Net Overlapping Debt	5,014,175	809	0.45

a. The estimated population of the District is 6,200.
b. The full valuation of taxable property is $1,102,952,563.

FINANCES OF THE DISTRICT

Independent Audit

The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2020. A copy of such report is included herein as Appendix C.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the GML, the District is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the District, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

The Board of Education of the District has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

Fund Structure and Accounts

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund and school lunch fund. In addition, a capital projects fund is used to record capital facility projects, while a trust and agency fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

The district-wide and fiduciary fund financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transaction, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real 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 and the related expenditures are incurred.

The fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

Source: Audited Financials of the District.

Budget Process

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring, the budget is developed and refined in conjunction with the school building principals and department supervisors. The District's budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See *"The Levy Limit Law"* herein).

On May 18, 2021, a majority of the voters of the District approved the District's budget for the 2021-2022 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2021-2022 and 2020-2021 may be found in Appendix A, herein.

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See *"Tax Information"* herein.

State Aid

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the school districts can be paid only if the State has such monies available for such payment.

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2016 through 2020, and the 2021 and 2022 budgeted amounts.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid	State Aid To Revenues (%)
2016	$30,535,954	$ 9,014,033	29.52
2017	30,906,624	10,000,746	32.36
2018	31,733,978	10,352,788	32.62
2019	32,128,408	10,506,557	32.70
2020	33,240,737	10,839,881	32.61
2021 (Budgeted)	34,870,077	11,676,045	33.48
2022 (Budgeted)	35,171,263	11,991,520	34.09

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See "*STAR – School Tax Exemption*" herein).

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

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to December 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.

On October 30, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a $14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of $63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State. (See also "*Events Affecting New York School Districts*" herein).

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 pandemic.

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

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.

Litigation regarding apportionment of State aid. In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity* ("CFE") v. *State of 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 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 State Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in *Campaign for Fiscal Equity* ("CFE") v. *State of New York*, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled *NYSER* v. *State of New York* has been filed recently on behalf of the State's public-school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in *CFE* v. *State of New York*. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER's claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

Recent Events Affecting State Aid to New York School Districts

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

School district fiscal year (2014-2015): The State Legislature adopted the State budget on March 31, 2014. The State's 2014-2015 Budget included a $1.1 billion or 5.3% increase in State aid to school districts for the 2014-2015 school year. High-need school districts received 70% of the State aid increase. The State's 2014-2015 Budget restored $602 million of Gap Elimination Adjustment reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The State's 2014-2015 Budget invested $1.5 billion over five years to support the phase-in of a Statewide universal full-day pre-kindergarten program.

School district fiscal year (2015-2016): The State Legislature adopted the State budget on March 31, 2015. Said budget included an increase of $1.4 billion in State aid for school districts that was tied to changes in the teacher evaluation and tenure process.

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

School district fiscal year (2017-2018): The State's 2017-2018 Budget provided for school aid of approximately $25.8 billion, an increase of $1.1 billion in school aid spending from the 2016-2017 school year. The majority of the increases were targeted to high need school districts. 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's 2017-18 Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans.

School district fiscal year (2018-2019): The State's 2018-2019 Budget provided for school aid of approximately $26.7 billion, an increase of approximately $1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases were targeted to high need school districts. 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 5.2% and building aid increased by 4.7%. The State

2018¬2019 Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans.

School district fiscal year (2019-2020): The State's 2019-2020 school year, the State's Enacted Budget include a total of $27.9 billion for School Aid, a year-to-year funding increase of approximately $1.2 billion. The majority of the increases have been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education will continue in full, as is the State's usual practice. Transportation aid will increase by approximately 4.5% and building aid will increase by approximately 3.7%. The State 2019¬2020 Enacted Budget continues to link school aid increases for 2019-2020 and 2020-2021 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 (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget is 3.7 percent lower than in the State's 2019-2020 Enacted Budget but is offset in part with increased Federal support. This reduction in State Operating Funds support will be offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 is expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continues prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provides over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorizes the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget and recent releases by the State regarding the projected revenue shortfalls in such budget.

School district fiscal year (2021-2022): For the 2021-2022 school year, the State's Enacted budget provides $29.5 billion in State funding to school districts for the 2021-2022 school year through School Aid, the highest level of State aid ever, supporting the operational costs of school districts that educate 2.5 million students statewide. This investment represents an increase of 11.3% ($3.0 billion) compared to the 2020-2021 school year, including a $1.4 billion (7.6%) Foundation Aid increase. The Enacted budget would allocate $13 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, will help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The Budget allocates $629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the Budget uses $105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-2022 school year.

The State provides annual State aid to school districts in the State, including the District, on the basis of various formulas. Due to the State's own budgetary crisis in 2009 and to assist the State in mitigating the impacts of its own revenue shortfall, the State reduced the allocation of State aid to school districts as part of a program known as the Gap Elimination Adjustment ("GEA"). The GEA was a negative number (funds that were deducted from the State aid originally due to the District under State aid formulas). The District's State aid was reduced as a result of the GEA program starting in 2009. Subsequent State budgets decreased the amount of the GEA deduction and the State's 2016-2017 Budget eliminated the remaining balance of the GEA.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of $2 billion of general obligation bonds by the State to finance improved educational technology and infrastructure to enhance learning and opportunity for students throughout the State. The District's estimated total allocation was $1.0 million.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Market Factors Affecting Financings of the State and School Districts of the State*").

Expenditures

The major categories of expenditure for the District are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

The State Comptroller's Fiscal Stress Monitoring System and OSC Compliance Reviews

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

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 0.0%; Environmental Score: 13.3%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released March 6, 2020. The purpose of such audit was to determine whether the Board and District Officials properly managed fund balance. The complete report, together with the District's response, may be found on the OSC's official website.

References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Employee Pension System

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System ("TRS"). Employer pension payments to the TRS are generally deducted from State aid payments when there are enough funds available for the State to do so. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System ("ERS"). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year's full-time service contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, the Governor signed into law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010 and before March 31, 2012. New ERS employees will now contribute 3% of their salaries and new TRS employees will contribute 3.5% of their salaries. There is no provision for these employee contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. The new pension tier has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at $15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of $75,000 or more.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower payment possible. The annual employer pension payment is due on February 1 of each year.

Due to poor performance of the investment portfolio of TRS and ERS during the recent financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially. To help mitigate the impact of such increases, legislation was enacted that permitted school districts to amortize a portion of its annual employer pension payment to the ERS only. Under such legislation, school districts that choose to amortize were required to set aside and reserve funds with the ERS for certain future rate increases.

The District has not amortized any of its employer pension payments pursuant to this legislation and expects to continue to pay all payments in full when due.

In addition, in Spring 2013, the State and TRS approved a Stable Contribution Option ("SCO") that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). ERS followed suit and modified its existing ERS SCO. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts.

The TRS SCO deferral plan is available to school districts for up to 7 years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The District has not amortized any of its employer pension payments as part of the SCO and expects to continue to pay all payments in full when due.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan.

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and the budgeted amount for the fiscal years 2021 and 2022.

Fiscal Year Ending June 30:	ERS	TRS
2016	$1,636,074	$436,617
2017	1,085,454	340,133
2018	918,011	423,654
2019	1,131,664	405,425
2020	1,402,184	511,443
2021 (Budgeted)	1,351,095	498,870
2022 (Budgeted)	1,017,290	519,371

Source: Audited Financial Statements and the 2020 -2021 and 2021-2022 Budgets. Table itself in not audited.

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, 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. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended June 30, 2018, the District adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 75, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the employer's current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost. Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

The District's total OPEB liability at June 30, 2020 is as follows:

Changes in the Total OPEB Liability	Fiscal Year Ending June 30, 2020:
Balance as of June 30, 2019	$50,743,261
Changes for the Year:	
Service Cost	1,759,036
Interest	2,013,760
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	(418,258)
Changes in assumptions or other inputs	3,228,540
Benefit payments	(943,278)
Total Changes	$5,639,800
Total OPEB liability as of June 30, 2020	$56,383,061

The OSC has recently proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to 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. The District cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District has decided to continue funding the expenditure on a pay-as-you-go basis.

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

TAX INFORMATION

Real Property Taxes

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the County. Assessment valuations are determined by the assessor and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations, but is subject to statutory requirements. Nassau County has introduced a plan to complete an ongoing systematic review of the assessment levels which called for every property in the County to be reassessed by January 1, 2019.

The following table sets forth the percentage of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2016 through 2020, and for the 2021 and 2022 budgets.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues[b] (%)
2016	$30,535,954	$19,047,920	62.38
2017	30,906,624	19,063,369	61.68
2018	31,733,978	19,359,100	61.00
2019	32,128,408	19,822,078	61.70
2020	33,240,737	20,249,452	60.92
2021 (Budgeted)	34,870,077	21,154,821	60.67
2022 (Budgeted)	35,171,263	20,986,560	59.67

Tax Collection Procedure

Real Property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period commencing September 1 and ending November 4. Uncollected real property taxes are subsequently enforced by the Counties of Sullivan and Ulster. An amount representing uncollected real property taxes transmitted to the counties for enforcement is paid by the Counties to the School District no later than the forthcoming April 1; thereby assuring 100% collection of the annual levy.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $86,000 or less, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $66,800 for the 2018-19 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of $500,000 are eligible for a $30,000 "full value" exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

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. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. 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 State 2017-18 Enacted Budget included changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year's amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year's STAR credit check or taxpayers also may account for those changes in their State income taxes.

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

The District expects to receive full reimbursement of exempt taxes from the State in January 2022. (See *"State Aid"* herein).

Valuations, Rates, Levies and Collections

ASSESSED VALUATIONS	2017	2018	2019	2020	2021
Towns of:					
Fallsburgh	$ 85,116,932	$ 86,147,999	$ 86,761,620	$ 87,896,676	$ 88,520,047
Liberty	2,584,565	2,597,228	2,592,414	2,627,083	2,646,141
Neversink	29,907,008	29,720,697	29,587,215	29,419,728	29,122,970
Denning	27,431,933	27,628,182	27,753,617	27,744,219	27,952,877
Rochester	1,907,297	1,916,292	1,915,988	2,133,653	2,312,193
Wawarsing	16,938,209	16,925,411	17,671,735	17,609,935	17,665,980
Total Assessed Valuation	163,885,944	164,935,809	166,282,589	167,431,294	168,220,208
STATE EQUALIZATION RATES					
Towns of:					
Fallsburgh	63.50%	64.00%	59.50%	59.00%	54.70%
Liberty	77.80%	78.50%	75.00%	77.34%	74.00%
Neversink	3.80%	3.80%	3.80%	3.65%	3.45%
Denning	17.00%	17.00%	16.00%	16.00%	16.00%
Rochester	100.00%	97.00%	93.50%	100.00%	100.00%
Wawarsing	110.78%	110.53%	105.41%	100.00%	94.00%
FULL VALUATIONS					
Towns of:					
Fallsburgh	134,042,413	134,606,248	145,817,849	148,977,417	161,828,239
Liberty	3,322,063	3,308,571	3,456,552	3,396,797	3,575,866
Neversink	787,026,526	782,123,605	778,610,921	806,019,945	844,144,058
Denning	161,364,312	162,518,718	173,460,106	173,401,369	174,705,481
Rochester	1,907,297	1,975,559	2,049,185	2,133,653	2,312,193
Wawarsing	15,289,952	15,312,957	16,764,761	17,609,935	18,793,596
Total Full Valuation	$ 1,102,952,563	$ 1,099,845,657	$ 1,120,159,374	$ 1,151,539,116	$ 1,205,359,434
TOTAL TAX LEVY	$ 20,048,608	$ 20,332,734	$ 20,784,175	$ 21,154,821	$ 21,154,821

Selected Listing of Large Taxable Properties
2019-2020 Assessment Roll

Name	Type	Assessed Valuation
New York City	Vacant Forestlands and Reservoirs	$612,040,371
New York State Lands	State Lands	77,578,406
Foxcroft Mobil Home Park	Mobile Homes	7,843,092
Central Hudson	Utility	6,919,710
Peekamoose Properties, LLC.	Residential and Vacant Lands	6,179,414
Verizon	Utility	3,528,518
NYSEG	Utility	3,357,501
Sheldrake Owner, LLC.	Residential and Vacant Lands	4,453,033
Judd Hirsch	Resident	2,127,778
Stagedoor Manor	Art Camp	2,121,149
	Total [a]	$726,148,972

Source: Town Assessment Rolls.
a. Represents 22.57% of the Assessed Valuation of the District for 2020-2021.
b. The City of New York currently has outstanding tax appeals with respect to the Neversink Reservoir properties (see below). The District holds reserves in its General Fund against potential tax certiorari settlements. The settlement could be substantial and in such case, the District may need to authorize and issue bonds to pay such a cost.

CYBERSECURITY

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. To mitigate such risk the District has contracted with an outside technology firm to assist in the prevention detection and remediation of any such attacks. In addition, the District maintains an insurance policy covering cyber liability. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

Upon delivery of the Bonds, the County shall furnish a certificate of the County, dated the date of delivery and payment for the Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened to his knowledge to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the County wherein an adverse judgment or ruling could adversely affect the power of the County to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds.

City of New York Certiorari Proceeding – Neversink Reservoir Property

The District has been provided notice of the commencement of proceedings against the Town of Neversink ("Town") by the City of New York ("City") challenging the real property assessments of certain property (land and improvements constituting what is known commonly as the Neversink Reservoir) owned by the City within the Town and the District. The proceedings, brought pursuant to Article 7 of the New York Real Property Tax Law, challenge the assessments of the Neversink Reservoir on the 2008, 2009, 2010, 2011 and 2012 assessment rolls of the Town. Although the District is not a party to the proceedings, it may be bound by any assessment reductions ordered by the Court and face a consequent obligation to pay refunds of any real property taxes levied on the portions of the assessments deemed excessive.

In each of the years at issue (2008-2012), the Town assessed the Neversink Reservoir at $18,326,350. These assessments are presumptively correct under New York Law. As alleged in the petitions, the City claims that such assessment implies a fair market value of the Neversink Reservoir for each of the years as follows:

2012	$1,832,635,000
2011	1,832,635,000
2010	1,666,032,000
2009	1,466,108,000
2008	916,317,500

In its petitions for the years 2009-2012, the City claimed the fair market value of the Neversink Reservoir to be $150,000,000, and for 2008 the claimed value was $50,000,000. The City has alleged that these values should be found by the Court, and that the assessments should be reduced to $1,500,000 for the years 2010 through 2012, to $1,865,000 for 2009, and to $10,000,000 for 2008.

The District has not been provided notice whether these proceedings are yet subject to a scheduling order from the Court. As a condition of the 2010 Water Supply Permit issued to the City by the New York State Department of Environmental Conservation, however, the City committed to fund and to participate in a program, known as the Tax Litigation Avoidance Program ("TLAP"). TLAP establishes a process in which the values of certain properties, including those that are the subject of the above petitions, can be determined without litigations by reference to generic valuation templates. A requirement of TLAP is that the City must participate should a town or other assessing authority so request. It is the District's understanding that the form of the generic template through which the value of properties such as the Neversink Reservoir may be determined has been agreed to by the City, in which case the Town may now make a determination whether to participate in the TLAP program. If the Town determines to participate in the program, the proceedings may be resolved without litigation.

IMPACT OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

MARKET AND RISK FACTORS

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

The financial and economic 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, 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 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 some 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 "State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the District. Unforeseen developments could also result in substantial increases in District expenditures, thus placing strain on the District's financial condition. These factors may have an effect on the market price of the Bonds.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bond and other debt issued by the District. Any such future legislation would have an adverse effect on the market value of the Bonds.

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the District and hence upon the market price of the Bonds. (See "Tax Levy Limitation Law" herein.)

TAX MATTERS

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

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 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. on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigations, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incidental to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially in the form attached hereto as Appendix B.

BOND RATING

The District has applied to Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, for a rating on the Bonds and such application is pending at this time. This rating reflects only the view of the rating agency furnishing the same, and an explanation of the significance of this rating may be obtained only from the rating agency. There is no assurance such rating will continue for any given period of time, or that such rating will not be revised or withdrawn by such rating agency, if in its judgment, circumstances so warrant. Any such action could have an adverse effect on the market for and market price of the Bonds.

MUNCIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain legal documents, including this Official Statement. 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.

OTHER MATTERS

The District has complied with the procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance.

There is no bond or note principal or interest 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 of the State of New York having power to levy taxes within the District, except as expressed in the "Calculation of Estimated Overlapping and Underlying Indebtedness."

ADDITIONAL INFORMATION

Additional information may be obtained from the office of Robert Whitaker, School Business Official, Tri-Valley Central School District at Grahamsville, 34 Moore Hill Road, Grahamsville, New York 12740, telephone number (845) 985-2296, email: robertwhitaker@trivalleycsd.org., or from Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: www.munistat.com.

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 Village's management's beliefs as well as assumptions made by, and information currently available to, the Village'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 Village's files with the repositories. When used in Village's documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

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.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.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. Munistat Services, 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 Village nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Village disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the Village also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Orrick, Herrington & Sutcliffe LLP expresses no opinion as to the accuracy or completeness of any documents prepared by or on behalf of the Village for use in connection with the offer and sale of the Bonds, including this Official Statement.

The preparation and distribution of this Official Statement have been approved by the Village Treasurer pursuant to the power delegated to him by the authorizing note resolutions to sell and deliver the Bonds.

This Official Statement has been duly executed and delivered by the President of the board of Education of the Tri-Valley Central School District at Grahamsville of Grahamsville.

TRI-VALLEY CENTRAL SCHOOL DISTRICT AT GRAHAMSVILLE,
SULLIVAN AND ULSTER COUNTIES, NEW YORK

By: s/s KERI POLEY
President of the Board of Education
Tri-Valley Central School District at Grahamsville
Grahamsville, New York

June , 2021

TRI-VALLEY CENTRAL SCHOOL DISTRICT AT GRAHAMSVILLE

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances

General Fund

	2016	2017	2018	2019	2020
Revenues:					
Real Property Taxes	$ 19,047,920	$ 19,063,369	$ 19,359,100	$ 19,822,078	$ 20,249,452
Other Tax Items	1,136,161	1,114,695	1,107,735	1,099,306	1,047,341
Charges for Services	10,389	49,885	190,254	16,136	129,742
Use of Money and Property	41,720	48,822	78,035	114,641	145,644
Sale of Property and Compensation for Loss	54,679	6,557	4,635		
Miscellaneous	1,194,754	576,278	621,628	486,815	720,194
State Sources	9,014,033	10,000,746	10,352,788	10,506,557	10,839,881
Federal Sources	36,298	46,272	19,803	82,875	108,483
Total Revenues	30,535,954	30,906,624	31,733,978	32,128,408	33,240,737
Expenditures:					
General Support	3,266,093	3,150,272	3,356,945	3,447,704	3,513,857
Instruction	13,446,039	14,708,137	14,523,353	16,001,531	15,571,952
Pupil Transportation	2,718,222	2,806,036	2,837,196	3,240,475	2,855,503
Community Services	10,000	10,000	10,000	10,000	10,000
Employee Benefits	6,275,936	6,440,883	6,739,950	7,072,289	6,934,244
Debt Service	1,306,938	1,328,325	2,023,275	1,199,450	1,217,750
Total Expenditures	27,023,228	28,443,653	29,490,719	30,971,449	30,103,306
Excess (Deficit) of Revenues Over Expenditures	3,512,726	2,462,971	2,243,259	1,156,959	3,137,431
Other Sources and Uses:					
Operating Transfers (In)	74,477		403,089		
Interfund Transfers (Out)	(2,987,704)	(2,680,402)	(2,532,806)	(49,515)	(539,753)
Total Other Sources and Uses	(2,913,227)	(2,680,402)	(2,129,717)	(49,515)	(539,753)
Fund Balance - Beg. of Year	15,428,840	16,028,339	15,810,908	15,924,450	17,031,894
Adjustments	0	0	0	0	0
Fund Balance - End of Year	$ 16,028,339	$ 15,810,908	$ 15,924,450	$ 17,031,894	$ 19,629,572

Sources: Audited Financial Statements of the District (2016-2020)
NOTE: This table NOT audited

Comparative Balance Sheet - General Fund

	Fiscal Year Ending June 30:		
	2018	2019	2020
Assets:			
Current Assests:			
Cash and Cash Equivalents	$ 13,125,388	$ 17,546,456	$ 20,287,141
Other Receivables, Net	72,037	14,188	14,920
State and Federal Aid Receivable	700,429	637,778	752,234
Due From Other Governments	353,984	221,630	237,509
Due From Other Funds	3,388,781	1,488,884	616,338
Total Assets	$ 17,640,619	$ 19,908,936	$ 21,908,142
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable	$ 507,057	$ 604,026	$ 1,116,981
Accrued Liabilities	15,509	12,579	32,759
Due to Other Funds	55,715	1,011,234	0
Due to Teachers' Retirement System	1,021,421	1,131,664	992,531
Due to Employees' Retirement System	116,467	117,539	136,299
Total Liabilites	$ 1,716,169	$ 2,877,042	$ 2,278,570
Fund Balances:			
Restricted	12,802,102	13,614,781	12,976,066
Assigned	1,811,748	2,031,863	2,141,652
Unassigned	1,310,600	1,385,250	4,511,854
Total Fund Equity	15,924,450	17,031,894	19,629,572
Total Liabilities and Fund Equity	$ 17,640,619	$ 19,908,936	$ 21,908,142

Sources: Audited Financial Statements (2018-2020)
NOTE: This table NOT audited

Budget Summaries
Fiscal Year Ending June 30:

	2021[a]	2022[b]
Real Property Taxes	$ 21,154,821	$ 20,986,560
Miscellaneous Revenues	2,039,211	2,193,183
State Aid	11,676,045	11,991,520
Total Revenues	$ 34,870,077	$ 35,171,263
Salaries	$ 13,110,440	$ 13,246,228
Equipment	503,800	628,800
Other Expenses	6,701,502	6,661,946
Supplies & Materials	325,863	441,830
BOCES	4,044,875	4,151,100
Employee Benefits	8,929,047	8,673,909
Debt Service	1,216,050	1,328,950
Interfund Transfers	38,500	38,500
	$ 34,870,077	$ 35,171,263

(a) Approval by the voters of the District on June 9, 2020
(b) Approval by the voters of the District on May 18, 2021

TRI-VALLEY CENTRAL SCHOOL DISTRICT AT GRAHAMSVILLE

APPENDIX B

FORMS OF BOND COUNSEL'S OPINIONS

DRAFT

July 1, 2021

Tri-Valley Central School District at Grahamsville,
Counties of Sullivan and Ulster,
State of New York

Re: Tri-Valley Central School District at Grahamsville
Sullivan and Ulster Counties, New York
$4,500,000 School District (Serial) Bonds, 2021

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $4,500,000 School District (Serial) Bonds, 2021 (the "Obligations"), of the Tri-Valley Central School District at Grahamsville, Counties of Sullivan and Ulster, State of New York (the "Obligor"), dated July 1, 2021, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ per centum (_____%) per annum as to bonds maturing in each of the years 2022 to 2036, both inclusive, payable on December 15, 2021 and semi-annually thereafter on June 15 and December 15, and maturing in the amount of $300,000 on June 15 in each of the years 2022 to 2036, both inclusive.

Obligations maturing on or before June 15, 2027 will not be subject to redemption prior to maturity. Obligations maturing on June 15, 2028 and thereafter will subject to redemption prior to maturity, at the option of the Obligor, prior to maturity, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after June 15, 2027, at par plus accrued interest to the date of redemption.

In our opinion:

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

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

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

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

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

In our opinion:

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

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

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

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

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

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

Very truly yours,

TRI-VALLEY CENTRAL SCHOOL DISTRICT AT GRAHAMSVILLE

APPENDIX C

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS HAS NOT BEEN REQUESTED OR OBTAINED.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK

AUDIT REPORT FOR THE YEAR ENDED
JUNE 30, 2020
INCLUDING REPORTS ON FEDERAL AWARDS
AND EXTRACLASSROOM ACTIVITY FUNDS

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
JUNE 30, 2020
TABLE OF CONTENTS

Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Tri-Valley Central School District
Grahamsville, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tri-Valley Central School District, as of June 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental schedules on pages 4 through 14 and 64 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tri-Valley Central School District's basic financial statements. The supplemental schedules on pages 69 through 71 are required by the New York State Education Department and are presented for purposes of additional analysis and are 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* 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 supplemental schedules on pages 69 through 71, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 69 through 71, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 24, 2020 on our consideration of the Tri-Valley Central School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tri-Valley Central School District's internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Tri-Valley Central School District's internal control over financial reporting and compliance.

Nugent & Haeussler, P.C.

Montgomery, New York
September 24, 2020

TRI-VALLEY CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis

Introductory Section

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

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2020 are as follows:

- General Fund total revenues were $167,229 less than budget.
- General Fund total expenditures and encumbrances were $4,887,106 under budget.
- The District received federal funds for instructional programs and school lunch assistance of $622,465 and $312,186, respectively.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

Overview of the Financial Statements (Continued)

- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

The following table summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements			
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial Statements

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

The two district-wide statements report the District's net position and how it has changed. Net Position, the difference between the District's assets and deferred outflows and its liabilities and deferred inflows, is one way to measure the District's financial health or *Position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information provided in the notes to the financial statements explains the relationship (or differences) between them.
- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

For the year ended June 30, 2020, net position increased by $1,528,994. The District's net position at June 30, 2020 is ($20,673,114). The following table provides a summary of the District's net position:

Summary of Net Position

	School District Activities		
	June 30, 2020	June 30, 2019	% Change
Current Assets	$ 22,861,741	$ 19,924,812	14.74%
Net Pension Asset - Proportionate Share	1,524,678	1,057,786	44.14%
Capital Assets, Net	28,884,460	28,909,511	-0.09%
Total Assets	53,270,879	49,892,109	6.77%
Deferred Ouflows of Resources	10,491,589	7,327,560	43.18%
Current Liabilities	2,404,173	2,120,157	13.40%
Net Pension Liability - Proportionate Share	2,221,967	621,802	257.34%
Long-Term Debt Outstanding	62,377,656	57,836,805	7.85%
Total Liabilities	67,003,796	60,578,764	10.61%
Deferred Inflows of Resources	17,431,786	18,843,013	-7.49%
Net Position:			
Net Investment in Capital Assets	24,019,460	22,959,511	4.62%
Restricted	13,812,839	14,399,198	-4.07%
Unrestricted	(58,505,413)	(59,560,817)	1.77%
Total Net Position	$ (20,673,114)	$ (22,202,108)	6.89%

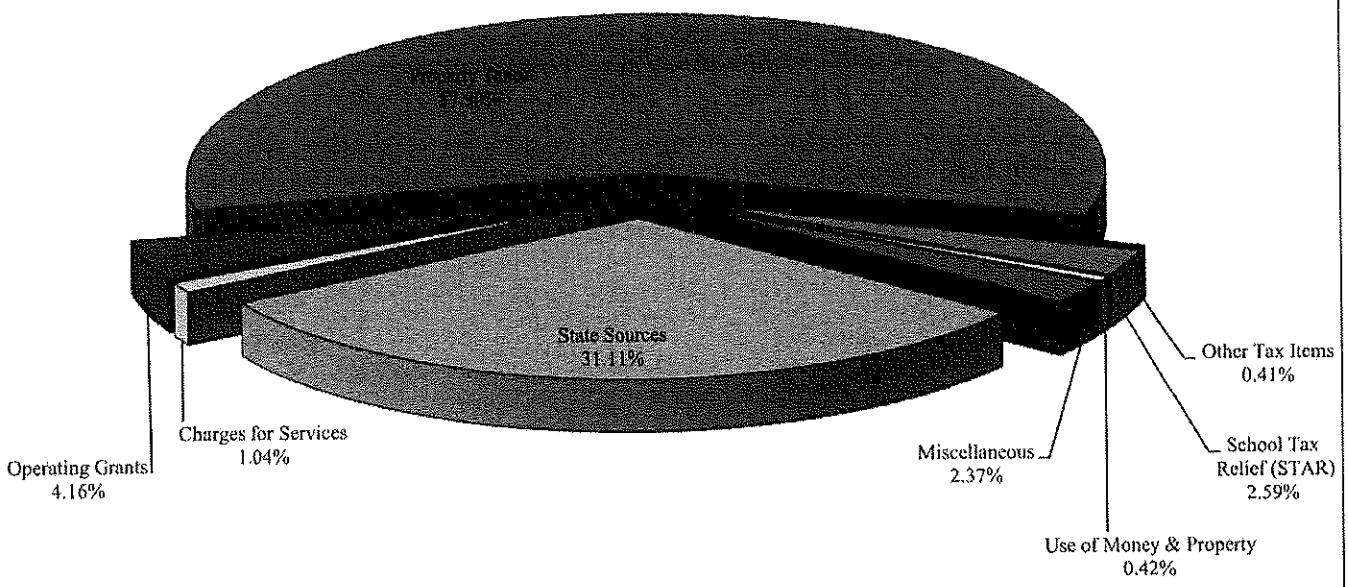
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the year ended June 30, 2020:

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION

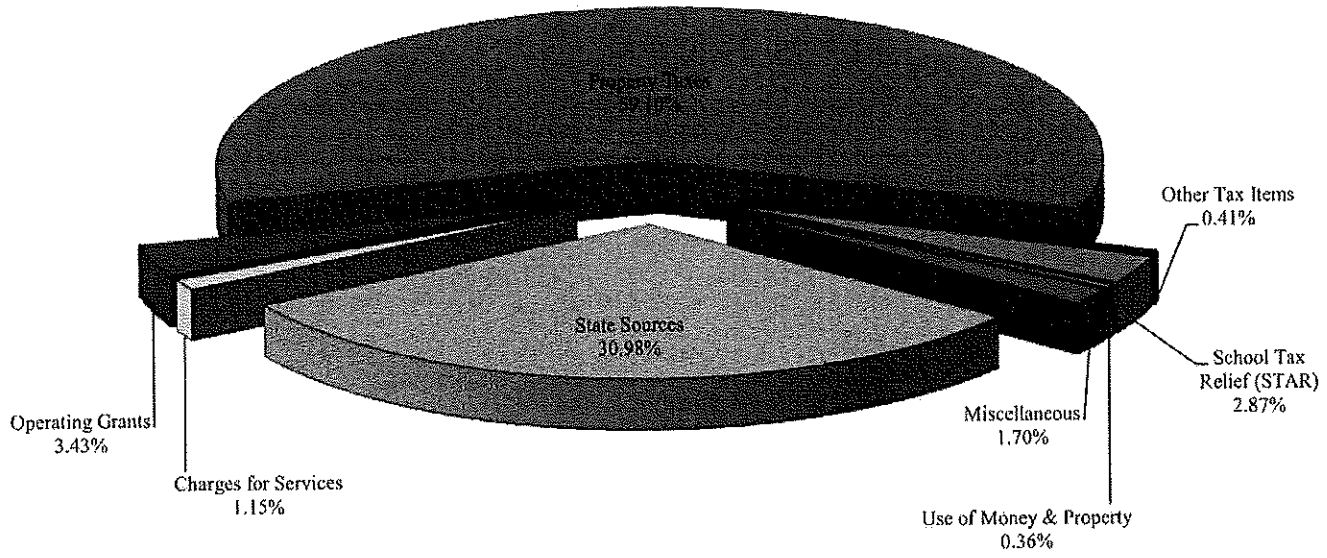
	JUNE 30, 2020	%	JUNE 30, 2019	%	$ Change	% Change
REVENUES						
PROGRAM REVENUES:						
Charges for Services	$ 362,251	1.04%	$ 386,037	1.15%	$ (23,786)	-6.16%
Operating Grants	1,453,206	4.16%	1,150,230	3.43%	302,976	26.34%
GENERAL REVENUES:						
Property Taxes	20,249,452	57.90%	19,822,078	59.10%	427,374	2.16%
Other Tax Items	141,974	0.41%	137,207	0.41%	4,767	3.47%
School Tax Relief (STAR)	905,367	2.59%	962,099	2.87%	(56,732)	-5.90%
Sale of Property & Compensation for Loss	0	0.00%	0	0.00%	0	N/A
Use of Money & Property	146,874	0.42%	120,491	0.36%	26,383	21.90%
Miscellaneous	828,677	2.37%	569,690	1.70%	258,987	45.46%
State Sources	10,875,952	31.11%	10,388,836	30.98%	487,116	4.69%
TOTAL REVENUES	34,963,753	100.00%	33,536,668	100.00%	1,427,085	4.26%
EXPENSES						
General Support	3,511,067	10.50%	3,433,338	10.12%	77,729	2.26%
Instruction	16,718,218	50.01%	16,633,074	49.05%	85,144	0.51%
Pupil Transportation	2,855,503	8.54%	3,240,475	9.55%	(384,972)	-11.88%
Community Services	10,000	0.03%	10,000	0.03%	0	0.00%
Employee Benefits	9,206,176	27.53%	9,397,284	27.71%	(191,108)	-2.03%
Debt Service Interest	129,871	0.39%	165,612	0.49%	(35,741)	-21.58%
Depreciation	665,623	1.99%	632,013	1.86%	33,610	5.32%
School Lunch Program	338,301	1.01%	403,804	1.19%	(65,503)	-16.22%
TOTAL EXPENSES	33,434,759	100.00%	33,915,600	100.00%	(480,841)	-1.42%
INCREASE (DECREASE) IN NET POSITION	$ 1,528,994		$ (378,932)		$ 1,907,926	

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK

SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

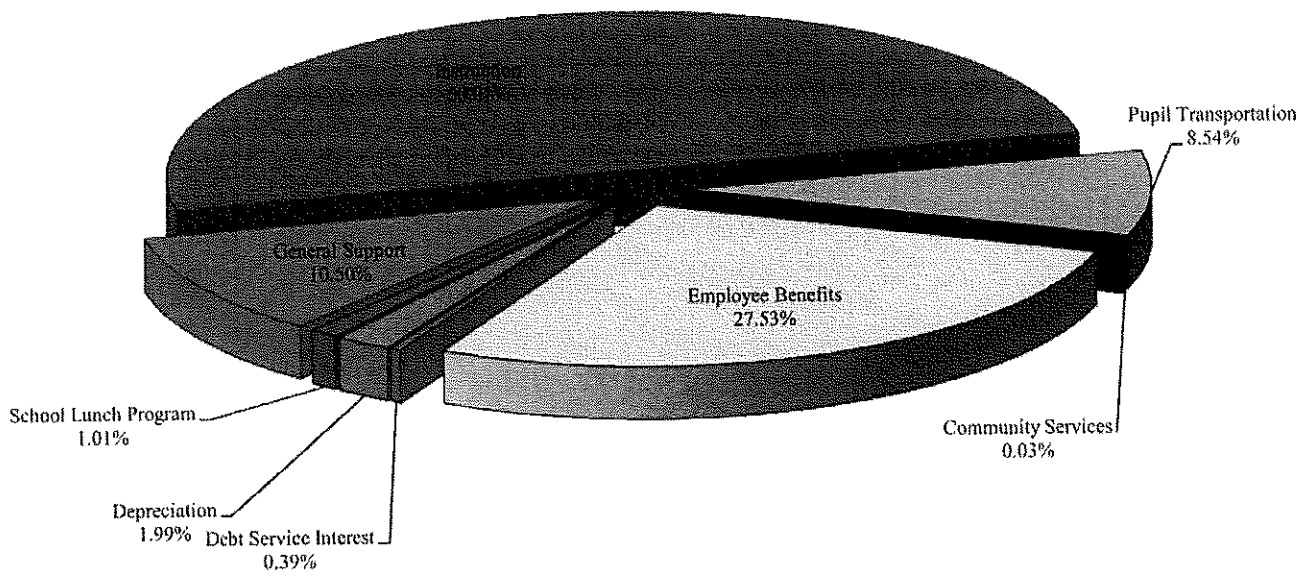


SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

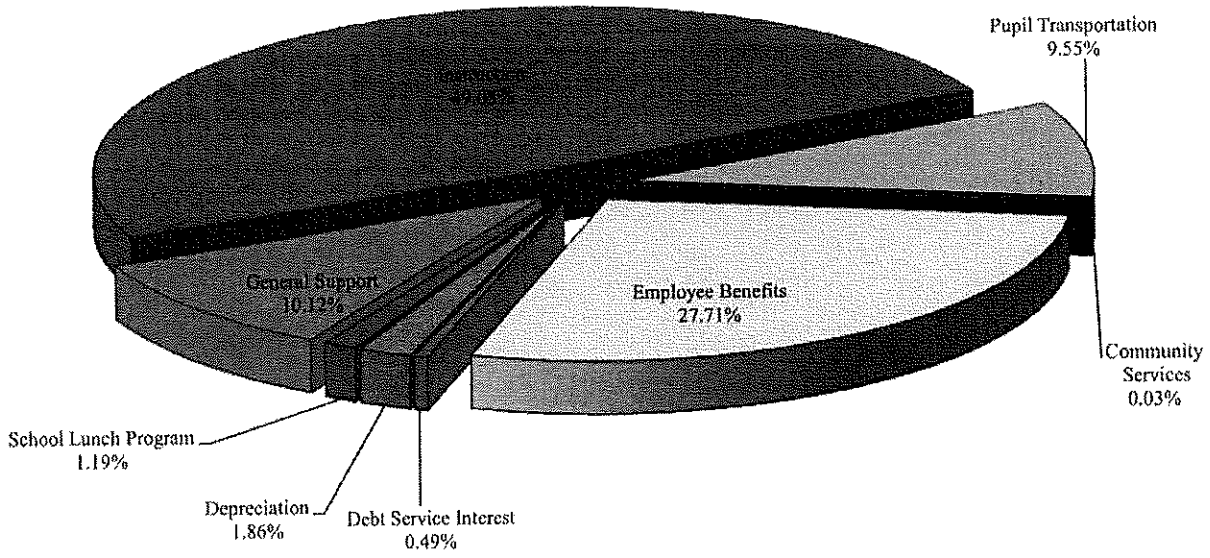


TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK

EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2020



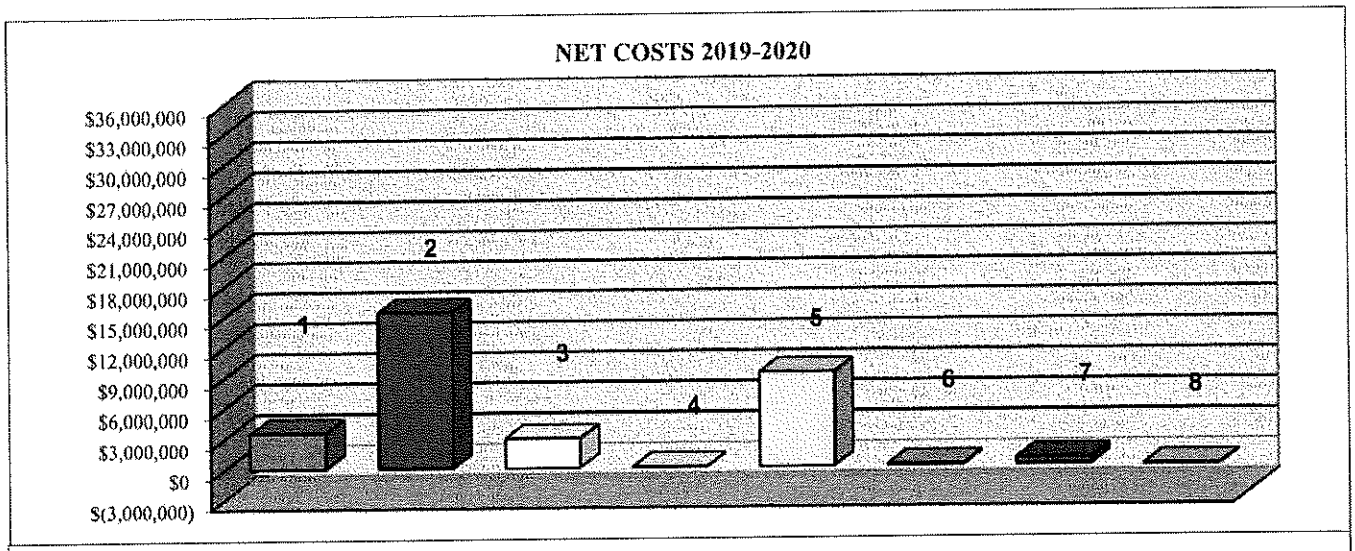
EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

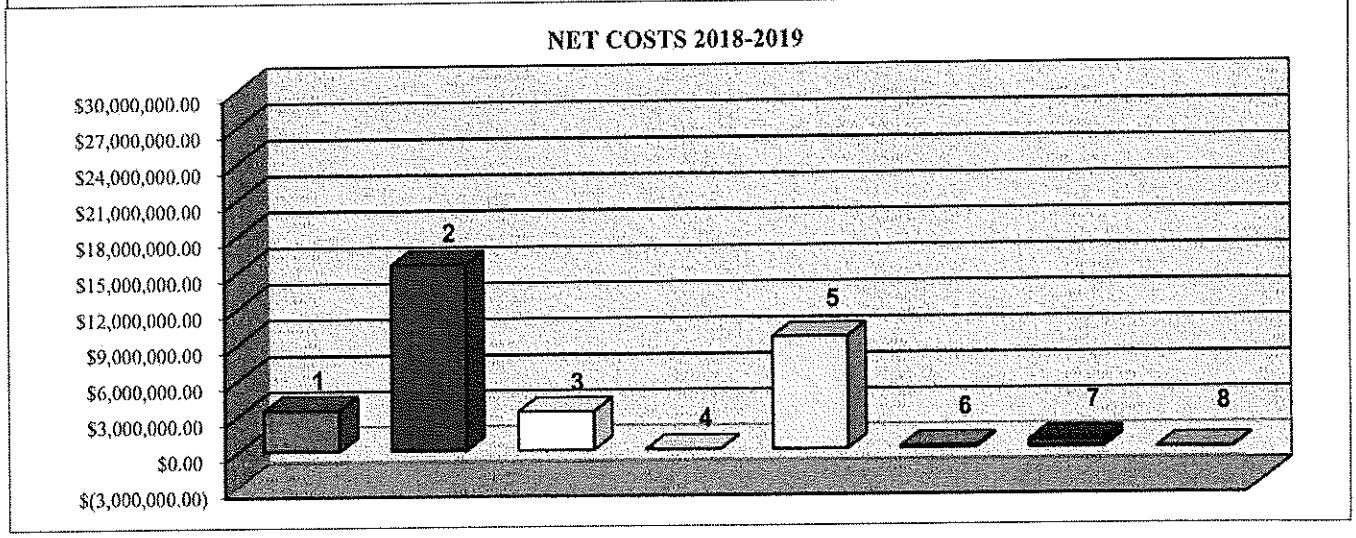


TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2019-2020	NET COST OF SERVICES 2019-2020	TOTAL COST OF SERVICES 2018-2019	NET COST OF SERVICES 2018-2019
General Support	1	$ 3,511,067	$ 3,511,067	$ 3,433,338	$ 3,433,338
Instruction	2	16,718,218	15,313,266	16,633,074	15,535,695
Pupil Transportation	3	2,855,503	2,855,503	3,240,475	3,240,475
Community Services	4	10,000	10,000	10,000	10,000
Employee Benefits	5	9,206,176	9,206,176	9,397,284	9,397,284
Debt Service - Interest	6	129,871	129,871	165,612	165,612
Depreciation	7	665,623	665,623	632,013	632,013
School Lunch Program	8	338,301	(72,204)	403,804	(35,084)
		$ 33,434,759	$ 31,619,302	$ 33,915,600	$ 32,379,333





Management Discussion and Analysis
(Continued)

Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund and Capital Projects Fund. The total fund balances allocated between nonspendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

	June 30, 2020			
	Nonspendable	Restricted	Assigned	Unassigned
General	$ 0	$ 12,976,066	$ 2,141,652	$ 4,511,854
Special Aid	0	0	0	0
School Lunch	0	518,421	0	0
Capital Projects	0	296,298	0	0
Debt Service	0	22,054	0	0
	$ 0	$ 13,812,839	$ 2,141,652	$ 4,511,854

	June 30, 2019			
	Nonspendable	Restricted	Assigned	Unassigned
General	$ 0	$ 13,614,781	$ 2,031,863	$ 1,385,250
Special Aid	0	0	0	0
School Lunch	0	445,806	0	0
Capital Projects	0	317,377	0	0
Debt Service	0	21,234	0	0
	$ 0	$ 14,399,198	$ 2,031,863	$ 1,385,250

General Fund Budgetary Highlights

In the General Fund for the fiscal year ended June 30, 2020, actual revenues were less than revised budgeted revenues by $167,229.

Actual expenditures and encumbrances were less than the revised budgeted expenditures by $4,887,106. As tough economic times continued to affect both State Aid and local taxpayer funding, the District continued to maintain fiscal restraints on all purchases.

For fiscal year 2020-2021, the District has appropriated $1,731,988 of unappropriated fund balance to reduce the 2020-2021 tax levy.

Factors that continue to affect the budget process are as follows:

- Increasing salaries and employee benefit costs (i.e. health insurance and retirement benefits, etc.).
- Increasing contractual costs (transportation and BOCES, etc.).
- Unfunded State mandates.

Management believes that the budget adopted for 2020-2021 is reasonably adaptable to any adverse changes that may arise based on the above factors.

Other Fund Highlights

The School Lunch Fund ended the year with a fund balance of $518,421. The revenues exceeded expenditures by $72,615. The District plans to use the fund balance to replace aging food service equipment and improve future operations.

The Capital Projects Fund ended the year with a fund balance of $296,298.

The Debt Service Fund ended the year with a restricted fund balance of $22,054.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2020, was $28,884,460. The total decrease in this net investment was 0.09% for the District as a whole (see schedule below). The District's investment in capital assets, net of accumulated depreciation as of June 30, 2019 was $28,909,511. The District expended $640,572 to acquire and construct capital assets during the fiscal year ended June 30, 2020, and depreciation expense for the fiscal year was 665,623.

CAPITAL ASSETS
Net of Accumulated Depreciation

	School District Activities		
	June 30, 2020	June 30, 2019	% Change
Non-Depreciable Assets:			
Land	$ 93,000	$ 93,000	0.00%
Construction in Progress	1,253,740	7,137,777	-82.44%
Depreciable Assets:			
Building and Improvements	26,965,049	21,063,991	28.01%
Furniture and Equipment	572,671	614,743	-6.84%
TOTALS	$ 28,884,460	$ 28,909,511	-0.09%

Long-Term Debt

At the end of the fiscal year, the District had total debt outstanding of $4,865,000. This amount is backed by the full faith and credit of the Tri-Valley Central School District with debt service fully funded by voter approved property taxes. Activity in debt outstanding during the fiscal year was as follows:

	Beginning Balance	Issued	Paid	Ending Balance
Serial Bonds	$ 5,950,000	$ 0	$ 1,085,000	$ 4,865,000

Bond Ratings

Moody's Investors Service ("Moody's") has assigned a rating of Aa3 to outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investors Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

Contacting the District's Financial Management

This financial report is designed 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 money it receives. If you have questions about this report or need additional financial information, contact the Assistant Superintendent for Business at the school's business offices at 34 Moore Hill Rd., Grahamsville, New York, 12740.

SCHEDULE #1

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

ASSETS	
Unrestricted Cash	$ 7,687,610
Restricted Cash	13,140,421
State & Federal Aid Receivable	1,643,817
Due from Other Governments	237,509
Other Receivables, Net	152,384
Net Pension Asset - Proportionate Share	1,524,678
Non Depreciable Capital Assets	7,230,777
Capital Assets, Net	21,653,683
TOTAL ASSETS	53,270,879
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	6,707,566
Other Postemployment Benefits	3,784,023
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,491,589
LIABILITIES	
Accounts Payable	1,222,040
Accrued Liabilities	42,624
Due to Other Governments	19
Deferred Revenues	10,660
Due to Teachers' Retirement System	992,531
Due to Employees' Retirement System	136,299
Long-term Liabilities:	
Net Pension Liability - Proportionate Share	2,221,967
Due and Payable Within One Year:	
Bonds Payable	1,105,000
Due and Payable In More Than One Year:	
Bonds Payable	3,760,000
Compensated Absences	1,129,595
Other Postemployment Benefits	56,383,061
TOTAL LIABILITIES	67,003,796
DEFERRED INFLOWS OF RESOURCES	
Pensions	2,142,133
Other Postemployment Benefits	15,289,653
TOTAL DEFERRED INFLOWS OF RESOURCES	17,431,786
NET POSITION	
Net Investment in Capital Assets	24,019,460
Restricted	13,812,839
Unrestricted	(58,505,413)
TOTAL NET POSITION	$ (20,673,114)

See notes to financial statement.

SCHEDULE #2

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		PROGRAM REVENUES		
FUNCTIONS & PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE & CHANGES IN NET POSITION
General Support	$ (5,004,177)	$ 0	$ 0	$ (5,004,177)
Instruction	(23,944,713)	274,345	1,130,607	(22,539,761)
Pupil Transportation	(3,987,728)	0	0	(3,987,728)
Community Services	(10,000)	0	0	(10,000)
Debt Service - Interest	(129,871)	0	0	(129,871)
School Lunch Program	(358,270)	87,906	322,599	52,235
TOTAL FUNCTIONS & PROGRAMS	$ (33,434,759)	$ 362,251	$ 1,453,206	(31,619,302)
GENERAL REVENUES				
Real Property Taxes				20,249,452
Other Tax Items				1,047,341
Use of Money & Property				146,874
Miscellaneous				720,194
State Sources				10,875,952
Federal Sources				108,483
TOTAL GENERAL REVENUES				33,148,296
CHANGE IN NET POSITION				1,528,994
NET POSITION, BEGINNING OF YEAR				(22,202,108)
NET POSITION, END OF YEAR				$ (20,673,114)

See notes to financial statement

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Unrestricted Cash	$ 7,311,075	$ 63,452	$ 0	$ 313,083	$ 0	$ 7,687,610
Restricted Cash	12,976,066	0	164,355	0	0	13,140,421
State & Federal Aid Receivable	752,234	865,008	26,575	0	0	1,643,817
Due from Other Governments	237,509	0	0	0	0	237,509
Due from Other Funds	616,338	0	382,163	0	22,054	1,020,555
Other Receivables, Net	14,920	0	0	0	0	14,920
TOTAL ASSETS	$ 21,908,142	$ 928,460	$ 573,093	$ 313,083	$ 22,054	$ 23,744,832
LIABILITIES & FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 1,116,981	$ 61,066	$ 43,993	$ 0	$ 0	$ 1,222,040
Accrued Liabilities	32,759	1,088	0	0	0	33,847
Due to Other Governments	0	0	19	0	0	19
Due to Other Funds	0	866,306	0	16,785	0	883,091
Deferred Revenues	0	0	10,660	0	0	10,660
Due to Teachers' Retirement System	992,531	0	0	0	0	992,531
Due to Employees' Retirement System	136,299	0	0	0	0	136,299
TOTAL LIABILITIES	2,278,570	928,460	54,672	16,785	0	3,278,487
FUND BALANCES						
Restricted	12,976,066	0	518,421	296,298	22,054	13,812,839
Assigned	2,141,652	0	0	0	0	2,141,652
Unassigned	4,511,854	0	0	0	0	4,511,854
TOTAL FUND BALANCES	19,629,572	0	518,421	296,298	22,054	20,466,345
TOTAL LIABILITIES & FUND BALANCES	$ 21,908,142	$ 928,460	$ 573,093	$ 313,083	$ 22,054	$ 23,744,832

See notes to financial statement.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
ASSETS				
Unrestricted Cash	$ 7,687,610	$ 0	$ 0	$ 7,687,610
Restricted Cash	13,140,421	0	0	13,140,421
State & Federal Aid Receivable	1,643,817	0	0	1,643,817
Due from Other Governments	237,509	0	0	237,509
Due from Other Funds	1,020,555	0	(1,020,555)	0
Other Receivables, Net	14,920	0	137,464	152,384
Net Pension Asset - Proportionate Share	0	1,524,678	0	1,524,678
Non Depreciable Capital Assets	0	7,230,777	0	7,230,777
Capital Assets, Net	0	21,653,683	0	21,653,683
TOTAL ASSETS	23,744,832	30,409,138	(883,091)	53,270,879
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	0	6,707,566	0	6,707,566
Other Postemployment Benefits	0	3,784,023	0	3,784,023
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0	10,491,589	0	10,491,589
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 23,744,832	$ 40,900,727	$ (883,091)	$ 63,762,468
LIABILITIES				
Accounts Payable	$ 1,222,040	$ 0	$ 0	$ 1,222,040
Accrued Liabilities	33,847	8,777	0	42,624
Due to Other Governments	19	0	0	19
Due to Other Funds	883,091	0	(883,091)	0
Deferred Revenues	10,660	0	0	10,660
Due to Teachers' Retirement System	992,531	0	0	992,531
Due to Employees' Retirement System	136,299	0	0	136,299
Net Pension Liability - Proportionate Share	0	2,221,967	0	2,221,967
Bonds and Notes Payable	0	4,865,000	0	4,865,000
Compensated Absences	0	1,129,595	0	1,129,595
Other Postemployment Benefits	0	56,383,061	0	56,383,061
TOTAL LIABILITIES	3,278,487	64,608,400	(883,091)	67,003,796
DEFERRED INFLOWS OF RESOURCES				
Pensions	0	2,142,133	0	2,142,133
Other Postemployment Benefits	0	15,289,653	0	15,289,653
TOTAL DEFERRED INFLOWS OF RESOURCES	0	17,431,786	0	17,431,786
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,278,487	82,040,186	(883,091)	84,435,582
FUND BALANCES / NET POSITION	20,466,345	(41,139,459)	0	(20,673,114)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES / NET POSITION	$ 23,744,832	$ 40,900,727	$ (883,091)	$ 63,762,468

See notes to financial statement.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Real Property Taxes	$ 20,249,452	$ 0	$ 0	$ 0	$ 0	$ 20,249,452
Other Tax Items	1,047,341	0	0	0	0	1,047,341
Charges for Services	129,742	0	0	0	0	129,742
Use of Money & Property	145,644	0	411	0	819	146,874
Miscellaneous	720,194	0	16	0	0	720,210
State Sources	10,839,881	688,816	10,413	0	0	11,539,110
Federal Sources	108,483	622,465	312,186	0	0	1,043,134
Sales	0	0	87,890	0	0	87,890
TOTAL REVENUES	33,240,737	1,311,281	410,916	0	819	34,963,753
EXPENDITURES						
General Support	3,513,857	0	0	0	0	3,513,857
Instruction	15,571,952	1,276,918	0	0	0	16,848,870
Pupil Transportation	2,855,503	0	0	0	0	2,855,503
Community Services	10,000	0	0	0	0	10,000
Employee Benefits	6,934,244	74,116	0	0	0	7,008,360
Debt Service:						
Principal	1,085,000	0	0	0	0	1,085,000
Interest	132,750	0	0	0	0	132,750
Cost of Sales	0	0	338,301	0	0	338,301
Capital Outlay	0	0	0	521,079	0	521,079
TOTAL EXPENDITURES	30,103,306	1,351,034	338,301	521,079	0	32,313,720
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	3,137,431	(39,753)	72,615	(521,079)	819	2,650,033
OTHER SOURCES & USES						
Operating Transfers In	0	39,753	0	500,000	0	539,753
Operating Transfers (Out)	(539,753)	0	0	0	0	(539,753)
TOTAL OTHER SOURCES & USES	(539,753)	39,753	0	500,000	0	0
EXCESS (DEFICIENCY) REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	2,597,678	0	72,615	(21,079)	819	2,650,033
FUND BALANCES, BEGINNING OF YEAR	17,031,894	0	445,806	317,377	21,235	17,816,312
FUND BALANCES, END OF YEAR	$ 19,629,572	$ 0	$ 518,421	$ 296,298	$ 22,054	$ 20,466,345

See notes to financial statement.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
REVENUES						
Real Property Taxes	$ 20,249,452	$ 0	$ 0	$ 0	$ 0	$ 20,249,452
Other Tax Items	1,047,341	0	0	0	0	1,047,341
Charges for Services	129,742	0	0	0	0	129,742
Use of Money & Property	146,874	0	0	0	0	146,874
Miscellaneous	720,210	0	0	0	0	720,210
State Sources	11,539,110	0	0	0	0	11,539,110
Federal Sources	1,043,134	0	0	0	0	1,043,134
Sales	87,890	0	0	0	0	87,890
TOTAL REVENUES	34,963,753	0	0	0	0	34,963,753
EXPENDITURES						
General Support	3,513,857	(2,790)	99,843	0	1,393,267	5,004,177
Instruction	16,848,870	(11,159)	545,811	0	6,561,191	23,944,713
Pupil Transportation	2,855,503	0	0	0	1,132,225	3,987,728
Community Services	10,000	0	0	0	0	10,000
Employee Benefits	7,008,360	2,197,816	0	0	(9,206,176)	0
Debt Service:						
Principal	1,085,000	0	0	(1,085,000)	0	0
Interest	132,750	(2,879)	0	0	0	129,871
Cost of Sales	338,301	0	19,969	0	0	358,270
Capital Outlay	521,079	0	(640,572)	0	119,493	0
TOTAL EXPENDITURES	32,313,720	2,180,988	25,051	(1,085,000)	0	33,434,759
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	2,650,033	(2,180,988)	(25,051)	1,085,000	0	1,528,994
OTHER SOURCES & USES						
Operating Transfers In	539,753	0	0	0	(539,753)	0
Operating Transfers (Out)	(539,753)	0	0	0	539,753	0
TOTAL OTHER SOURCES & USES	0	0	0	0	0	0
NET CHANGE FOR THE YEAR	$ 2,650,033	$ (2,180,988)	$ (25,051)	$ 1,085,000	$ 0	$ 1,528,994

See notes to financial statement

SCHEDULE #7

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	PRIVATE PURPOSE TRUSTS	AGENCY
ASSETS		
Cash	$ 21,093	$ 213,033
Other Assets	0	1,685
TOTAL ASSETS	$ 21,093	$ 214,718
LIABILITIES & NET POSITION		
LIABILITIES		
Due to Other Funds	$ 0	$ 137,464
Extraclassroom Activity Balances	0	77,254
TOTAL LIABILITIES	0	$ 214,718
NET POSITION		
Reserved for Endowment, Scholarship and Gift Funds	21,093	
TOTAL LIABILITIES & NET POSITION	$ 21,093	

See notes to financial statement

SCHEDULE #8

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
Investment Earnings	$ 53
TOTAL ADDITIONS	53
DEDUCTIONS	
Scholarships & Awards	500
TOTAL DEDUCTIONS	500
CHANGE IN NET POSITION	(447)
NET POSITION, BEGINNING OF YEAR	21,540
NET POSITION, END OF YEAR	$ 21,093

See notes to financial statement.

NOTE I. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

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

A. Reporting Entity

The Tri-Valley Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

1. Extraclassroom Activity Funds

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Joint Venture

The District is a component district in the Sullivan County Board of Cooperative Education Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

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

During the year ended June 30, 2020, the Tri-Valley Central School District was billed $4,025,293 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $702,120. Financial statements for BOCES are available from the BOCES administrative office at Wierk Ave., Liberty, New York 12754.

C. Basis of Presentation

1. District-Wide Statements

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

The Statement of Net Position presents financial position of the District at year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended in those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Basis of Presentation (Continued)

2. Funds 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:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the school lunch operations. The school lunch operation is supported by federal and state grants and charges participants for its services.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

Fiduciary Fund: 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. There are two classes of fiduciary funds:

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

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

D. Measurement Focus and Basis of Accounting

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

The 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 90 days after the end of the fiscal year.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and became a lien on September 1, 2019. Taxes were collected by the District during the period September 3, 2019 through November 1, 2019.

Uncollected real property taxes are subsequently enforced by Sullivan County. Sullivan County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

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

I. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

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

Investments are stated at fair value.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

J. 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 not be material.

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. A reserve for these non-liquid assets has been recognized in the School Lunch Fund to signify that a portion of fund balance is not available for other subsequent expenditures.

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

L. Other Assets/Restricted Assets:

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

M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The District reports deferred outflows related to pensions. For additional information on these deferred outflows related to pensions, see Note 7. The second deferred outflow is related to other postemployment benefits reported in the Statement of Net Position. For additional information on these deferred outflows related to other postemployment benefits, see Note 9.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The District reports deferred inflows of resources in the Statement of Net Position related to pensions reported in the district-wide statements. For additional information on deferred inflows related to pensions, see Note 7.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

M. Deferred Outflows and Inflows of Resources (Continued)

The District also reports deferred inflows of resources in the Statement of Net Position related to other postemployment benefits reported in the district-wide statements. For additional information on deferred inflows related to other postemployment benefits, see Note 9.

N. Capital Assets

Capital assets are reported at cost for acquisitions. For assets acquired prior to June 30, 2002, estimated historical costs based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction-in-process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	$ 0	N/A	N/A
Buildings and Improvements	10,000	Straight Line	15 -50 years
Furniture and Equipment	5,000	Straight Line	5 - 20 years
Vehicles	5,000	Straight Line	5 - 20 years

O. Unearned Revenue

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

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

Unearned revenues recorded in governmental funds are typically adjusted prior to inclusion in the District-wide statements.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

P. Vested Employee Benefits

1. Compensated Absences

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

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

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

2. Other Benefits

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 post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Q. Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Q. Short-Term Debt (Continued)

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that year. The deficiency notes may mature no later than the close of the year following the year in which they were issued. However, they may mature no later than the close of the second fiscal year after the year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the year following the year in which they were issued.

R. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

S. Equity Classifications

1. District-wide Statements

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, constructions or improvements 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, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Funds Statements

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

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The District did not classify any of its fund balances as nonspendable as of June 30, 2020.

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 reserves that have been included in restricted fund balance:

Tax Certiorari Reserve

Tax Certiorari Reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General fund.

Unemployment Insurance Reserve

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

Reserve for Debt Service

Mandatory Reserve for Debt Service (GML §6-l) is used to establish a reserve 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 sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

Capital Reserve

According to Education Law §3651 must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the Capital Fund under Restricted Fund Balance.

Workers' Compensation Reserve

According to General Municipal Law §6-j must be 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 under Restricted Fund Balance.

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p must be used for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund under Restricted Fund Balance.

Repair Reserve

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)
2. Funds Statements (Continued)

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Insurance Loss Reserve

According to General Municipal Law §6-2, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity, and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund

Restricted fund balance at June 30, 2020 consisted of:

General Fund:	
Tax Certiorari Reserve	$ 1,893,966
Unemployment Insurance Reserve	191,931
Workers Comp Reserve	939,092
Capital Reserve	7,343,486
Repair Reserve	187,518
Retirement Contribution Reserve	269,241
Insurance Loss Reserve	1,350,744
Employee Benefit Reserve	800,088
School Lunch Fund	518,421
Captial Fund	296,298
Debt Service Fund	22,054
Total Restricted Fund Balance	$ 13,812,839

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The District did not classify any of its fund balances as committed as of June 30, 2020.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

Assigned: Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint 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 also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

Order of Use of Fund Balance:
The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Limitation on Unexpended Surplus Funds:
NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

T. New Accounting Standards

GASB has issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the several pronouncements were postponed by one year. Effective dates provided in Note U have been updated to reflect this.

U. Future Changes in Accounting Standards

GASB has issued Statement 84, *Fiduciary Activities*, which will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2021 financial statements.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Future Changes in Accounting Standards (Continued)

GASB has issued Statement 87, *Leases*, which will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were not classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under, this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.

GASB has issued Statement 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, which will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and will improve the relevance of financial statement information of certain component units. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2021 financial statements.

GASB has issued Statement 91, *Conduit Debt Obligations*, which will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB has issued Statement 92, *Omnibus 2020*, which will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Future Changes in Accounting Standards (Continued)

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which addresses accounting and financial reporting implications that result from the replacement of an IBOR (interbank offered rate). The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2021 financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will improve financial reporting by establishing the definitions of public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.

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

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the district-wide statements, certain financial transactions are treated differently. The 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 differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2020 were as follows:

Original Cost of Capital Assets	$ 44,179,066
Accumulated Depreciation	(15,294,606)
	$ 28,884,460

2. Interest is accrued in the Statement of Net Position, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expended when it is due, and thus requires the use of current financial resources. This liability at June 30, 2020 was as follows:

Accrued Interest	$ 8,777

3. Long-term liabilities and related deferred inflows and outflows are reported in the Statement of Net Position, but not in the Balance Sheet, because the liabilities are not due and payable in the current period. The balances at June 30, 2020 were as follows:

Bonds Payable	$ 4,865,000
Compensated Absences	1,129,595
Deferred Outflows of Resources - OPEB	(3,784,023)
Other Postemployment Benefits	56,383,061
Deferred Inflows of Resources - OPEB	15,289,653
	$ 73,883,286

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities: (Continued)

4. In the Statement of Net Position, a liability is recognized for the District's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the District participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the District's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at June 30, 2020 were as follows:

Net Pension Asset - Proportionate Share	$ 1,524,678
Deferred Outflow of Resources - Pensions	6,707,566
Net Pension Liability - Proportionate Share	(2,221,967)
Deferred Inflow of Resources - Pensions	(2,142,133)
	$ 3,868,144

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 five broad categories. The amounts shown below represent:

1. Long-Term Revenue Differences

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

2. Capital Related Differences

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

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

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

4. Pension Plan Transaction Differences
Pension plan transaction differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. Other Post Employment Benefit (OPEB) Related Differences
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities

Total Revenues

Total revenues reported in governmental funds (Schedule 5)	$ 34,963,753
Differences	0
Total revenues in the Statement of Activities (Schedule 2)	$ 34,963,753

Total Expenditures

Total expenditures reported in governmental funds (Schedule 5)	$ 32,313,720
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of $640,572 were less than depreciation of $665,623 in the current year.	25,051

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

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

In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost and changes in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. In the governmental funds, however, OPEB expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which the OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year.	815,013
In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The amount by which compensated absences used exceeded the amount earned during the year was $13,949.	(13,949)
Interest payable is recognized as an accrued liability in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable this year is less than the interest payable last year.	(2,879)
In the Statement of Activities and Changes in Net Position, pension expense related to ERS and TRS defined benefit pension plans is measured as the change in the District's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was more than the amount of financial resources expended during the year.	1,382,803

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

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

Repayment of bond principal of $1,085,000 reduces liabilities in the Statement of Net Position, and does not affect the Statement of Activities or Changes in Net Position.	(1,085,000)
Total expenses in the Statement of Activities (Schedule 2)	$ 33,434,759

NOTE 3. STEWARDSHIP AND COMPLIANCE.

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

- The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5.

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2020.

NOTE 3. STEWARDSHIP AND COMPLIANCE. (Continued)

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

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

C. Other Stewardship and Compliance Matters
The District was in compliance with all legal and contractual provisions for the fiscal year.

NOTE 4. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	$ 0.
Collateralized with securities held by the pledging financial institution, or or its trust department or agent, but not in the District's name	$ 20,777,270.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $13,140,612 within the governmental funds.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

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	$ 93,000	$ 0	$ 0	$ 93,000
Construction in Progress	7,137,777	487,761	(6,371,798)	1,253,740
Total Nondepreciable Assets	7,230,777	487,761	(6,371,798)	1,346,740
Capital assets that are depreciated:				
Buildings and Improvements	35,048,998	111,727	6,371,798	41,532,523
Furniture & Equipment	1,258,719	41,084	0	1,299,803
Total Depreciable Assets	36,307,717	152,811	6,371,798	42,832,326
Accumulated Depreciation:				
Buildings and Improvements	(13,985,007)	(582,467)	0	(14,567,474)
Furniture & Equipment	(643,976)	(83,156)	0	(727,132)
	(14,628,983)	(665,623)	0	(15,294,606)
Capital Assets, Net	$ 28,909,511	$ (25,051)	$ 0	$ 28,884,460

Depreciation expense was charged to governmental functions as follows:

General Support	$ 99,843
Instruction	545,811
Cost of Sales	19,969
Total Depreciation	$ 665,623

NOTE 6. LONG-TERM LIABILITIES.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
Bonds Payable	$ 5,950,000	$ 0	$ 1,085,000	$ 4,865,000	$ 1,105,000
Total Bonds Payable	5,950,000	0	1,085,000	4,865,000	1,105,000
Other Liabilities:					
Compensated Absences	1,143,544	0	13,949	1,129,595	0
Other Postemployment Benefits	50,743,261	7,001,336	1,361,536	56,383,061	0
Net Pension Liability - Proportionate Share	621,802	1,600,165	0	2,221,967	0
Total Other Liabilities	52,508,607	8,601,501	1,375,485	59,734,623	0
Total Long-Term Liabilities	$ 58,458,607	$ 8,601,501	$ 2,460,485	$ 64,599,623	$ 1,105,000

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Existing serial bond and installment purchase obligations are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Balance
2012 Bond Issue	10/23/12	05/15/23	Var.	$ 2,615,000
2014 Bond Issue	09/03/14	06/15/29	Var.	2,250,000
				$ 4,865,000

NOTE 6. LONG-TERM LIABILITIES. (Continued)

The following is a summary of maturing debt service requirements:

	Bonds and Notes Payable	
For the Year Ended June 30,	Principal	Interest
2021	$ 1,105,000	$ 111,050
2022	1,120,000	88,950
2023	1,140,000	65,925
2024	250,000	41,875
2025	250,000	35,625
2026 - 2030	1,000,000	74,375
TOTAL	$ 4,865,000	$ 417,800

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

Interest paid	$ 132,750
Less: Interest accrued in the prior year	(11,656)
Plus: Interest accrued in the current year	8,777
Total interest expense	$ 129,871

NOTE 7. PENSION PLANS.

Employees' Retirement System Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). ERS and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. Separately issued financial statements for the System can be accessed on the Comptroller's website at www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

NOTE 7. PENSION PLANS. (Continued)

Teachers' Retirement System Plan Description

The New York State Teachers Retirement System (the TRS System) was created and exists pursuant to Article 11 of the New York State Education Law. The System is the administrator of a cost-sharing, multiple-employer public employee retirement system (PERS), administered by a 10-member Board to provide pension and ancillary benefits to teachers employed by participating employers in the State of New York, excluding New York City. For additional Plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the System s website located at www.nystrs.org.

ERS Benefits Provided

The ERS System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

NOTE 7. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Tiers 3, 4, and 5 (Continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Disability Retirement Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a members tier, years of service, and plan.

NOTE 7. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

TRS Benefits Provided

The benefits provided to members of the TRS System are established by New York State and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

NOTE 7. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credit service times final average salary.

Under Article 19 of the RSSL, eligible Tiers 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of two additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or a reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at ages 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55 through 62 regardless of service credit.

NOTE 7. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Vested Benefits

Retirement benefits after 5 years of credited service except for Tiers 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations noted for service requirements above.

Disability Retirement

Members are eligible for disability retirement after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

Prior Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tiers 1 and 2 members may, under certain conditions, claim out of state service.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

Permanent Cost of Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index not to exceed 3% nor be lower than 1%. It is applied to the first $18,000 of the annual benefit. The applicable percentage payable beginning September 2019 is 1.00%.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

NOTE 7. PENSION PLANS. (Continued)

Contributions

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

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

Year	NYSTRS	NYSERS
2019 - 2020	$ 1,040,306	$ 405,425
2018 - 2019	$ 933,799	$ 391,234
2017 - 2018	$ 1,117,600	$ 422,472

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

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 liability/(asset) 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. 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.

	ERS	TRS
Actuarial Valuation Date	3/31/2020	6/30/2019
Net Pension asset/(liability)	$ (2,221,967)	$ 1,524,678
District's Portion of the Plan's total net pension asset/(liability)	0.0083909%	0.0586860%

At March 31, 2020, the District's proportion of the NYSERS net pension liability/(asset) was .0083909%, which was a decrease of .00385% from its proportion measured as of March 31, 2019.

At June 30, 2019, the District's proportion of the NYSTRS net pension liability/(asset) was .058686%, which was a increase of .000189% from its proportion measured as of June 30, 2018.

NOTE 7. PENSION PLANS. (Continued)

For the year ended June 30, 2020, the District's recognized pension expense of $775,458 for ERS and $1,933,875 for TRS in the government-wide financial statements. At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	ERS	TRS	Total	ERS	TRS	Total
Differences between expected and actual experience	$ 130,772	$ 1,033,235	$ 1,164,007	$ 0	$ 113,378	$ 113,378
Changes of Assumptions	44,740	2,880,320	2,925,060	38,632	702,304	740,936
Net difference between projected and actual earnings on pension plan investments	1,139,088	0	1,139,088	0	1,222,713	1,222,713
Changes in proportion and difference between the District's contributions and proportionate share of contributions	117,363	233,218	350,581	53,361	11,745	65,106
District's contributions subsequent to the measurement date	136,299	992,531	1,128,830	0	0	0
Total	$ 1,568,262	$ 5,139,304	$ 6,707,566	$ 91,993	$ 2,050,140	$ 2,142,133

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

Year Ended:	ERS	TRS
2020	$ 0	$ 738,134
2021	236,076	92,117
2022	340,916	735,634
2023	421,175	504,615
2024	341,802	76,725
Thereafter	0	(50,593)

NOTE 7. PENSION PLANS. (Continued)

Actuarial Assumptions

The total ERS pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The total TRS pension liability at June 30, 2019 was determined by using an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. These actuarial valuations used the following actuarial assumptions.

Significant actuarial assumptions used in the actuarial valuations referred to above were as follows:

	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Inflation Rate	2.5%	2.2%
Projected Salary Increases	4.2%	Rates of increase differ based on service.
		Service: 5 — Rate: 4.72% Service: 15 — Rate: 3.46% Service: 25 — Rate: 2.37% Service: 35 — Rate: 1.90%
Investment Rate of Return	6.8% compounded annually, net of investment expenses	7.10% compounded annually, net of pension plan investment expense, including inflation
Decrements	Actuarial experience study for the period April 1, 2010 to March 31, 2015	Actuarial experience study for the period July 1, 2009 to June 30, 2014
Mortality Improvement	Society of Actuaries Scale MP-2018	Society of Actuaries Scale MP-2018

The Long Term Expected Real Rates of Return are presented by asset allocation classification, which differs from financial statement presentation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

NOTE 7. PENSION PLANS. (Continued)

Measurement Date	ERS March 31, 2020	
	Target Allocation	Long-term expected real rate of return
Asset Class:		
Domestic Equity	36%	4.05%
International Equity	14%	6.15%
Private Equity	10%	6.75%
Real Estate	10%	4.95%
Absolute Return Strategies (1)	2%	3.25%
Opportunistic Portfolio	3%	4.65%
Real Assets	3%	5.95%
Bonds and Mortgages	17%	75.00%
Cash	1%	0.00%
Inflation-indexed Bonds	4%	0.50%
Total	100%	

Measurement Date	TRS June 30, 2019	
	Target Allocation	Long-term expected real rate of return
Asset Class:		
Domestic Equity	33%	6.30%
International Equity	16%	7.80%
Global Equity	4%	7.20%
Real Estate	11%	4.60%
Private Equity	8%	9.90%
Domestic Fixed Income	16%	1.30%
Global Bonds	2%	0.90%
High-Yield Bonds	1%	3.60%
Private Debt	1%	6.50%
Real estate Debt	7%	2.90%
Cash Equivalents	1%	0.30%
Total	100%	

*Real rates of return are net of long-term inflation assumption of 2.2% for 2019.

Discount Rate

The discount rate used to calculate the total pension liability was 6.8% 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 employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Districts' proportionate share of the ERS & TRS net pension liabilities calculated using the discount rates referred to above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rates referred to above:

NOTE 7. PENSION PLANS. (Continued)

ERS	1% Decrease 5.80%	Current Assumption 6.80%	1% Increase 7.80%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	$ (4,077,937)	$ (2,221,967)	$ (512,611)

TRS	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	(6,882,236)	1,524,678	8,577,130

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Employers' total pension asset/(liability)	$ (194,596,261)	$ (119,879,474)
Plan net position	168,115,682	122,477,481
Employer's net pension asset/(liability)	$ (26,480,579)	$ 2,598,007
Ratio of plan net position to the employers' total pension asset/(liability)	86.39%	102.20%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contributions for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to $136,299.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through state aid intercept. Accrued retirement contributions as of June 30, 2020 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 $992,531.

NOTE 8. INTERFUND BALANCES AND ACTIVITY.

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

	Interfund		Interfund	
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 616,338	$ 0	$ 0	$ 539,753
Special Aid Fund	0	866,306	39,753	0
School Lunch Fund	382,163	0	0	0
Capital Fund	0	16,785	500,000	0
Debt Service Fund	22,054	0	0	0
Total Governmental Activities	1,020,555	883,091	539,753	539,753
Fiduciary Agency Fund	0	137,464	0	0
Totals	$ 1,020,555	$ 1,020,555	$ 539,753	$ 539,753

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

The District typically transfers from the General Fund to the Special Aid Fund to fund the portion of the Summer Handicapped Program not funded by aid from New York State.

NOTE 9. POST-EMPLOYMENT BENEFITS.

General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan ("the District's OPEB plan"), provides OPEB for all permanent full-time general and public safety employees of the District. The District's OPEB plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District's OPEB plan provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. Minimum eligibility requirements for post-employment benefits are as follows:

- The retiree has attained age 55 years while in the employment of the District and meets the follow service requirements:
  - 5 years of full-time service for Administrative employees
  - 10 years of full-time service for Support Staff
  - 10 years of full-time service for Teachers
- The retiree is receiving retirement benefits from the NYS Employees' Retirement System or the NYS Teachers' Retirement System

NOTE 9. POST-EMPLOYMENT BENEFITS. (Continued)

General Information about the OPEB Plan

Retirees & Spouses contribute to the cost of their benefits based upon their Cost Sharing agreement with the School District. Arrangements are written to identify the percentage that the District pays for the Retiree, then the percentage the District pays for the Spouse. Contribution amounts are the Participant's share of the cost multiplied by the Blended Premium found in the Assumption section of the report. Cost Sharing percentages for current Retirees & Spouses were communicated in the data from the District and used in the valuation.

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

Inactive employees or beneficiaries currently receiving benefit payments	159
Active employees	185
Total Employees Covered by Benefit Terms	344

Total OPEB Liability

The District's total OPEB liability of $56,383,061 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

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

Discount Rate	3.51%
Healthcare Cost Trend Rates	Pre-65: 5.75% for 2019, decreasing to an ultimate rate of 4.5% for 2026 and later years Post-65: 5.10% for 2019, decreasing to an ultimate rate of 4.5% for 2026 and later years
Future Retirees' Share of Benefit Related Costs	Contributions vary by bargaining unit.

The discount rate was based on a review of the yield derived from the Bond Buyer 20 GO Bond Index.

Mortality rates were based on the PUB-2010 Headcount Weighted Mortality Table projected generationally with MP-2018 from the central year.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 - June 30, 2019.

NOTE 9. POST-EMPLOYMENT BENEFITS. (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2019	$ 50,743,261
Changes for the Year:	
Service cost	1,759,036
Interest	2,013,760
Changes of benefit terms	0
Differences between expected and actual experience	(418,258)
Changes in assumptions or other inputs	3,228,540
Benefit payments	(943,278)
Net Changes	5,639,800
Balance at June 30, 2020	$ 56,383,061

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 (2.51 percent) or 1 percentage point higher (4.51 percent) than the current discount rate:

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB Liability	$ 66,969,260	$ 56,383,061	$ 48,044,086

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

	Trend Rate Less 1%	Current Health Care Cost Trend Rates	Trend Rate Plus 1%
Total OPEB Liability	$ 46,806,366	$ 56,383,061	$ 68,913,177

NOTE 9. POST-EMPLOYMENT 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 $815,013. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 2,771,604
Changes of assumptions or other inputs	2,776,996	12,518,049
District's contributions subsequent to the measurement date	1,007,027	0
Total	$ 3,784,023	$ 15,289,653

District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2021	$ (1,950,756)
2022	(1,950,756)
2023	(1,950,756)
2024	(1,950,756)
2025	(1,950,756)
Thereafter	(2,758,877)

NOTE 10. RISK MANAGEMENT.

General Information

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

Pool, Non-Risk Retained

The District participates in Sullivan BOCES School District Health Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain limits and the District has essentially transferred all related risk to the pool.

Other Contingencies

The District has several claims that are currently being litigated with the support of legal counsel. The results of this litigation are unknown at this time.

NOTE 11. COMMITMENTS AND CONTINGENCIES.

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

NOTE 12. ENCUMBRANCES.

Encumbrances represent contracts, purchase orders, payroll commitments, tax payables, or legal penalties that are chargeable to an account. They cease to be encumbrances when paid or when the actual liability amount is determined and recorded as an expenditure. As discussed in Note 1, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2020 the amount of encumbrances expected to be honored upon performance by the vendor in the subsequent year were as follows:

General Fund	$	409,664

NOTE 13. DONOR-RESTRICTED ENDOWMENTS.

The District administers endowment funds, which are restricted by the donor for the purpose of student scholarships and awards.

Donor-restricted endowments are reported at fair value. The amount of donor-restricted endowments that is available for authorization for expenditure by the District is $21,093.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 14. TAX ABATEMENTS.

The District negotiates property tax abatement agreements on an individual basis. The District has tax abatement agreements with two entities as of June 30, 2020:

	Amount of PILOTS Received During the Year	Amount of Taxes Abated During the Year
West Deleware Hydro Association LP	$ 94,712	$ 295,912
Four Goats LLC	$ 12,988	$ 5,860

Each agreement was negotiated under New York State law, allowing localities to abate property taxes for a variety of development purposes, including business relocation, retention and expansion. The abatements may be granted to any business located within or promising to relocate to a local government's geographic area. Localities may grant abatements of annual property taxes through a direct reduction of the entity's property tax bill. The New York State law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.
The District has not made any commitments as part of the agreements other than to reduce property taxes.

NOTE 15. SUBSEQUENT EVENTS.

The District has evaluated subsequent events through September 24, 2020 the date that the financial statements were available to be issued. On August 13, 2020, the New York State Division of the Budget (DOB) issued the *FY 2021 First Quarterly State Budget Financial Plan Update* which notes that, in the absence of Federal action since enactment of the fiscal year 2021 budget, DOB began withholding 20% of most local aid payments in June, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any. No other significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020

	06/30/20	06/30/19	06/30/18	06/30/17
Total OPEB Liability				
Service cost	$ 1,759,036	$ 1,951,294	$ 2,374,116	$ 0
Interest	2,013,760	2,133,427	1,863,972	0
Changes of benefit terms	0	1,650,151	0	0
Differences between expected and actual experience	(418,258)	(3,123,302)	0	0
Changes in assumptions or other inputs	3,228,540	(9,016,897)	(8,438,390)	36,969,694
Benefit payments	(943,278)	(977,498)	(1,394,268)	0
Net change in total OPEB liability	5,639,800	(7,382,825)	(5,594,570)	36,969,694
Total OPEB liability-beginning	50,743,261	58,126,086	63,720,656	26,750,962
Total OPEB liability-ending	$ 56,383,061	$ 50,743,261	$ 58,126,086	$ 63,720,656
Covered-employee payroll	$ 12,522,518	$ 12,092,975	$ 12,730,626	$ 12,730,626
Total OPEB liability as a percentage of covered-employee payroll	450.25%	419.61%	456.58%	500.53%

Notes to Schedule:

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

6/30/19 (6/30/18 Measurement Date)	3.87%
6/30/18 (6/30/17 Measurement Date)	3.58%
6/30/17 (6/30/16 Measurement Date)	2.85%

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

* GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2018, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75

See paragraph on supplementary schedules included in auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) REVISED BUDGET
REVENUES				
LOCAL SOURCES:				
Real Property Taxes	$ 20,249,452	$ 20,249,452	$ 20,249,452	$ 0
Other Tax Items	1,029,869	1,029,869	1,047,341	17,472
Charges for Services	41,350	41,350	129,742	88,392
Use of Money & Property	95,000	95,000	145,644	50,644
Miscellaneous	297,250	297,250	720,194	422,944
STATE SOURCES	11,676,045	11,676,045	10,839,881	(836,164)
FEDERAL SOURCES	19,000	19,000	108,483	89,483
TOTAL REVENUES	33,407,966	33,407,966	$ 33,240,737	$ (167,229)
APPROPRIATED FUND BALANCE	2,031,863	2,531,863		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	$ 35,439,829	$ 35,939,829		

See paragraph on supplementary schedules included in the auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

EXPENDITURES	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
GENERAL SUPPORT:					
Board of Education	$ 50,150	$ 50,150	$ 36,272	$ 260	$ 13,618
Central Administration	277,218	277,218	305,994	0	(28,776)
Finance	624,303	624,303	578,819	0	45,484
Staff	151,750	151,750	87,219	0	64,531
Central Services	2,694,823	2,694,823	1,912,354	66,456	716,013
Special Items	612,350	612,350	593,199	0	19,151
INSTRUCTIONAL:					
Instruction, Administration & Improvement	957,387	957,387	884,985	3,000	69,402
Teaching - Regular School	7,725,840	7,725,840	7,446,411	4,104	275,325
Programs for Children with Handicapping Conditions	4,500,930	4,500,930	4,228,518	139,353	133,059
Occupational Education	798,691	798,691	499,613	1,270	297,808
Teaching - Special Schools	503,359	503,359	745,428	0	(242,069)
Instructional Media	1,498,230	1,498,230	1,232,424	194,221	71,585
Pupil Services	1,307,369	1,307,369	534,573	973	772,023
PUPIL TRANSPORTATION	3,308,103	3,308,103	2,855,503	0	452,600
COMMUNITY SERVICES	10,500	10,500	10,000	0	500
EMPLOYEE BENEFITS	9,162,376	9,162,376	6,934,244	27	2,228,105
DEBT SERVICE:					
Debt Service - Principal	1,085,000	1,085,000	1,085,000	0	0
Debt Service - Interest	132,750	132,750	132,750	0	0
TOTAL EXPENDITURES	35,401,329	35,401,329	30,103,306	409,664	4,888,359
OTHER USES:					
Operating Transfers Out	38,500	538,500	539,753	0	(1,253)
TOTAL EXPENDITURES & OTHER USES	$ 35,439,829	$ 35,939,829	30,643,059	$ 409,664	$ 4,887,106
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES			$ 2,597,678		

See paragraph on supplementary schedules included in the auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020

NYSERS Pension Plan
Last 10 Fiscal Years*

	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
District's proportion of the net pension asset/(liability)	0.0083909%	0.0087759%	0.0097180%	0.0094327%	0.0098545%	0.0750140%	0.0750140%
District's proportionate share of the net pension asset/(liability)	$ (2,221,967)	$ (621,802)	$ (313,644)	$ (886,322)	$ (1,581,681)	$ (349,389)	$ (467,355)
District's covered-employee payroll	$ 3,229,732	$ 2,667,075	$ 3,538,153	$ 3,468,777	$ 3,400,762	$ 3,334,080	$ 3,268,706
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-68.80%	-23.31%	-8.86%	-25.55%	-46.51%	-10.48%	-14.30%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.15%

NYSTRS Pension Plan
Last 10 Fiscal Years*

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
District's proportion of the net pension asset/(liability)	0.058686%	0.058497%	0.060176%	0.062033%	0.062131%	0.066248%	0.067079%
District's proportionate share of the net pension asset/(liability)	$ 1,524,678	$ 1,057,786	$ 457,394	$ (664,394)	$ 6,453,482	$ 7,379,648	$ 441,547
District's covered-employee payroll	$ 10,017,554	$ 9,821,131	$ 9,628,560	$ 9,941,564	$ 9,746,631	$ 9,513,473	$ 9,326,934
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	15.22%	10.77%	4.75%	-6.68%	66.21%	77.57%	4.73%
Plan fiduciary net position as a percentage of the total pension liability	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2015, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020

NYSERS Pension Plan
Last 10 Fiscal Years*

	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
Contractually required contribution	$ 405,425	$ 391,234	$ 422,472	$ 394,851	$ 436,617	$ 610,478	$ 520,550
Contributions in relation to the contractually required contribution	405,425	391,234	422,472	394,851	436,617	610,478	520,550
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Employee Payroll	$ 3,229,732	$ 2,667,075	$ 3,538,153	$ 3,468,777	$ 3,400,762	$ 3,334,080	$ 3,268,706
Contributions as a percentage of its covered-employee payroll	12.55%	14.67%	11.94%	11.38%	12.84%	18.31%	15.93%

NYSTRS Pension Plan
Last 10 Fiscal Years*

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Contractually required contribution	$ 1,040,306	$ 933,799	$ 1,117,600	$ 1,269,279	$ 1,636,074	$ 1,590,210	$ 1,608,056
Contributions in relation to the contractually required contribution	1,040,306	933,799	1,117,600	1,269,279	1,636,074	1,590,210	1,608,056
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Employee Payroll	$ 10,017,554	$ 9,821,131	$ 9,628,560	$ 9,941,564	$ 9,746,631	$ 9,513,473	$ 9,326,934
Contributions as a percentage of its covered-employee payroll	10.38%	9.51%	11.61%	12.77%	16.79%	16.72%	17.24%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2015, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

CHANGE FROM ADOPTED TO FINAL BUDGET

ADOPTED BUDGET		$ 34,870,077
ADDITIONS:		
Encumbrances from Prior Year		569,752
ORIGINAL BUDGET		35,439,829
BUDGET REVISIONS		
Appropriated Reserve - Capital Reserve		500,000
FINAL BUDGET		$ 35,939,829

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 Voter-approved expenditure budget maximum allowed (4% of 2020-2021 budget of $34,870,077)			$ 1,394,803
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law			
Unrestricted Fund Balance:			
Assigned Fund Balance	$	2,141,652	
Unassigned Fund Balance		4,511,854	
Total Unrestricted Fund Balance	$	6,653,506	
Less:			
Appropriated Fund Balance	$	1,731,988	
Encumbrances included in Committed and Assigned Fund Balance		409,664	
Total Adjustments	$	2,141,652	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law			$ 4,511,854
Actual Percentage			12.94%

See paragraph on supplementary schedules included in auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2020

			EXPENDITURES TO DATE				METHODS OF FINANCING			
	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	PRIOR YEARS	CURRENT YEAR	TOTAL	UNEXPENDED BALANCE	PROCEEDS FROM DEBT	LOCAL SOURCES	TOTAL	FUND BALANCE JUNE 30, 2020
Local Projects	$ 460,000	$ 460,000	$ 424,428	$ 0	$ 424,428	$ 35,572	$ 0	$ 460,000	$ 460,000	$ 35,572
School Renovation	5,742,000	5,742,000	5,726,756	0	5,726,756	15,244	3,620,000	2,118,182	5,738,182	11,426
Reconstruction Project	8,000,000	8,000,000	6,896,813	33,318	6,930,131	1,069,869	0	7,297,521	7,297,521	367,390
Security Vestibule	112,977	112,977	87	0	87	112,890	0	114,658	114,658	114,571
2020 District-Wide	11,000,000	11,000,000	244,900	487,761	732,661	10,267,339	0	500,000	500,000	(232,661)
	$ 25,314,977	$ 25,314,977	$ 13,292,984	$ 521,079	$ 13,814,063	$ 11,500,914	$ 3,620,000	$ 10,490,361	$ 14,110,361	$ 296,298

See paragraph on supplementary schedules included in auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

CAPITAL ASSETS, NET		$ 28,884,460
DEDUCTIONS:		
Short-term Portion of Bonds Payable	$ 1,105,000	
Long-term Portion of Bonds Payable	3,760,000	
Total Deductions		4,865,000
NET INVESTMENT IN CAPITAL ASSETS		$ 24,019,460

See paragraph on supplementary schedules included in auditor's report.

Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

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

To the President and Members
of the Board of Education of the
Tri-Valley Central School District
Grahamsville, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tri-Valley Central School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Tri-Valley Central School District's basic financial statements and have issued our report thereon dated September 24, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Nugent & Haeussler, P.C.

Montgomery, New York
September 24, 2020

Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

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

To the President and Members
of the Board of Education of the
Tri-Valley Central School District
Grahamsville, New York

Report on Compliance for Each Major Federal Program

We have audited Tri-Valley Central School District'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 Tri-Valley Central School District's major federal programs for the year ended June 30, 2020. Tri-Valley Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Tri-Valley Central School District is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tri-Valley Central School District's internal control over compliance with types of the 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 Tri-Valley Central School District's internal control over compliance.

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

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

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

Nugent + Haeussler, P.C.

Montgomery, New York
September 24, 2020

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS-THROUGH TO SUBRECIPIENTS	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION				
Passed-through NYS Education Department:				
Special Education Cluster:				
IDEA - Part B, Section 611	84.027	0032-20-0678	$ 12,720	$ 250,834
IDEA - Part B, Section 619	84.173	0033-19-0678	2,880	6,683
Total Special Education Cluster			15,600	257,517
Title I Parts A&D, Basic Program	84.010	0021-19-2235	0	101,463
Title I Parts A&D, Basic Program	84.010	0021-20-2235	0	195,959
Title II Part A, Teacher & Principal Training & Recruiting	84.367	0147-20-2235	0	38,404
Title V Rural and Low Income Students	84.358	0002-19-2235	0	1,000
Title IV SSAE ALL	84.424	0204-19-3305	0	15,233
Title IV SSAE ALL	84.424	0204-20-3305	0	12,889
Total Passed-through NYS Education Department			15,600	622,465
TOTAL U.S. DEPARTMENT OF EDUCATION			15,600	622,465
U.S. DEPARTMENT OF AGRICULTURE				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Cash Assistance				
National School Lunch Program	10.555	N/A	0	205,537
National School Breakfast Program	10.553	N/A	0	80,767
Cash Assistance Subtotal			0	286,304
Non-Cash Assistance (food distribution)				
National School Lunch Program	10.555	N/A	0	25,882
TOTAL U.S. DEPT. OF AGRICULTURE, CHILD NUTRITION CLUSTER			0	312,186
TOTAL FEDERAL AWARDS EXPENDED			$ 15,600	$ 934,651

See accompanying notes are an integral part of the schedule.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION.

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2. NON-CASH ASSISTANCE.

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted $25,882 of commodities under the National School Lunch Program (CFDA 10.555).

NOTE 3. OTHER DISCLOSURES.

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

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

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Report the Auditor Issued on Whether the Financial Statements Audited Were Presented in Accordance with GAAP: Unmodified

Internal Control over Financial Reporting:

Material weakness(es) identified?	____ Yes	X No	
Significant deficiency(ies) identified?	____ Yes	X None Reported	
Noncompliance material to financial statements noted?	____ Yes	X No	

FEDERAL AWARDS

Internal Control over Major Programs:

Material weakness(es) identified?	____ Yes	X No	
Significant deficiency(ies) identified?	____ Yes	X None Reported	

Type of Auditor's Opinion Issued on Compliance for Major Programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR-200.516(a)? ____ Yes X No

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA NUMBERS	NAME OF FEDERAL PROGRAM OR CLUSTER
84.027	IDEA Part B, Section 611
84.173	IDEA Part B, Section 611
84.010	Title I Part A & D, Basic Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000.00

Auditee qualified as low-risk auditee? ____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings relating to the financial statements which were required to be reported.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Significant Deficiencies in Internal Control

There were no findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR 200.516(a).

B. Compliance Findings

There were no findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR 200.516(a).

Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Tri-Valley Central School District
Grahamsville, New York

We have audited the accompanying financial statements of the Tri-Valley Central School District's extraclassroom activity funds, which comprise the statement of assets, liabilities, and fund balance–cash basis as of June 30, 2020, and the related statement of receipts and disbursements–cash basis for the year then ended, and the related 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 the cash basis of accounting described in Note 1; 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 present fairly, in all material respects, the assets, liabilities, and fund balance of the extraclassroom activity funds of the Tri-Valley Central School District as of June 30, 2020, and its receipts and disbursements for the year then ended, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 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.

Nugent & Haeussler, P.C.

Montgomery, New York
September 24, 2020

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2020

ASSETS

Cash	$ 77,254

FUND BALANCE

Fund Balance, Beginning of Year	$ 79,969
Excess of Disbursements over Receipts	(2,715)
Fund Balance, End of Year	$ 77,254

See notes to financial statement

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
EXTRACLASSROOM ACTIVITY FUNDS
SUMMARY OF RECEIPTS & DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	CASH BALANCE JUNE 30, 2019	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2020
Class of 2025	$ 0	$ 181	$ 13	$ 168
Class of 2024	0	1,412	621	791
Class of 2023	0	7,106	5,063	2,043
Class of 2022	1,630	3,066	2,352	2,344
Class of 2021	3,835	6,151	3,888	6,098
Class of 2020	2,200	16,490	13,007	5,683
Class of 2019	1,089	3	41	1,051
Class of 2018	1,055	0	1,055	0
Art Club	977	581	626	932
Animal Lovers Club	168	40	68	140
FBLA	4,616	36,566	35,134	6,048
FCCLA	1,279	1,164	1,406	1,037
FFA	14,235	17,882	24,124	7,993
Friends of Rachel (ES)	1,313	3	84	1,232
Frost Valley (Grade 6)	11,525	3,865	9,688	5,702
S.S.S.C	9,634	3,643	3,053	10,224
E.S.S.C.	4,510	2,624	1,847	5,287
7/8 Grade SC	1,813	918	704	2,027
6-7-8 Life Skills Academy	755	3,963	3,775	943
Jr. FBLA	686	860	586	960
Jr. National H.S	73	0	44	29
Music	4,612	2,764	3,886	3,490
National Honors Society	541	3,847	1,860	2,528
Theatre Club	3,736	3,461	4,758	2,439
Yearbook	9,686	7,762	9,385	8,063
Total Extraclassroom	$ 79,969	$ 124,353	$ 127,068	$ 77,254

See notes to financial statement.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

(a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Tri-Valley Central School District. We have included the Extraclassroom Activity Fund balances within the fiduciary funds of the financial statements. The separate audit report of the Extraclassroom Activity Funds is required due to the fact that the transactions of this fund are controlled by student management.

(b) The books and records of the Tri-Valley Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

(c) The Extraclassroom Activity Funds are used to record the activity of all student-related activities within the District. These funds are under the control of an appointed central treasurer who maintains cash receipts and cash disbursement books. All receipts are collected by the student activity treasurer and disbursements must be approved by the student management.