

## PRELIMINARY OFFICIAL STATEMENT

### NEW/RENEWAL ISSUE

### BOND ANTICIPATION NOTES

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel, under existing law (1) interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes and is not an "item of tax preference" for purposes of the individual alternative minimum taxes imposed by the Internal Revenue Code of 1986, as amended (the "Code"), except that the School District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof, and (2) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See the caption "TAX MATTERS" herein.

The Notes will NOT be designated as or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

# \$28,968,254

## CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM MONTGOMERY, FULTON, SARATOGA AND SCHENECTADY COUNTIES, NEW YORK GENERAL OBLIGATIONS

### \$28,968,254 Bond Anticipation Notes, 2020

(the "Notes")

**Dated: June 25, 2020**

**Due: June 25, 2021**

The Notes will constitute general obligations of the City School District of the City of Amsterdam, Montgomery, Fulton, Saratoga and Schenectady Counties, New York (the "District"), will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes and will be payable from ad valorem taxes, which may be levied upon all the taxable real property within the School District, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

At the option of the purchaser, the Notes will be issued as registered notes registered in the name of the purchaser(s) or in book-entry-only form. If such Notes are issued as registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the offices of the School District. The purchaser shall have the right to designate a bank or banks located and authorized to do business in the State of New York as the place or places for the payment of the principal and interest on the Notes. Any related bank fees, if any, are to be paid by the purchaser. A single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate.

If the purchaser notifies Bond Counsel by 3:00 P.M., prevailing time on the date of sale, such Notes may be issued in the form of book-entry-only notes, in denominations corresponding to the aggregate principal amount for each Note bearing the same rate of interest and CUSIP number. In the event that the purchaser choose book-entry-only notes, as a condition to delivery of the Notes, the successful bidder(s) will be required to cause such note certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the Notes. Individual purchases of beneficial ownership interests in the Notes may only be made through book entries (without certificates issued by the School District) made on the books and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$8,254. Principal of and interest on the Notes will be payable by the School District by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The School District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Barclay Damon LLP, Bond Counsel, Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, Albany, New York, or as may be agreed upon with the purchaser on or about June 25, 2020.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com), on June 4, 2020 by no later than 10:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.**

May 21, 2020

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES AS DESCRIBED IN THE RULE, SEE "APPENDIX - D, MATERIAL EVENT NOTICES" HEREIN" HEREIN.

**CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM  
MONTGOMERY, FULTON, SARATOGA AND SCHENECTADY COUNTIES, NEW YORK**

**DISTRICT OFFICIALS**

**2019-2020 BOARD OF EDUCATION**

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\* \* \*

**ADMINISTRATION**

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Interim Superintendent of Schools

LORRIE SCHELL  
School District Clerk

COLLEEN DICAPRIO  
Business Manager

ANN C. PHELPS  
Treasurer

WILLIAM H. MYCEK, ESQ.  
School District Attorney



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor

**BARCLAY  
DAMON** <sup>LLP</sup>

Bond Counsel

No person has been authorized by City School District of the City of Amsterdam to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of City School District of the City of Amsterdam.

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**PREPARED WITH THE ASSISTANCE OF**



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**OFFICIAL STATEMENT**  
of the  
**CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**  
**MONTGOMERY, FULTON, SARATOGA AND SCHENECTADY COUNTIES, NEW YORK**  
Relating To  
**\$28,968,254 Bond Anticipation Notes, 2020**

This Official Statement, which includes the cover page and appendices, has been prepared by the City School District of the City of Amsterdam, Montgomery, Fulton, Saratoga and Schenectady Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$28,968,254 principal amount of Bond Anticipation Notes, 2020 (the "Notes").

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

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

**NATURE OF OBLIGATION**

The Notes when duly issued and paid for will constitute a contract between the School District and the holder thereof.

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

The Notes will be general obligations of the School District and will contain a pledge of the faith and credit of the School 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 School District has power and statutory authorization to levy ad valorem taxes on all real property within the School District subject to such taxation by the School District, without limitation as to rate or amount.

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

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

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

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words,

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

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

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

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

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

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

## THE NOTES

### Description of the Notes

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

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

If the Notes are issued registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the School District. In such case, the Notes will be registered in the name of the purchaser and a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the purchaser notifies Bond Counsel by 3:00 P.M., prevailing time on the date of sale, such Notes may be issued in the form of book-entry-only notes, in denominations corresponding to the aggregate principal amount for each Note bearing the same rate of interest and CUSIP number. In the event that the purchaser choose book-entry-only notes, as a condition to delivery of the Notes, the successful bidder will be required to cause such note certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the Notes. Individual purchases of beneficial ownership interests in the Notes may only be made through book entries (without certificates issued by the School District) made on the books and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$8,254. Principal of and interest on the Notes will be payable by the School District by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The School District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

### **No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

### **Purpose of Issue**

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law and pursuant to a bond resolution adopted by the Board of Education on January 20, 2016 authorizing the issuance of serial bonds for the renovation and improvement of certain School District buildings and facilities at a maximum estimated cost of \$48,963,254.

The proceeds of the Notes will renew a \$9,830,000 portion of the \$28,950,000 bond anticipation notes maturing June 26, 2020 and provide \$19,138,254 new money for the aforementioned purpose. The remaining \$19,120,000 of the \$28,950,000 bond anticipation notes maturing June 26, 2020 are being permanently financed with serial bonds through the Dormitory Authority of the State of New York and \$1,120,000 available funds of the District.

### **BOOK-ENTRY-ONLY SYSTEM**

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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



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

### **Certificated Notes**

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

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$8,254. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not be subject to redemption prior to their stated final maturity date.

## **THE SCHOOL DISTRICT**

### **General Information**

In 1966, the then Amsterdam City School District became an enlarged city school district by the consolidation of the surrounding union free and common school districts. The District covers an area of approximately 78 square miles. The District encompasses the entire City of Amsterdam (the "City"), as well as the Villages of Hagaman and Fort Johnson, and portions of the Towns of Amsterdam, Florida and Mohawk in Montgomery, Fulton, Saratoga and Schenectady Counties, the Town of Perth in Fulton County, the Town of Charlton in Saratoga County and the Towns of Duanesburg and Glenville in Schenectady County.

The District has a diversified economy ranging from the industrial and commercial activities in the City to the agricultural operations in the rural areas. Agricultural operations include dairy and livestock, vegetable crops and production of feed crops for the dairy and livestock activities. Additionally, District residents commute to the Albany and Schenectady areas for employment.

The District provides public education for grades Pre K-12. Higher educational opportunities are available at the Fulton-Montgomery Community College, the State University of New York at Albany, Union College and Skidmore College.

Electric, gas and telephone services are available from public utilities. In the City, municipal services for police and fire protection, water, sewage collection and garbage collection are provided by the City. In the rural areas, police protection is provided by the County Sheriff's Departments and the New York State Police. Fire protection and ambulance services are provided by various volunteer groups.

Rail transportation is provided by Amtrak and Conrail in Amsterdam. Water transportation is available via the Mohawk River and the Erie Canal. Major highways include the New York State Thruway, with Interchange 27 located in the City of Amsterdam, and New York State Routes 5, 30 and 67. Air transportation is available at the Albany International Airport.

Albany and the surrounding Capital Region have become a destination for employers in the nanotechnology field. High-tech industry leaders in science and nanotechnology, educational institutions, research and development facilities and high-tech sites and tech parks all reside in New York's Tech Valley, which is an area that encompasses the Capital Region, Adirondacks/North Country, Hudson Valley and Mohawk Valley. A strong infrastructure, desirable State incentives for businesses, high quality of living and devoted and educated workforce continue to draw new nanotech businesses to the area.

Source: District officials.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States, has been declared a pandemic by the World Health Organization on March 11, 2020. The outbreak of the disease has affected education, travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The School District has been communicating with the New York State Education Department and with local and State level department of health agencies. The School District has been following all relevant guidance as it has been released by State and federal agencies. The School District is closed effective March 16, 2020 through the end of the current academic year. Pursuant to an Executive Order of the Governor, the school district annual board of education elections and budget vote originally scheduled for May 19, 2020 has been postponed until June 9, 2020. The degree of



the impact of COVID-19 on the School 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, (ii) severity and (iii) ultimate geographic spread, as well as with regard to what actions may be taken by governmental authorities to contain or mitigate its impact. The State has publicly announced that COVID-19 will have a significant negative impact on the State’s revenues and 2020-21 budget. There can be no assurances that the spread of COVID-19 will not result in a delay and/or reduction in State aid paid to school districts, including the School District. Any delay or reduction in State aid payment to the School District would have a negative impact on the School District’s finances and operations.

## Population

The current estimated population of the District is 25,609. (Source: 2018 U.S. Census Bureau estimate)

## Five Largest Employers

Many residents of the District find employment with one of the following major employers located within or in close proximity to the District.

<u>Name</u>	<u>Type</u>	<u>Employees</u>
St. Mary’s Hospital	Hospital	1,447
Target (includes seasonal)	Distribution Center	883
Liberty Enterprises	Sheltered Workshop for Disabled	675
Amsterdam Printing	Printing	376
Beechnut	Manufacturing	324

Source: District officials.

## Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>
City of:						
Amsterdam	\$ 16,680	\$ 22,355	\$ 21,135	\$ 37,169	\$ 47,523	\$ 45,359
Towns of:						
Amsterdam	19,099	25,950	36,497	46,667	63,705	69,870
Florida	18,246	24,550	30,932	49,100	66,250	67,292
Mohawk	17,896	22,843	32,728	43,700	58,056	74,408
Perth	16,870	31,232	30,796	46,181	60,625	70,893
Duanesburg	23,345	31,586	30,351	65,461	86,912	91,821
Glenville	24,795	31,363	35,294	62,599	84,760	91,181
Charlton	27,924	36,862	41,154	66,250	86,094	99,531
County of:						
Montgomery	17,005	22,347	25,427	40,688	53,476	56,427
Fulton	39,801	23,147	26,875	16,844	50,425	60,973
Saratoga	23,945	32,186	41,709	58,213	81,251	97,668
Schenectady	21,992	27,500	31,412	53,670	70,712	83,366
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

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

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

## Unemployment Rate Statistics

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

	<u>Annual Average</u>						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Montgomery County	9.2%	7.4%	6.6%	5.7%	5.7%	5.2%	5.1%
Fulton County	9.4%	7.6%	6.4%	5.7%	5.8%	5.1%	5.0%
Saratoga County	5.8%	4.6%	4.1%	3.8%	4.0%	3.5%	3.4%
Schenectady County	6.7%	5.3%	4.7%	4.3%	4.5%	4.0%	3.8%
New York State	7.7%	6.3%	5.3%	4.8%	4.7%	4.1%	4.0%

	<u>2020 Monthly Figures</u>				
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Montgomery County	6.2%	6.1%	6.5%	N/A	N/A
Fulton County	5.8%	5.8%	6.1%	N/A	N/A
Saratoga County	3.8%	3.6%	3.8%	N/A	N/A
Schenectady County	4.1%	4.0%	4.2%	N/A	N/A
New York State	4.1%	3.9%	4.4%	N/A	N/A

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

Note: Unemployment rates for the remainder of 2020 and potentially for the foreseeable future are expected to increase substantially over prior years as a result of the COVID-19 pandemic.

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

## Form of School Government

The Board of Education, which is the policy-making body of the School District, consists of seven members with overlapping three-year terms. The President and the Vice President are elected by the Board members. The President of the Board is the chief fiscal officer of the School District.

The duties of the administrative officers of the School District are to implement the policies of the Board of Education and supervise the operation of the school system.

## Budgetary Procedures

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

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

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

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

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

#### *Recent Budget Vote Results*

The budget for the 2018-19 fiscal year was approved by the qualified voters on May 15, 2018. The budget called for no tax increase, which is within the District's Tax Levy Cap.

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019 with a vote of 404 to 126. The budget called for no tax increase, which is within the District's Tax Levy Cap.

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

The school district budget vote for the 2020-21 fiscal year was originally scheduled to be held on May 19, 2020, however, annual school budget votes across the State are postponed until June 9, 2020 under an Executive Order from Governor Andrew Cuomo that extends and expands restrictions aimed at limiting the spread of COVID-19. There will be no in-person voting. All voting will be done by absentee ballot using postage paid envelopes provided by the School District. The District's budget for the 2020-21 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

#### **Investment Policy**

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

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

## State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-2020 fiscal year, approximately 67.24% of the revenues of the District are estimated to be received in the form of State aid. In its proposed budget for the 2020-2021 fiscal year, approximately 67.22% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

The Tax Cuts and Jobs Act also made extensive changes to the deductibility of various taxes, including placing a cap of \$10,000 on a taxpayer’s deduction of state and local taxes (the “SALT Deduction Limitation”). While it cannot yet be predicted what precise effects the SALT Deduction Limitation will have for the State, it is possible that government officials at both the State and local level may find it politically more difficult to raise new revenues via tax increases, since the deduction thereof, for taxpayers who itemize deductions, is now limited.

### *Potential reductions in Federal aid received by the State.*

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

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

Provisions in the State’s 2020-2021 Enacted Budget grant the Budget Director the authority to reduce “aid-to-localities” appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by the New York State Division of the Budget. The State’s Enacted Budget is deemed out of balance for the fiscal year, and the Budget Director’s powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1-December 31). The State’s 2020-2021 Enacted Budget is premised on the assumption that the Budget Director’s powers will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall.

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

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

### *Building aid*

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2019-2020 preliminary building aid ratios, the District expects to receive State building aid of approximately 94.8% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

#### *State aid history*

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

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

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

*Gap Elimination Adjustment (GEA).* The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately \$10,284,883. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

*School district fiscal year (2017-2018):* The State 2017-2018 Enacted Budget increased State aid to education by \$1.1 billion, including a \$700 million increase in Foundation Aid, bringing the total amount of State aid to education to \$25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-2018 and 2018-2019 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-2018 Enacted Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

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

special education aid. These categories served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of \$240 million was approved for increases in all expense-based aids in 2018-2019. The State 2018-2019 Enacted Budget continued to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected.

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

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 totals \$27.9 billion in the State's 2020-2021 Enacted Budget, 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.

Provisions in the State's 2020-2021 Enacted Budget grant the Budget Director the authority to reduce "aid-to-localities" appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by the New York State Division of the Budget. Aid-to-localities is a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and the State's not-for-profit partners. In addition, the Budget Director is authorized to withhold and reduce specific local aid payments during the fiscal year. The State's Enacted Budget is deemed out of balance for the fiscal year, and the Budget Director's powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1-December 31). The State's 2020-2021 Enacted Budget is premised on the assumption that the Budget Director's powers will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. Due principally to the COVID-19 pandemic, reduced receipts are expected through State fiscal year 2024. According to the four year financial plan released by the State on May 8, 2020, as a result of the COVID-19 pandemic, State spending will be significantly reduced. Such reductions will include reductions to "aid to localities" which includes State aid to school districts, including the School District. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

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 because of changes in Federal policy and the impacts of the COVID-19 pandemic.

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

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

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

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

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

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

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

## State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2014-2015	\$ 64,333,019	\$ 39,392,964	61.23%
2015-2016	64,751,316	39,390,036	60.83
2016-2017	68,484,731	42,884,168	62.62
2017-2018	71,076,242	45,349,331	63.80
2018-2019	74,478,372	47,118,947	63.27
2019-2020 (Budgeted)	75,030,711	50,449,884	67.24
2020-2021 (Proposed)	73,326,004	48,872,127	66.65

<sup>(1)</sup> General fund only, does not include inter-fund transfers or reserve funds.

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



## District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built</u>
R.J. McNulty Academy for Literacy & International Studies	Pre K-5	580	1963, '04
William Tecler Elementary	K-5	599	1971, '86, '03
Marie Curie Elementary	K-5	600	1975, '90
William Barkley Elementary	K-5	600	1971, '90, '07
Wilbur H. Lynch Middle School	6-8	772	1930, '89, '02, '04
Amsterdam High School	9-12	2,000	1975, '97, '04, '07
Truax Elementary <sup>(1)</sup>	N/A	N/A	N/A

<sup>(1)</sup> Building rented to Headstart.

Source: District officials.

## Enrollment Trends

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2015-16	3,760	2020-21	3,750
2016-17	3,674	2021-22	3,750
2017-18	3,750	2022-23	3,750
2018-19	3,769	2023-24	3,750
2019-20	3,885	2024-25	3,750

Source: District officials.

## Employees

The School District currently employs 665 employees, including part and full time. These employees are represented by the following bargaining agents:

<u>Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
338	Amsterdam Teachers' Association	June 30, 2022
112	Substitute Teachers' Association	June 30, 2022
87	CSEA Teachers Aids Unit	June 30, 2023
42	CSEA Custodial/Maintenance Unit	June 30, 2023
34	CSEA Clerical Unit	June 30, 2023
22	Others Non-Bargaining Unit	June 30, 2023
18	Amsterdam Administrators' Association	June 30, 2023
1	Interim Superintendent	June 30, 2020

Source: District officials.

## Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.0% for Tiers I-IV (TRS) and 3.5% for Tier V (TRS) of gross annual salary towards the cost of retirement programs.

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

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

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

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2014-2015	\$ 625,473	\$ 3,632,443
2015-2016	682,418	3,754,724
2016-2017	768,816	2,955,562
2017-2018	528,012	2,187,657
2018-2019	571,690	2,443,809
2019-2020 (Budgeted)	679,528	2,472,172
2020-2021 (Proposed)	571,690	2,443,809

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually. Although permitted by recently enacted laws, the District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

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

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

A chart of average ERS and TRS rates as a percent of payroll (2016 to 2020) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2015-16	18.2%	13.26%
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite

ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

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

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

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

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

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

## **Other Post Employee Benefits**

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

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

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

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

The District contracted with Capital Region BOCES to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2018 and 2019. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

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

	Balance at:	<u>June 30, 2017</u>	<u>June 30, 2018</u>
		<u>\$ 101,143,496</u>	<u>\$ 99,297,928</u>
<u>Changes for the year:</u>			
Service cost		2,874,248	2,765,779
Interest		3,563,195	3,872,999
Differences between expected and actual experience		-	(17,190,865)
Changes in assumptions or other inputs		(5,057,175)	22,781,676
Benefit payments		<u>(3,225,836)</u>	<u>(4,010,516)</u>
Net Changes		<u>\$ (1,845,568)</u>	<u>\$ 8,219,073</u>
	Balance at:	<u>June 30, 2018</u>	<u>June 30, 2019</u>
		<u>\$ 99,297,928</u>	<u>\$ 107,517,001</u>

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

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

## **Financial Statements**

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

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

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

## **New York State Comptroller Report of Examination**

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

The State Comptroller’s office recently completed an audit of the District’s SMART Schools Project. The results and final report are not available as of the date of this Official Statement.

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

## **The State Comptroller’s Fiscal Stress Monitoring System**

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2019	No Designation	0.0%
2018	No Designation	0.0%
2017	No Designation	0.0%

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

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

### TAX INFORMATION

#### Taxable Valuations <sup>(1)</sup>

<u>Fiscal Years Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Taxable Assessed Valuation	\$ 485,722,948	\$ 488,436,415	\$ 479,918,646	\$ 479,526,218	\$ 587,116,465
Full Valuation Computed Using Regular State Equalization Rates	\$ 992,343,011	\$ 1,019,343,108	\$ 1,069,940,168	\$ 1,066,449,317	\$ 1,084,396,865
Full Valuation Computed Using Special State Equalization Rates	\$ 1,009,401,581	\$ 1,017,283,507	\$ 1,016,333,503	\$ 1,060,925,792	\$ 1,224,315,640

<sup>(1)</sup> Please refer to APPENDIX – C attached hereto for greater detail as to the taxable valuations by the City and the Towns.

#### Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City of: Amsterdam	\$ 27.37	\$ 27.31	\$ 26.94	\$ 26.10	\$ 25.67
Towns of: Amsterdam	212.10	206.86	215.39	225.51	219.00
Florida	40.79	40.96	40.41	39.95	19.25
Mohawk	22.10	21.56	18.53	19.57	19.60
Perth	34.77	33.57	33.12	36.59	37.15
Duanesburg	59.58	57.52	58.56	57.91	58.69
Glenville	29.87	28.44	21.49	21.28	21.63
Charlton	21.21	19.22	28.06	27.96	28.73

#### Tax Collection Procedure

School taxes are due beginning July 1 and may be paid through July 31 without penalty. Taxpayers may also elect to make payments in installments, with payments due October 31, January 31 and April 30. Penalties accrue at varying rates depending on the payment schedule selected, but generally at the rate of 2% per month.

Taxes are collected by the Receiver of Taxes of the School District during the collection periods. Taxes remaining uncollected after the expiration of the second collection period are returned to the Treasurer of the City of Amsterdam and the Treasurers of Montgomery, Fulton, Saratoga and Schenectady Counties who, by law, must reimburse the School District in full for uncollected taxes prior to the end of the second fiscal year for which the taxes are levied.

The burden of delinquent tax collection is placed on the Counties and City subsequent to advancing the school taxes to the School District. The Counties and City may pay moneys due to the School District from funds on hand or may borrow moneys pursuant to the Local Finance Law.

## Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Gross Tax Levy	\$ 21,047,216	\$ 20,875,122	\$ 20,875,122	\$ 20,875,122	\$ 20,875,122
Uncollected <sup>(1)</sup>	1,548,389	1,543,516	1,528,136	1,435,442	1,718,023
% Uncollected	7.36%	7.39%	7.32%	6.88%	8.23%

<sup>(1)</sup> See "Tax Collection Procedure" herein.

## Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the School District for each of the below completed fiscal years, budgeted figures for the current fiscal year and proposed figures for the 2020-2021 fiscal year comprised of Real Property Taxes & Other Tax Items.

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total Real Property Taxes &amp; Other Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes &amp; Other Tax Items</u>
2014-2015	\$ 64,333,019	\$ 23,018,701	35.78%
2015-2016	64,751,316	23,364,880	36.08
2016-2017	68,484,731	23,270,408	33.98
2017-2018	71,076,242	23,213,563	32.66
2018-2019	74,478,372	24,840,331	33.35
2019-2020 (Budgeted)	75,030,711	22,565,827	30.08
2020-2021 (Proposed)	73,326,004	22,423,877	30.58

<sup>(1)</sup> General fund only, does not include inter-fund transfers or reserve funds.

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

## Larger Taxpayers 2019 for 2019-20

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
National Grid	Utility	\$ 48,407,306
Alpin Haus	Retail/Commercial	4,701,900
Cranesville Properties	Commercial	3,400,000
Medical Services, Inc.	Medical	2,500,000
LDM Housing Development	Building/Homes	2,431,400
Cushing Stone	Quarry	1,770,000
NY Central Lines LLC	Railroad	1,641,922
River Ridge Realty, LLC	Nursing Home	1,500,000
Gladstone Development (Walmart Property)	Retail	913,000
Singh, Kudlip & Sunita	Hotel/Motel	810,750
	<b>Total</b>	<b>\$ 68,076,278</b>

The ten larger taxpayers listed above have a total taxable assessed valuation of \$68,076,278 which represents 11.60% of the tax base of the District.

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris that are known or expected to have a material impact on the District.

Source: District Tax Rolls.



## STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$88,050 or less in 2020, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$68,700 for the 2019-20 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

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

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

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

<u>Municipality:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
City of Amsterdam	\$ 46,540	\$ 20,030	11/18/2019
Town of Amsterdam	6,170	2,650	4/10/2020
Town of Florida	69,800	30,000	4/10/2020
Town of Glenville	58,630	25,200	4/10/2020
Town of Perth	35,230	15,140	4/10/2020
Town of Duanesburg	22,890	9,840	4/10/2020
Town of Charlton	57,140	24,560	4/10/2020
Town of Mohawk	64,220	27,600	4/10/2020

\$3,792,129 of the District’s \$20,875,122 school tax levy for 2018-19 was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2019.

\$3,536,202 of the District’s \$20,875,122 school tax levy for 2019-20 was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2020.

## Additional Tax Information

Real property located in the School District is assessed by the City and the Towns.

Veterans’ and Senior citizens’ exemptions from School District taxes are offered to those who qualify.

The assessment roll of the School District is constituted approximately as follows: 20% commercial, 15% industrial, 50% residential and 15% agricultural.

The total property tax bill of a typical residence with a full market value of \$100,000 is estimated to be \$3,900 including County, Town or City and School District taxes.

## TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

## STATUS OF INDEBTEDNESS

### Constitutional Requirements

The New York State Constitution and Local Finance Law limit the power of the School District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations in summary form, and as generally applicable to the School District and the Notes, include the following:

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute. The School District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its Notes.

### Statutory Procedure

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

Debt Limit. The School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed five per centum of the average full valuation of the taxable real estate of the School District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional method for determining average full valuation is by taking the assessed valuation of taxable real estate for the last five completed assessment rolls and applying thereto the ratio (special equalization ratio) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

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

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

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

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations

and an action contesting such validity, is commenced within twenty days after the date of such publication or,

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

The School District has complied with this estoppel procedure in connection with the Notes.

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

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

**Debt Outstanding End of Fiscal Year**

<u>Fiscal Years Ending June 30<sup>th</sup>:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$ 43,545,000	\$ 50,870,000	\$ 45,589,670	\$ 39,355,000	\$ 33,330,000
Bond Anticipation Notes	14,430,000	0	6,500,000	27,000,000	28,950,000
Revenue Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 57,975,000</u>	<u>\$ 50,870,000</u>	<u>\$ 52,089,670</u>	<u>\$ 66,355,000</u>	<u>\$ 62,280,000</u>

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of May 21, 2020.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2020-2027	\$ 31,960,000
<u>Bond Anticipation Notes</u>		
Various Capital Improvements	June 26, 2020	<u>28,950,000</u> <sup>(1)</sup>
	Total Indebtedness	<u>\$ 60,910,000</u>

<sup>(1)</sup> To be partially redeemed, renewed and permanently financed with the Notes, serial bonds being issued through DASNY and \$1,120,000 available funds of the District.

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## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 21, 2020:

	Computed Using Regular <u>State Equalization Rates</u>	Computed Using Special <u>State Equalization Ratios</u> <sup>(1)</sup>
Five-Year Average Full Valuation of Taxable Real Property.....	\$ 1,046,494,494	\$ 1,065,652,005
Debt Limit 5% thereof .....	52,324,725	53,282,600
<u>Inclusions:</u>		
Bonds.....	\$ 31,960,000	\$ 31,960,000
Bond Anticipation Notes .....	28,950,000	28,950,000
Revenue Anticipation Notes .....	<u>0</u>	<u>0</u>
Total Inclusions .....	<u>\$ 60,910,000</u>	<u>\$ 60,910,000</u>
<u>Exclusions:</u>		
Appropriations – Bonds.....	\$ 4,245,000	\$ 4,245,000
Revenue Anticipation Notes .....	<u>0</u>	<u>0</u>
Total Exclusions .....	\$ 4,245,000	\$ 4,245,000
Total Net Indebtedness <sup>(2)(3)</sup> .....	<u>\$ 56,665,000</u>	<u>\$ 56,665,000</u>
Net Debt-Contracting Margin .....	<u>\$ (4,340,275)</u>	<u>\$ (3,382,400)</u>
The percent of debt contracting power exhausted is .....	108.29%	106.35%

<sup>(1)</sup> The District's constitutional debt limit has been computed using special equalization ratios established by the State Office of Real Property Services pursuant to Art-12-B of the Real Property Tax Law. Conventional State equalization rates are also established by said Office of Real Property Services, and are used for all other purposes. See "TAX INFORMATION – Taxable Assessed Valuations" herein or "APPENDIX – C" attached hereto.

<sup>(2)</sup> Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the District receives aid on existing bonded debt. The District, as a school district located in a city, may not under Section 121.20 of the Local Finance Law exclude from gross indebtedness estimated State aid for School building purposes. As noted above, the District receives New York State debt service building aid in an amount approximating 94.8% of its outstanding debt. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive.

<sup>(3)</sup> The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the constitutional debt limit of the District.

Note: The District received consent to exceed its debt limit from the Board of Regents on September 12, 2017 and the Office of the State Comptroller on September 28, 2017.

## Bonded Debt Service

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

## Capital Project Plans

On January 20, 2016 the Board of Education adopted a bond resolution authorizing \$48,963,254 of obligations to finance the reconstruction of various school district buildings, construction and reconstruction of athletic fields and facilities, site work and acquisition of original furnishings, equipment, machinery or apparatus. The voters approved the project on March 17, 2016 by a vote of 477 to 160. The District issued 2 series of bond anticipation notes in the aggregate amount of \$12 million as the first borrowings against this authorization that closed on June 29, 2017 and July 7, 2017. The District issued \$27 million bond anticipation notes on June 28, 2018 to renew the notes that matured June 29, 2018 and provide \$15 million new money. The District issued \$28,950,000 bond anticipation notes along with \$50,000 available funds of the District to partially redeem and renew \$27,000,000 bond anticipation notes that matured June 28, 2019 and provide \$2,000,000 new money for the aforementioned purpose. \$18,000,000 of the \$28,950,000 bond anticipation notes maturing June 26, 2020 are being permanently financed with the issuance of serial bonds through DASNY along with \$1,120,000 available funds of the District. The remaining \$9,830,000 of the \$28,950,000 bond anticipation notes maturing June 26, 2020 are being renewed with the proceeds of the Notes along with \$19,138,254 new money for this project. The District received a super majority vote and will exceed the debt limit. The District received consent to exceed its debt limit from the Board of Regents on September 12, 2017 and the Office of the State Comptroller on September 28, 2017.

The District will be asking the voters for approval of \$225,000 for the purchase of school buses. Pending a positive vote, the District plans to issue serial bonds in fall 2020 for the purchase of the school buses.

The District has no other projects authorized or contemplated at this time.

### Cash Flow Borrowings

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

### Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Montgomery	12/31/2018	\$ 38,657,000	\$ -	\$ 38,657,000	46.41%	\$ 17,940,714
Fulton	12/31/2018	1,174,524	1,174,524	-	0.41%	-
Saratoga	12/31/2018	76,180,000	-	76,180,000	0.010%	7,618
Schenectady	12/31/2018	78,210,000	-	78,210,000	0.17%	132,957
City of:						
Amsterdam	12/31/2018	25,529,983	8,677,567	16,852,416	100.00%	16,852,416
Town of:						
Amsterdam	12/31/2018	3,555,000	3,275,000	280,000	89.43%	250,404
Florida	12/31/2018	-	-	-	79.40%	-
Glenville	12/31/2018	13,786,163	6,633,600	7,152,563	0.70%	50,068
Perth	12/31/2018	123,380	-	123,380	6.21%	7,662
Duanesburg	12/31/2018	6,954,200	-	6,954,200	0.29%	20,167
Charlton	12/31/2018	949,000	15,450	933,550	0.10%	934
Mohawk	12/31/2018	-	-	-	0.01%	-
Village of:						
Hagaman	5/31/2019	243,000	-	243,000	100.00%	243,000
Fort Johnson	5/31/2019	-	-	-	100.00%	-
					<b>Total:</b>	<b>\$ 35,505,939</b>

<sup>(1)</sup> Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond sales, if any.

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

Note: The 2019 Comptroller's Special Report for the Counties, City and Towns are currently unavailable as of the date of this Official Statement.

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

**Debt Ratios**

The following table sets forth certain ratios relating to the District's indebtedness as of May 21, 2020:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 56,665,000	\$ 2,212.70	5.23%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	92,170,939	3,599.16	8.50

- (a) The current estimated population of the District is 25,609. (See “THE SCHOOL DISTRICT - Population” herein.)
- (b) The District's full value of taxable real estate for the 2019-20 fiscal year using regular state equalization rates is \$1,084,396,865. (See “TAX INFORMATION – Taxable Assessed Valuations” herein or “APPENDIX – C” attached hereto.)
- (c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
- (d) Estimated net overlapping indebtedness is \$35,505,939. (See "Estimated Overlapping Indebtedness" herein.)

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

**SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT**

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

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

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

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



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

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

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

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

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

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

## MARKET AND RISK FACTORS

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

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

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

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

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

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

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

## **TAX MATTERS**

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel, under existing law, (1) interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes and is not an “item of tax preference” for purposes of the individual alternative minimum taxes imposed by the Code, except that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to Federal income taxation from the date of issuance thereof, and (2) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Notes from gross income for Federal income tax purposes is dependent, among other things, on compliance with the applicable requirements of the Code that must be met subsequent to the issuance and delivery of the Notes for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Non-compliance with such requirements could cause the interest on the Notes to be included in gross income retroactive to the date of issuance of the Notes. Those requirements include, but are not limited to, provisions that prescribe yield and other limits within which the proceeds of the Notes are to be invested and require, under certain circumstances, that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States of America. The District will covenant in the Tax Certificates as to Arbitrage and Use of Proceeds and Instructions as to Compliance with Provisions of Section 103(a) of the Code, that, to maintain the exclusion of interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code, and for no other purpose, the District shall comply with each applicable provision of the Code.

The Tax Increase Prevention and Reconciliation Act of 2005, enacted on May 17, 2006, contains a provision under which interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although the new reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Notes to be subject to

backup withholding if such interest is paid to registered owners who either (a) fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner or (b) have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Bond Counsel also has advised that (1) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, the Code provides that such insurance company's deduction for loss is reduced by 15% of the sum of certain items, including interest on the Notes; (2) interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (3) passive investment income, including interest on the Notes, may be subject to Federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; (4) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Notes; and (5) under Section 32 (i) of the Code, receipt of investment income, including interest on the Notes, may disqualify the recipient thereof from obtaining the earned income credit.

A Noteholder's federal, state and local tax liability may otherwise be affected by the ownership or disposition of the Notes. The nature and extent of these other consequences will depend upon the Noteholder's other items of income or deduction. Bond Counsel has expressed no opinion regarding any such other tax consequences. Each purchaser of the Notes should consult its tax advisor regarding the impact of the foregoing and other provisions of the Code on its individual tax position.

The Notes will NOT be designated or deemed designated by the District as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

The opinion of Bond Counsel set forth above with respect to the Federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law and could affect the market price for, or the marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisers regarding the foregoing matters. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes.

## LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, Bond Counsel, Albany, New York to the effect that the Notes are valid and legally binding obligations of the District, that all the taxable real property therein will be subject to the levy of ad valorem taxes to pay the Notes and the interest thereon without limitation as to rate or amount, that interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District will covenant to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Such opinion also will state that: (a) the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to their attention or any changes in law that may occur thereafter.

## LITIGATION

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

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

## CONTINUING DISCLOSURE

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

### Historical Compliance

The District failed to file its Annual Financial Information and Operating Data (“AFIOD”) for the fiscal year ended June 30, 2018 within the time required under continuing disclosure undertakings of the District. The District’s AFIOD was required to be filed no later than December 27, 2018 but was not filed until January 3, 2019. The District’s Audited Financial Statements were filed to EMMA on December 27, 2018. An event notice to this effect was filed to EMMA on January 3, 2019.

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

## MUNICIPAL ADVISOR

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

## CUSIP IDENTIFICATION NUMBERS

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

## RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District’s Continuing Disclosure Undertakings. (See “APPENDIX – C”, attached hereto).

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

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

## MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Ms. Colleen DiCaprio, Business Manager, Amsterdam High School F-Wing, P.O. Box 309, 140 Saratoga Avenue, Amsterdam, New York 12010 telephone (518) 843-5206 x 7401, fax (518) 842-0012, email [cdicaprio@gasd.org](mailto:cdicaprio@gasd.org).

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

**CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**Dated: May \_\_\_\_, 2020**

**PRESIDENT OF THE BOARD OF EDUCATION AND  
CHIEF FISCAL OFFICER**

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending June 30:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>ASSETS</b>					
Unrestricted Cash	\$ 8,446,542	\$ 9,649,613	\$ 9,418,800	\$ 11,668,397	\$ 11,364,574
Restricted Cash	3,197,030	3,297,030	3,297,030	4,342,030	4,837,938
Tax Receivables	3,037,155	3,087,685	3,068,099	3,151,949	2,851,464
Due from Other Funds	1,635,364	2,179,701	3,312,253	2,203,261	3,911,771
Due from Fiduciary funds	528,004	213,430	324,710	5,046	30,162
State and Federal Aid Receivable	2,600,145	2,897,625	3,359,698	4,074,869	4,259,045
Other Receivables	69,472	125,662	104,479	129,657	2,671,362
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 19,513,712</u>	<u>\$ 21,450,746</u>	<u>\$ 22,885,069</u>	<u>\$ 25,575,209</u>	<u>\$ 29,926,316</u>
<b>LIABILITIES AND FUND EQUITY</b>					
Accounts Payable	\$ 1,101,247	\$ 1,586,898	\$ 1,950,229	\$ 1,845,753	\$ 2,358,233
Accrued Liabilities	114,438	141,550	191,712	168,794	158,572
Due to Other Funds	165,910	221,530	61,897	146,820	475,668
Unearned Revenues	-	374	383	1,000	-
Due to Other Governments	-	21	-	-	-
Due to Fiduciary funds	4,950	20	3,108	3,260	695
Due to Teachers' Retirement System	3,838,654	3,052,911	2,765,852	2,367,116	2,632,020
Due to Employees' Retirement System	216,970	167,387	168,936	153,914	155,855
Overpayments	-	-	-	-	-
Deferred Tax Revenues	2,936,263	2,934,295	2,926,478	3,049,224	2,738,270
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 8,378,432</u>	<u>\$ 8,104,986</u>	<u>\$ 8,068,595</u>	<u>\$ 7,735,881</u>	<u>\$ 8,519,313</u>
<b>FUND EQUITY</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,197,030	3,297,030	3,297,030	4,342,030	4,837,938
Assigned	1,224,437	948,769	575,803	543,951	3,837,818
Unassigned	6,713,813	9,099,961	10,943,641	12,953,347	12,731,247
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>\$ 11,135,280</u>	<u>\$ 13,345,760</u>	<u>\$ 14,816,474</u>	<u>\$ 17,839,328</u>	<u>\$ 21,407,003</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 19,513,712</u>	<u>\$ 21,450,746</u>	<u>\$ 22,885,069</u>	<u>\$ 25,575,209</u>	<u>\$ 29,926,316</u>

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

Fiscal Years Ending June 30:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>REVENUES</b>					
Real Property Taxes	\$ 15,625,846	\$ 15,129,720	\$ 15,449,323	\$ 15,365,033	\$ 15,453,051
Other Tax Items	7,489,876	7,888,981	7,915,557	7,905,375	7,760,512
Charges for Services	75,639	60,992	116,705	79,556	65,377
Use of Money & Property	106,095	95,772	114,506	129,617	133,945
Sale of Property and					
Compensation for Loss	592,552	947,849	797,962	738,447	607,408
Miscellaneous	553,788	573,216	712,023	1,137,462	1,506,524
Interfund Revenues	79,318	147,723	100,421	104,207	46,426
Revenues from State Sources	37,999,736	39,392,964	39,390,036	42,884,168	45,349,331
Revenues from Federal Sources	255,741	95,802	154,783	140,866	153,668
Total Revenues	<u>\$ 62,778,591</u>	<u>\$ 64,333,019</u>	<u>\$ 64,751,316</u>	<u>\$ 68,484,731</u>	<u>\$ 71,076,242</u>
Other Sources:					
Interfund Transfers	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 62,878,591</u>	<u>\$ 64,433,019</u>	<u>\$ 64,751,316</u>	<u>\$ 68,484,731</u>	<u>\$ 71,076,242</u>
<b>EXPENDITURES</b>					
General Support	\$ 5,342,021	\$ 5,965,648	\$ 5,714,206	\$ 6,314,521	\$ 6,404,647
Instruction	27,704,621	28,981,989	30,907,758	33,546,866	33,255,864
Pupil Transportation	3,899,985	3,843,420	3,738,889	3,952,592	4,031,639
Community Services	-	-	-	-	-
Employee Benefits	13,751,387	14,075,604	14,535,735	15,864,462	16,693,242
Repair Reserve	-	-	-	-	-
Debt Service	9,171,806	6,831,827	7,422,697	7,274,699	7,518,848
Total Expenditures	<u>\$ 59,869,820</u>	<u>\$ 59,698,488</u>	<u>\$ 62,319,285</u>	<u>\$ 66,953,140</u>	<u>\$ 67,904,240</u>
Other Uses:					
Interfund Transfers	<u>180,115</u>	<u>173,341</u>	<u>221,551</u>	<u>60,877</u>	<u>149,148</u>
Total Expenditures and Other Uses	<u>\$ 60,049,935</u>	<u>\$ 59,871,829</u>	<u>\$ 62,540,836</u>	<u>\$ 67,014,017</u>	<u>\$ 68,053,388</u>
Excess (Deficit) Revenues Over Expenditures	<u>2,828,656</u>	<u>4,561,190</u>	<u>2,210,480</u>	<u>1,470,714</u>	<u>3,022,854</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	3,745,434	6,574,090	11,135,280	13,345,760	14,816,474
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 6,574,090</u>	<u>\$ 11,135,280</u>	<u>\$ 13,345,760</u>	<u>\$ 14,816,474</u>	<u>\$ 17,839,328</u>

**GENERAL FUND**

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

Fiscal Years Ending June 30:

	<b>2019</b>			<b>2020</b>		<b>2021</b>
	Adopted Budget	Final Budget	Actual	Adopted Budget	Proposed Budget	
<b>REVENUES</b>						
Real Property Taxes	\$ 20,875,122	\$ 17,082,993	\$ 17,894,911	\$ 20,875,122	\$ 21,501,377	
Other Tax Items	1,686,633	5,478,762	6,945,420	1,690,705	922,500	
Charges for Services	73,000	73,000	146,277	73,000	-	
Use of Money & Property	12,000	137,000	169,206	12,000	-	
Sale of Property and Compensation for Loss	125,000	585,000	601,229	-	-	
Miscellaneous	1,710,000	1,128,195	1,303,595	1,685,000	2,030,000	
Interfund Revenues	65,000	65,000	76,219	65,000	-	
Revenues from State Sources	47,679,269	47,704,269	47,118,947	50,449,884	48,872,127	
Revenues from Federal Sources	140,000	140,000	222,568	180,000	-	
Total Revenues	\$ 72,366,024	\$ 72,394,219	\$ 74,478,372	\$ 75,030,711	\$ 73,326,004	
Other Sources:						
Interfund Transfers	100,000	100,000	100,000	100,000	-	
Total Revenues and Other Sources	\$ 72,466,024	\$ 72,494,219	\$ 74,578,372	\$ 75,130,711	\$ 73,326,004	
<b>EXPENDITURES</b>						
General Support	\$ 6,648,864	\$ 6,742,108	\$ 6,035,615	\$ 6,777,852	\$ 7,126,765	
Instruction	35,432,985	35,972,546	35,061,058	38,998,193	38,074,597	
Pupil Transportation	4,332,406	4,656,819	4,524,706	4,803,649	5,009,251	
Community Services	-	-	-	-	-	
Employee Benefits	18,162,357	17,512,203	16,984,866	17,978,211	16,677,529	
Repair Reserve	-	-	-	-	-	
Debt Service	8,156,213	8,166,439	8,166,396	7,619,782	8,858,777	
Total Expenditures	\$ 72,732,825	\$ 73,050,115	\$ 70,772,641	\$ 76,177,687	\$ 75,746,919	
Other Uses:						
Interfund Transfers	190,000	238,056	238,056	1,025,000	190,000	
Total Expenditures and Other Uses	\$ 72,922,825	\$ 73,288,171	\$ 71,010,697	\$ 77,202,687	\$ 75,936,919	
Excess (Deficit) Revenues Over Expenditures	(456,801)	(793,952)	3,567,675	(2,071,976)	(2,610,915)	
<b>FUND BALANCE</b>						
Fund Balance - Beginning of Year	456,800	793,952	17,839,328	2,071,976	2,610,915	
Prior Period Adjustments (net)	-	-	-	-	-	
Fund Balance - End of Year	\$ -	\$ -	\$ 21,407,003	\$ -	\$ 0	

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



**APPENDIX - B**  
**City School District of the City of Amsterdam**

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	\$ 5,615,000	\$ 1,064,365.63	\$ 6,679,365.63
2021	5,510,000	881,081.25	6,391,081.25
2022	5,050,000	718,118.75	5,768,118.75
2023	4,295,000	565,631.25	4,860,631.25
2024	4,370,000	410,100.00	4,780,100.00
2025	3,825,000	250,250.00	4,075,250.00
2026	2,505,000	119,700.00	2,624,700.00
2027	1,955,000	56,800.00	2,011,800.00
2028	65,000	4,450.00	69,450.00
2029	70,000	3,150.00	73,150.00
2030	70,000	1,575.00	71,575.00
<b>TOTALS</b>	<b>\$ 33,330,000</b>	<b>\$ 4,075,221.88</b>	<b>\$ 37,405,221.88</b>

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending June 30th	\$23,265,000 2010A - DASNY Bonds*		
	Reconstruction		
	Principal	Interest	Total
2020	\$ 1,740,000	\$ 87,000.00	\$ 1,827,000.00
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
<b>TOTALS</b>	<b>\$ 1,740,000</b>	<b>\$ 87,000.00</b>	<b>\$ 1,827,000.00</b>

\* Refunded by 2017F Series Bonds issued through DASNY. Only unrefunded portion remaining outstanding is shown.

Fiscal Year Ending June 30th	\$9,065,000 2014 Refunding of 2005 and 2007 bonds			\$13,500,000 2015 Construction			\$11,710,000 2016 Construction		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2020	\$ 1,325,000	\$ 67,537.50	\$ 1,392,537.50	\$ 1,065,000	\$ 284,550.00	\$ 1,349,550.00	\$ 1,035,000	\$ 174,650.00
2021	1,125,000	33,037.50	1,158,037.50	1,095,000	252,600.00	1,347,600.00	1,060,000	153,950.00	1,213,950.00
2022	525,000	8,287.50	533,287.50	1,125,000	219,750.00	1,344,750.00	1,090,000	132,750.00	1,222,750.00
2023	15,000	206.25	15,206.25	1,160,000	186,000.00	1,346,000.00	1,120,000	110,950.00	1,230,950.00
2024	-	-	-	1,200,000	151,200.00	1,351,200.00	1,150,000	88,550.00	1,238,550.00
2025	-	-	-	1,235,000	115,200.00	1,350,200.00	1,200,000	65,550.00	1,265,550.00
2026	-	-	-	1,280,000	78,150.00	1,358,150.00	1,225,000	41,550.00	1,266,550.00
2027	-	-	-	1,325,000	39,750.00	1,364,750.00	630,000	17,050.00	647,050.00
2028	-	-	-	-	-	-	65,000	4,450.00	69,450.00
2029	-	-	-	-	-	-	70,000	3,150.00	73,150.00
2030	-	-	-	-	-	-	70,000	1,575.00	71,575.00
<b>TOTALS</b>	<b>\$ 2,990,000</b>	<b>\$ 109,068.75</b>	<b>\$ 3,099,068.75</b>	<b>\$ 9,485,000</b>	<b>\$1,327,200.00</b>	<b>\$ 10,812,200.00</b>	<b>\$ 8,715,000</b>	<b>\$ 794,175.00</b>	<b>\$ 9,509,175.00</b>

Fiscal Year Ending June 30th	\$214,670 2016 Buses			\$2,100,000 2017 Refunding of 2008 Bonds			\$8,965,000 2017F DASNY Refunding of 2010A Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2020	\$ 45,000	\$ 2,503.13	\$ 47,503.13	\$ 400,000	\$ 26,575.00	\$ 426,575.00	\$ 5,000	\$ 421,550.00
2021	45,000	1,518.75	46,518.75	415,000	18,575.00	433,575.00	1,770,000	421,400.00	2,191,400.00
2022	45,000	506.25	45,506.25	420,000	10,275.00	430,275.00	1,845,000	346,550.00	2,191,550.00
2023	-	-	-	75,000	1,875.00	76,875.00	1,925,000	266,600.00	2,191,600.00
2024	-	-	-	-	-	-	2,020,000	170,350.00	2,190,350.00
2025	-	-	-	-	-	-	1,390,000	69,500.00	1,459,500.00
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
<b>TOTALS</b>	<b>\$ 135,000</b>	<b>\$ 4,528.13</b>	<b>\$ 139,528.13</b>	<b>\$ 1,310,000</b>	<b>\$ 57,300.00</b>	<b>\$ 1,367,300.00</b>	<b>\$ 8,955,000</b>	<b>\$1,695,950.00</b>	<b>\$ 10,650,950.00</b>

**COMPUTATION OF FULL VALUATION**

**Using Regular Equalization Rates**

Fiscal Year Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>Assessed Valuation</u></b>					
City of: Amsterdam	\$ 343,258,320	\$ 345,409,282	\$ 335,750,877	\$ 336,414,853	\$ 335,068,075
Towns of: Amsterdam	35,907,717	35,662,349	36,163,451	35,909,072	36,198,595
Florida	83,800,582	84,577,414	85,183,871	84,494,637	193,131,020
Mohawk	28,642	29,132	29,652	30,174	30,716
Perth	7,538,325	7,626,063	7,636,910	7,647,455	7,646,668
Duanesburg	495,837	487,588	488,824	529,012	463,197
Glenville	14,388,694	14,338,987	14,358,720	14,193,925	14,271,604
Charlton	<u>304,831</u>	<u>305,600</u>	<u>306,341</u>	<u>307,090</u>	<u>306,590</u>
<b>Total Assessed Valuation</b>	<b><u>\$ 485,722,948</u></b>	<b><u>\$ 488,436,415</u></b>	<b><u>\$ 479,918,646</u></b>	<b><u>\$ 479,526,218</u></b>	<b><u>\$ 587,116,465</u></b>
<b><u>State Equalization Rates</u></b>					
City of: Amsterdam	77.50%	75.00%	75.00%	75.00%	75.00%
Towns of: Amsterdam	10.00%	9.90%	8.68%	8.68%	8.79%
Florida	52.00%	50.00%	49.00%	49.00%	100.00%
Mohawk	100.00%	106.57%	100.00%	100.00%	98.24%
Perth	61.00%	61.00%	53.49%	53.49%	51.82%
Duanesburg	35.60%	35.60%	33.80%	33.80%	32.80%
Glenville	96.00%	95.00%	92.00%	92.00%	89.00%
Charlton	71.00%	72.00%	70.00%	70.00%	67.00%
<b>Total Full Valuation</b>	<b><u>\$ 992,343,011</u></b>	<b><u>\$ 1,019,343,108</u></b>	<b><u>\$ 1,069,940,168</u></b>	<b><u>\$ 1,066,449,317</u></b>	<b><u>\$ 1,084,396,865</u></b>

**Using Special Equalization Ratios**

Fiscal Year Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>Special Equalization Ratios</u></b>					
City of: Amsterdam	75.96%	75.73%	75.49%	67.19%	68.03%
Towns of: Amsterdam	8.82%	8.91%	8.90%	8.80%	8.73%
Charlton	70.20%	67.17%	66.21%	66.20%	66.05%
Duanesburg	33.83%	32.87%	33.05%	33.44%	33.72%
Florida	48.39%	39.49%	38.58%	96.25%	93.23%
Glenville	92.01%	89.16%	84.31%	84.01%	83.77%
Mohawk	101.03%	99.09%	92.58%	93.01%	93.43%
Perth	53.18%	51.50%	50.27%	49.94%	49.66%
<b><u>Full Valuation</u></b>					
City of: Amsterdam	\$ 451,893,523	\$ 456,106,275	\$ 444,762,057	\$ 500,691,848	\$ 492,529,877
Towns of: Amsterdam	407,116,973	400,250,831	406,330,910	408,057,636	414,645,991
Charlton	119,374,048	125,915,459	128,657,108	127,635,403	292,401,241
Duanesburg	84,664	88,628	89,719	90,233	91,091
Florida	15,578,270	19,311,378	19,794,997	7,945,408	8,201,939
Glenville	538,895	546,869	579,794	629,701	552,939
Mohawk	14,242,001	14,470,670	15,509,527	15,260,644	15,275,184
Perth	<u>573,206</u>	<u>593,398</u>	<u>609,391</u>	<u>614,918</u>	<u>617,378</u>
<b>Total Full Valuation</b>	<b><u>\$ 1,009,401,581</u></b>	<b><u>\$ 1,017,283,507</u></b>	<b><u>\$ 1,016,333,503</u></b>	<b><u>\$ 1,060,925,792</u></b>	<b><u>\$ 1,224,315,640</u></b>

### MATERIAL EVENT NOTICES

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the securities, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the Notes
- (g) modifications to rights of security holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the securities
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the School District
- (m) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a "financial obligation" (as defined by the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect noteholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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**CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM  
MONTGOMERY, FULTON, SARATOGA AND SCHENECTADY COUNTIES, NEW YORK**

**FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**JUNE 30, 2019**

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

**ENLARGED CITY SCHOOL DISTRICT  
OF THE CITY OF AMSTERDAM**

**AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL SCHEDULES**

**JUNE 30, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

To the President and the Other Members  
of the Board of Education of the  
Enlarged City School District of the City of Amsterdam  
Amsterdam, 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 Enlarged City School District of the City of Amsterdam (the "District"), as of and for the year ended June 30, 2019, 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 from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Enlarged City School District of the City of Amsterdam, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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, budgetary comparison information, schedule of changes in total other post-employment benefits liability and related ratios and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 11 and pages 48 through 52 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 District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 53 through 55, as described in the table of contents 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 supplementary information 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.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*WEST & COMPANY CPAs PC*

Gloversville, New York  
October 9, 2019

# ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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*The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2019. This section is a summary of the School District's financial activities based on currently known facts, decisions or conditions. It is also based on both the government-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 School District's financial statements, which immediately follow this section.*

#### **FINANCIAL AND DISTRICT HIGHLIGHTS**

The District continues to deal with the challenges of the slow recovery of the economy in New York State and, more specifically, in the upstate and Capital regions. The 2018-2019 budget was passed by a majority of voters. The District's administration continues to reach out to voters communicating the budget message. The true value property tax rate decreased by \$.33 per thousands of assessed value from \$19.5771 to \$19.2504 in the 2019-2020 school year. The total amount of money raised through property taxes remained flat at \$20,875,122 for 2019-2020. The tax levy is below the District's maximum limit of 1.77% as calculated under the state's tax cap law. The budget plan increased spending by 5.87% over the 2018-2019 budget which included the creation of a bus reserve for future years. The District will receive a \$2.770 million increase in state aid. Despite the economic challenges of maintaining a reasonable level of fund balance in the midst of ever increasing costs, the Board of Education remains cautiously optimistic in sustaining the District's financial stability. The District was able to increase 2018-2019 staffing and increase additional student programming in the 2019-2020 budget while being fiscally responsible to the taxpayers.

The District's focus for educational programming continues to be the improvement of student performance in grades K-12, reduction of the drop-out rate and increasing the graduation rate at the Amsterdam High School. The School District, in its effort to improve the academic standards of all students, provided many opportunities to the faculty and staff through in-service programs to assist in identifying areas of deficiency and how to improve the instruction in those identified areas.

At the elementary level, the District continues to receive grant funding to secure Full-Day Pre-K and Expanded Pre-K for three and four year olds. Continued attention is still given to improve literacy and mathematics performance with the alignment of Common Core Standards. Additionally, all four elementary schools provide a Magnet theme which provides for school choice. The elementary schools are also implementing Positive Behavior Intervention and Supports and the Leader in Me program to establish leadership skills, self-reflection, and positive, thoughtful approaches to decision making and social intervention. We have continued with the Response to Intervention for English Language Arts, Math and behavior. Benchmark assessments are reviewed multiple times a year to track student progress and modify instruction where necessary.

"Contract for Excellence" funding, as part of the New York State foundation aid to the Amsterdam School District, is \$2,979,029 for 2018-2019 fiscal period. The restrictions on the use of the \$2,979,029 have not changed and are used for providing programs, activities and personnel to improve academic achievement at each of the four Elementary Schools, the Middle School and the High School.

The District continues to struggle with a decline in taxable property base while at the same time seeing an increase in student enrollment. The Board of Education and Administration recognize the challenges they are faced with regarding property tax increases and providing for the needs of students. We continue to pursue grant funding to provide educational programs and needed professional development.

## OVERVIEW OF THE BASIC 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 School District's *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the District-wide statements. 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.

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

The basic financial statements also include notes that provide additional information about the basic financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the basic financial statements with a comparison of the District's budget for the year.

**Figure A-1** summarizes the major features of the School District's basic financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

**Figure A-1: Major Features of the District-Wide and Fund Financial Statements**

	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as instruction and special education	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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/outflow information	All revenues and expenses during the 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 Statements

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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 School District's *net position* and how it has changed. Net position – the difference between the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

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

## Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The School 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 School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenues, expenditures and changes in fund balances.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Figure A-2: Condensed Statements of Net Position

	Fiscal Year 2019	Fiscal Year 2018	Increase (Decrease)	% Change (Incr.; -Decr.)
<b>Assets</b>				
Current and other assets	\$ 49,049,108	\$ 52,347,278	\$ (3,298,170)	-6.3%
Capital assets - net	97,354,135	87,687,297	9,666,838	11.0%
<b>Total Assets</b>	146,403,243	140,034,575	6,368,668	4.5%
<b>Deferred Outflows of Resources</b>				
Other post-employment benefits	19,933,966	0	19,933,966	100.0%
Pensions	15,361,246	16,789,026	(1,427,780)	-8.5%
<b>Total Deferred Outflows of Resources</b>	35,295,212	16,789,026	18,506,186	110.2%
<b>Liabilities</b>				
Current liabilities	41,688,018	39,319,403	2,368,615	6.0%
Long-term liabilities	138,913,245	135,244,417	3,668,828	2.7%
<b>Total Liabilities</b>	180,601,263	174,563,820	6,037,443	3.5%
<b>Deferred Inflows of Resources</b>				
Other post-employment benefits	18,901,926	4,458,547	14,443,379	323.9%
Pensions	3,858,273	4,742,090	(883,817)	-18.6%
Deferred revenues	1,744,792	2,038,853	(294,061)	-14.4%
<b>Total Deferred Inflows of Resources</b>	24,504,991	11,239,490	13,265,501	118.0%
<b>Net Position</b>				
Net investment in capital assets	34,670,923	21,332,297	13,338,626	62.5%
Restricted	7,276,475	6,547,740	728,735	11.1%
Unrestricted	(65,355,197)	(56,859,746)	(8,495,451)	14.9%
<b>Total Net Position</b>	<u>\$ (23,407,799)</u>	<u>\$ (28,979,709)</u>	<u>\$ 5,571,910</u>	-19.2%

## Change in Net Position

The District's fiscal year 2019 revenues totaled \$83,102,353 (see Figure A-3). Property taxes and other tax items and state aid accounted for most of the District's revenues by contributing 29.6% and 57.2%, respectively, of every dollar raised (see Figure A-4). The remainder came from fees, charges for services, interest earnings, the BOCES refund, Medicaid reimbursements, federal sources such as Title I, IDEA 619 and 611 grants and other miscellaneous sources.

The total cost of all programs and services totaled \$77,530,443 for fiscal year 2019. 81.7% of this amount is used predominantly to support general instruction, the provision of services to students with disabilities and student transportation (see Figure A-5). The District's Board of Education, administrative, business activities and central services accounted for 11.5% of total costs.

**Figure A-3: Changes in Net Position from Operating Results – Governmental Activities Only**

	Fiscal Year 2019	Fiscal Year 2018	Increase (Decrease)	% Change (Incr.;-Decr.)
<b>Revenues</b>				
Charges for services	\$ 230,375	\$ 146,721	\$ 83,654	57.0%
Operating grants	8,215,440	7,979,684	235,756	3.0%
<b>General Revenues</b>				
Real property taxes	17,583,957	15,575,797	2,008,160	12.9%
Other tax items	6,945,420	7,760,512	(815,092)	-10.5%
Use of money and property	187,041	136,757	50,284	36.8%
State sources	47,508,203	47,609,591	(101,388)	-0.2%
Federal sources	222,568	153,668	68,900	44.8%
Sale of property/compensation for loss	601,229	607,408	(6,179)	-1.0%
Other	1,608,120	1,944,815	(336,695)	-17.3%
<b>Total Revenues</b>	<b>83,102,353</b>	<b>81,914,953</b>	<b>1,187,400</b>	<b>1.4%</b>
<b>Expenses</b>				
General support	8,888,851	9,681,319	(792,468)	-8.2%
Instruction	56,617,956	55,159,241	1,458,715	2.6%
Pupil transportation	6,721,791	6,167,490	554,301	9.0%
Debt service	2,161,293	2,493,912	(332,619)	-13.3%
School lunch program	3,140,552	2,790,621	349,931	12.5%
<b>Total Expenses</b>	<b>77,530,443</b>	<b>76,292,583</b>	<b>1,237,860</b>	<b>1.6%</b>
<b>Increase in Net Position</b>	<b>\$ 5,571,910</b>	<b>\$ 5,622,370</b>	<b>\$ (50,460)</b>	<b>-0.9%</b>

Figure A-4: Revenues for Fiscal Year 2019

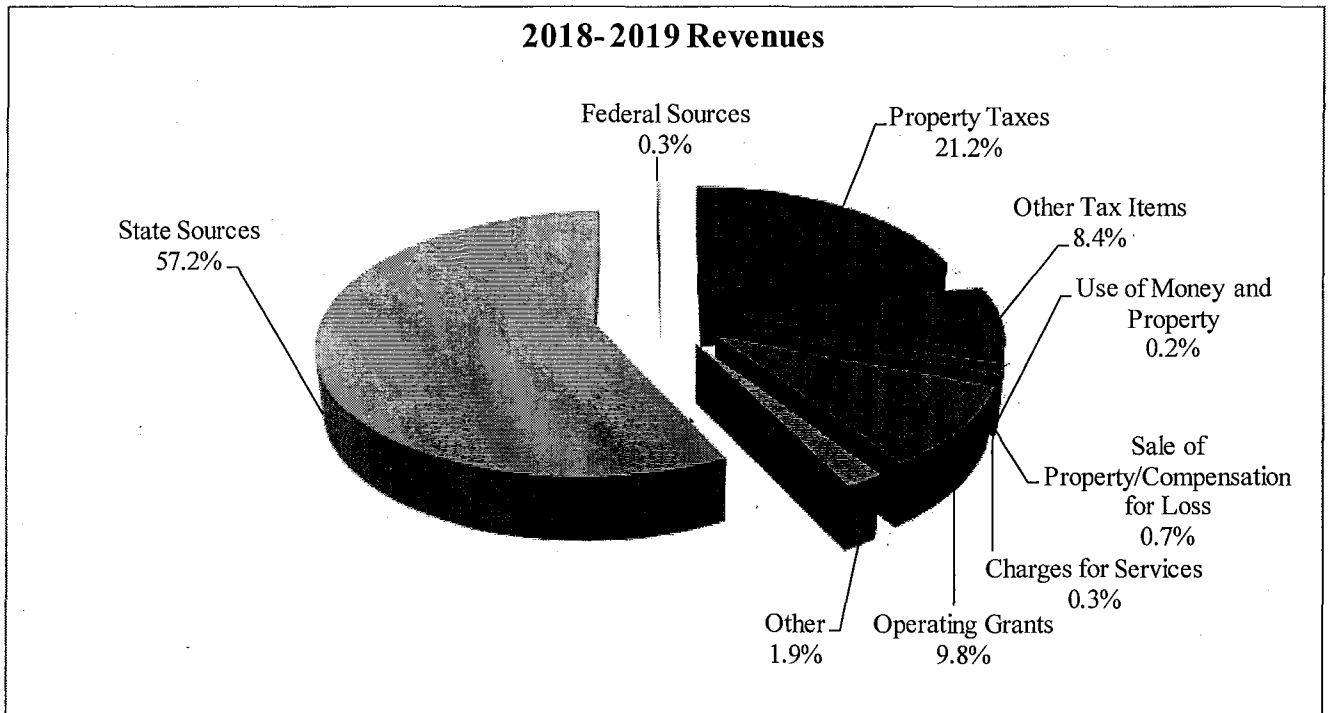
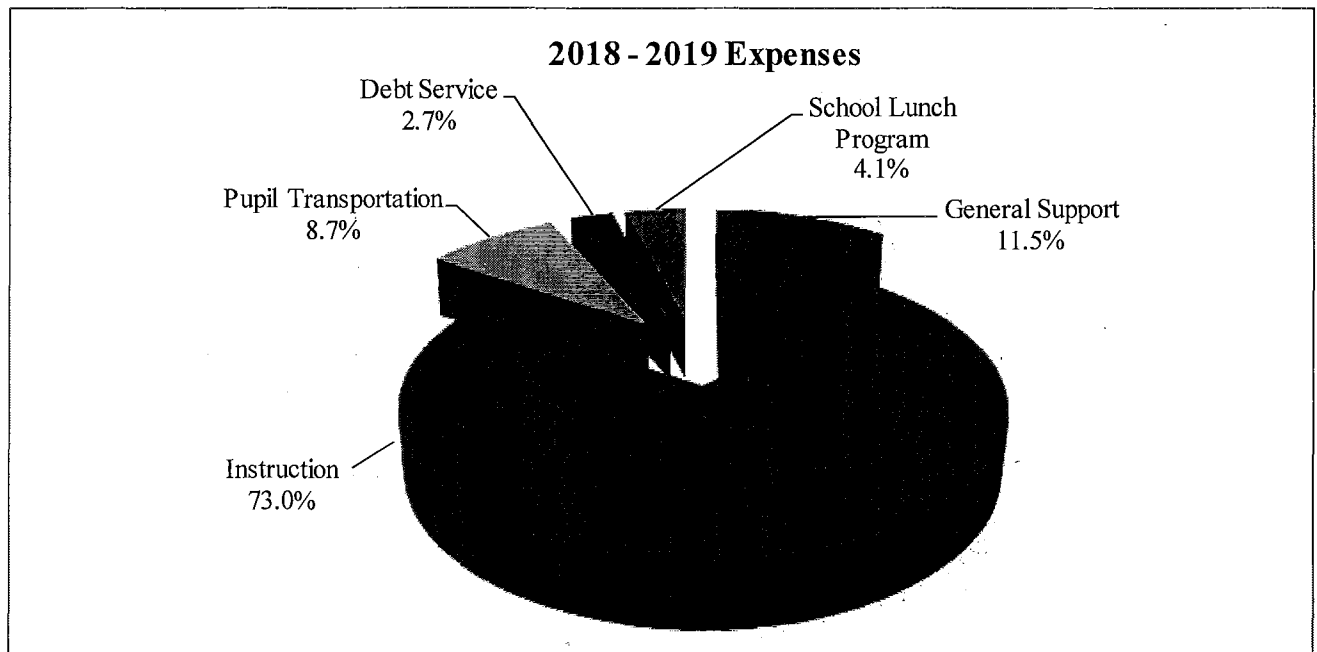


Figure A-5: Expenditures for Fiscal Year 2019





## Governmental Activities

Revenues for the District's governmental activities totaled \$83,102,353 while total expenses equaled \$77,530,443. The District's stable financial condition can be credited to:

- Continued leadership by the Board of Education;
- Leadership of the Administration and support of the staff;
- Community support of the District;
- Use of services from BOCES and subsequent year's BOCES Aid.

Figure A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activities and aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Figure A-6: Net Cost of Governmental Activities**

	Total Cost of Services		% Change (Incr.; -Decr.)	Net Cost of Services		% Change (Incr.; -Decr.)
	2019	2018		2019	2018	
General support	\$ 8,888,851	\$ 9,681,319	-8.2%	\$ 8,888,851	\$ 9,681,319	-8.2%
Instruction	56,617,956	55,159,241	2.6%	50,550,665	49,134,764	3%
Pupil transportation	6,721,791	6,167,490	9.0%	6,721,791	6,167,490	9.0%
Debt service	2,161,293	2,493,912	-13.3%	2,161,293	2,493,912	-13.3%
School lunch	3,140,552	2,790,621	12.5%	762,028	688,693	10.6%
<b>Totals</b>	<b>\$ 77,530,443</b>	<b>\$ 76,292,583</b>		<b>\$ 69,084,628</b>	<b>\$ 68,166,178</b>	

- The cost of all governmental activities this year was \$77,530,443.
- The users of the District's programs financed \$230,375 of the cost.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$8,215,440.
- Most of the District's net costs of \$69,084,628 were financed primarily by taxpayers and state aid.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and the current payments for debt, including the principal and interest payment.

No other variances are reflected in the governmental fund financial statements for 2019.

### General Fund Revenue Variances

- The District's received a tax payment from Target Distribution Center that was not anticipated.
- There were no other significant revenue variances for the 2018-2019 school year.

## General Fund Expenditure Variances

- Various contractual and purchase items – The difference within budgeted BOCES services with SPED and PTECH were less than actual and the District saw a savings in employee benefits costs.

## Capital Assets

As of June 30, 2019, the District had \$97,354,135 (net of accumulated depreciation) invested in a broad range of capital assets.

**Figure A-7: Capital Assets (net of depreciation)**

	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>	<u>Change (Incr.; -Decr.)</u>	<u>% Change (Incr.; -Decr.)</u>
Land and land improvements	\$ 898,950	\$ 898,950	\$ 0	0.0%
Buildings	95,388,268	85,731,274	9,656,994	11.3%
Equipment and furniture	1,066,917	1,057,073	9,844	0.9%
<b>TOTALS</b>	<u>\$ 97,354,135</u>	<u>\$ 87,687,297</u>	<u>\$ 9,666,838</u>	11.0%

## Long-Term Debt

As of June 30, 2019, the District had \$143,541,792 in long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in the notes to the basic financial statements.

**Figure A-8: Outstanding Long-Term Debt**

	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>	<u>Change (Incr.; -Decr.)</u>	<u>% Change (Incr.; -Decr.)</u>
General obligation bonds	\$ 33,330,000	\$ 39,355,000	\$ (6,025,000)	-15.3%
Other general obligation debt	110,211,792	101,487,906	8,723,886	8.6%
<b>TOTALS</b>	<u>\$ 143,541,792</u>	<u>\$ 140,842,906</u>	<u>\$ 2,698,886</u>	1.9%

During the year, the District's long-term debt increased by \$2,698,886. This net increase included the retirement of \$6,025,000 of bonds, the issuance of \$428,294 in energy performance contract debt, the retirement of \$25,082 of energy performance contract debt, an increase in the liability for other post-employment benefits of \$8,219,073 and an increase in the liability for compensated absences of \$101,601.

## **FACTORS BEARING ON THE FUTURE OF THE DISTRICT**

At the time these basic financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly have an influence on the financial outlook of the District:

During the 2019-2020 fiscal period, the District continues with the capital project for the improvements to all of our schools totaling \$48.9 million. We have contracted with an architectural firm and our building conditions survey and five-year long-term plan have been submitted. The new capital project will span over several years with an expected completion date in 2021.

Enrollment projections for 2019-2020 have seen an increase over the last year with approximately 3,807 Pre-K to 12, consisting of enrollment of 1,745 in elementary schools, 834 in middle school grades 6-8 and 1,228 in high school grades 9-12.

Dollar General, a national retailer, is nearing completion on a new 750,000-square-foot distribution center in the Town of Florida, Montgomery County. When finished, the site is expected to employ more than 400 people. The facility, which is slated to open in October, was made possible in part from the sale of 103 acres from the Montgomery County Industrial Development Agency. Dollar General joins other national brands including Target, Beech-Nut, and Sticker Mule in making a major commitment to doing business in the county. Our local BOCES and Community College have developed programs to help prepare our students for careers in this market. This is the School District's sixth year as a participant in the PTECH program which allows students as ninth graders to work simultaneously toward earning a Regents High School Diploma and an Associate's Degree in Applied Science from Fulton Montgomery Community College at no cost to the student's family. PTECH offers four career clusters in Business Management and Administration, Advanced Manufacturing (Clean Technology), Information Technology and Health Sciences. The District has also offered, for the fourth year, an AgTech program which is also offered through BOCES. This will be the second year the District has added innovative pathways to graduation for students entering ninth grade at the Amsterdam High School. The program, College & Career Pathways, is a PTECH model for Amsterdam High School that connects students to graduation through project-based learning.

The surrounding area within the Enlarged Amsterdam City School District is still experiencing retail development with road improvement projects continuing along the main artery, Route 30, with extensive improvements taking place with water and sewer line and highway upgrades. The City of Amsterdam is the recipient of a \$10 million downtown revitalization grant. Specific plans include improvements to the Amtrak train station, youth recreation center, improving streetscapes, and bringing business and outside investors downtown. The pedestrian bridge is complete and overlooks the Mohawk River linking the north and south sides of the City of Amsterdam with development of stores and restaurants on the southern side of the City. The American Planning Association (APA) has named the Mohawk Valley Gateway Overlook in Amsterdam as one of six Great Public Spaces on APA's annual Great Places in America list. Only four other places in New York have received this award.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact:

Enlarged City School District of the City of Amsterdam  
140 Saratoga Ave.  
Amsterdam, New York 12010  
(518) 843-5217  
or visit our website [www.gasd.org](http://www.gasd.org)

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

<b>ASSETS</b>	
Cash	
Unrestricted	\$ 25,603,450
Restricted	7,275,095
Receivables	
Taxes	2,851,464
Due from fiduciary funds	30,162
State and federal aid	7,869,178
Other	2,675,614
Inventories	29,446
Net pension asset - proportionate share	2,714,699
Capital assets, net of depreciation	97,354,135
<b>Total Assets</b>	<u>146,403,243</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Other post-employment benefits	19,933,966
Pensions	15,361,246
<b>Total Deferred Outflows of Resources</b>	<u>35,295,212</u>
<b>LIABILITIES</b>	
Payables	
Accounts payable	3,331,709
Accrued liabilities	179,331
Unearned revenues	452,228
Due to fiduciary funds	982
Due to Teachers' Retirement System	2,868,385
Due to Employees' Retirement System	155,855
Bond interest accrued	85,300
Notes payable	
Bond anticipation	28,950,000
Long-term liabilities	
Due and payable within one year	
Bonds payable	5,639,614
Energy performance contract	24,614
Due and payable after one year	
Bonds payable	27,690,386
Energy performance contract	378,598
Other post-employment benefits	107,517,001
Net pension liability - proportionate share	1,035,681
Compensated absences payable	2,291,579
<b>Total Liabilities</b>	<u>180,601,263</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Other post-employment benefits	18,901,926
Pensions	3,858,273
Deferred bond premium	1,744,792
<b>Total Deferred Inflows of Resources</b>	<u>24,504,991</u>
<b>NET POSITION</b>	
Net investment in capital assets	34,670,923
Restricted	
Unemployment insurance reserve	100,000
Retirement contribution reserve fund - ERS	2,108,669
Retirement contribution reserve fund - TRS	495,908
Tax certiorari reserve	62,201
Employee benefit accrued liability reserve	1,026,160
Repair reserve	1,045,000
Debt service reserve	2,438,537
Unrestricted	(65,355,197)
<b>Total Net Position</b>	<u>\$ (23,407,799)</u>

See notes to basic financial statements

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2019**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 8,888,851	\$ 0	\$ 0	\$ (8,888,851)
Instruction	56,617,956	(146,277)	(5,921,014)	(50,550,665)
Pupil transportation	6,721,791	0	0	(6,721,791)
Debt service	2,161,293	0	0	(2,161,293)
School lunch program	3,140,552	(84,098)	(2,294,426)	(762,028)
<b>Total Functions and Programs</b>	<u>\$ 77,530,443</u>	<u>\$ (230,375)</u>	<u>\$ (8,215,440)</u>	<u>(69,084,628)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				17,583,957
Other tax items				6,945,420
Use of money and property				187,041
Sale of property and compensation for loss				601,229
Miscellaneous				1,531,901
Interfund revenue				76,219
State sources				47,508,203
Federal sources				222,568
<b>Total General Revenues</b>				<u>74,656,538</u>
<b>CHANGE IN NET POSITION</b>				5,571,910
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>				<u>(28,979,709)</u>
<b>TOTAL NET POSITION - END OF YEAR</b>				<u>\$ (23,407,799)</u>

See notes to basic financial statements.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**JUNE 30, 2019**

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
<b>ASSETS</b>						
Cash						
Unrestricted	\$ 11,364,574	\$ 1,695,934	\$ 870,607	\$ 11,672,335	\$ 0	\$ 25,603,450
Restricted	4,837,938	0	0	0	2,437,157	7,275,095
Real property taxes receivable	2,851,464	0	0	0	0	2,851,464
Due from other funds	3,911,771	238,512	0	245,423	1,380	4,397,086
Due from fiduciary funds	30,162	0	0	0	0	30,162
State and federal aid receivable	4,259,045	2,867,650	183,560	558,923	0	7,869,178
Other receivables	2,671,362	4,252	0	0	0	2,675,614
Inventories	0	0	29,446	0	0	29,446
<b>TOTAL ASSETS</b>	<b>\$ 29,926,316</b>	<b>\$ 4,806,348</b>	<b>\$ 1,083,613</b>	<b>\$ 12,476,681</b>	<b>\$ 2,438,537</b>	<b>\$ 50,731,495</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,358,233	\$ 182,064	\$ 143,033	\$ 648,379	\$ 0	\$ 3,331,709
Accrued liabilities	158,572	13,621	7,138	0	0	179,331
Unearned revenues	0	452,228	0	0	0	452,228
Due to other funds	475,668	3,912,688	0	8,730	0	4,397,086
Due to fiduciary funds	695	0	287	0	0	982
Bond anticipation notes payable	0	0	0	28,950,000	0	28,950,000
Due to Employees' Retirement System	155,855	0	0	0	0	155,855
Due to Teachers' Retirement System	2,632,020	236,365	0	0	0	2,868,385
<b>Total Liabilities</b>	<b>5,781,043</b>	<b>4,796,966</b>	<b>150,458</b>	<b>29,607,109</b>	<b>0</b>	<b>40,335,576</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred tax revenues	2,738,270	0	0	0	0	2,738,270
<b>Total Deferred Inflows of Resources</b>	<b>2,738,270</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,738,270</b>
<b>FUND BALANCE</b>						
Nonspendable						
Inventory	0	0	29,446	0	0	29,446
Restricted						
Unemployment insurance reserve	100,000	0	0	0	0	100,000
Reserve for debt service	0	0	0	0	2,438,537	2,438,537
Repair reserve	1,045,000	0	0	0	0	1,045,000
Retirement contribution reserve fund - ERS	2,108,669	0	0	0	0	2,108,669
Retirement contribution reserve fund - TRS	495,908	0	0	0	0	495,908
Tax certiorari reserve	62,201	0	0	0	0	62,201
Employee benefit accrued liability reserve	1,026,160	0	0	0	0	1,026,160
Assigned	3,837,818	9,382	903,709	184,513	0	4,935,422
Unassigned	12,731,247	0	0	(17,314,941)	0	(4,583,694)
<b>Total Fund Balance (Deficit)</b>	<b>21,407,003</b>	<b>9,382</b>	<b>933,155</b>	<b>(17,130,428)</b>	<b>2,438,537</b>	<b>7,657,649</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 29,926,316</b>	<b>\$ 4,806,348</b>	<b>\$ 1,083,613</b>	<b>\$ 12,476,681</b>	<b>\$ 2,438,537</b>	<b>\$ 50,731,495</b>

See notes to basic financial statements.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO**  
**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

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Total fund balance - governmental funds balance sheet (page 14)	\$ 7,657,649
Add:	
Land, building and equipment, net of accumulated depreciation	97,354,135
Pensions	13,181,991
Deferred revenues	2,738,270
	<hr/>
Total	113,274,396
Deduct:	
Bonds payable	33,330,000
Energy performance contract	403,212
Compensated absences	2,291,579
Other post-employment benefits	106,484,961
Deferred bond premium	1,744,792
Interest payable	85,300
	<hr/>
Total	144,339,844
	<hr/>
<b>NET POSITION, GOVERNMENTAL ACTIVITIES</b>	<b>\$ (23,407,799)</b>

See notes to basic financial statements.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>General</b>	<b>Special Aid</b>	<b>School Lunch</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
Real property taxes	\$ 17,894,911	\$ 0	\$ 0	\$ 0	\$ 0	\$17,894,911
Other tax items	6,945,420	0	0	0	0	6,945,420
Charges for services	146,277	0	0	0	0	146,277
Use of money and property	169,206	0	0	0	17,835	187,041
Sale of property and compensation for loss	601,229	0	0	0	0	601,229
Miscellaneous	1,303,595	12,766	548	0	214,992	1,531,901
Interfund revenues	76,219	0	0	0	0	76,219
State sources	47,118,947	2,443,252	69,272	389,256	0	50,020,727
Federal sources	222,568	3,477,762	2,074,638	0	0	5,774,968
Surplus food	0	0	150,516	0	0	150,516
Sales - school lunch	0	0	84,098	0	0	84,098
<b>Total Revenues</b>	<b>74,478,372</b>	<b>5,933,780</b>	<b>2,379,072</b>	<b>389,256</b>	<b>232,827</b>	<b>83,413,307</b>
<b>EXPENDITURES</b>						
General support	6,035,615	0	0	0	0	6,035,615
Instruction	35,061,058	4,982,369	0	0	0	40,043,427
Pupil transportation	4,524,706	58,106	0	0	0	4,582,812
Employee benefits	16,984,866	1,127,458	13,315	0	0	18,125,639
Debt service						
Principal	6,100,082	0	0	0	0	6,100,082
Interest	2,066,314	0	0	0	0	2,066,314
Cost of sales	0	0	2,119,150	0	0	2,119,150
Capital outlay	0	0	0	11,688,497	0	11,688,497
<b>Total Expenditures</b>	<b>70,772,641</b>	<b>6,167,933</b>	<b>2,132,465</b>	<b>11,688,497</b>	<b>0</b>	<b>90,761,536</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,705,731</b>	<b>(234,153)</b>	<b>246,607</b>	<b>(11,299,241)</b>	<b>232,827</b>	<b>(7,348,229)</b>
<b>OTHER FINANCING SOURCES AND USES</b>						
BANs redeemed from appropriations	0	0	0	50,000	0	50,000
Operating transfers in	100,000	238,056	0	0	0	338,056
Operating transfers (out)	(238,056)	0	(100,000)	0	0	(338,056)
<b>Total Other Sources (Uses)</b>	<b>(138,056)</b>	<b>238,056</b>	<b>(100,000)</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES</b>	<b>3,567,675</b>	<b>3,903</b>	<b>146,607</b>	<b>(11,249,241)</b>	<b>232,827</b>	<b>(7,298,229)</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING OF YEAR</b>	<b>17,839,328</b>	<b>5,479</b>	<b>786,548</b>	<b>(5,881,187)</b>	<b>2,205,710</b>	<b>14,955,878</b>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<b>\$ 21,407,003</b>	<b>\$ 9,382</b>	<b>\$ 933,155</b>	<b>\$(17,130,428)</b>	<b>\$ 2,438,537</b>	<b>\$ 7,657,649</b>

See notes to basic financial statements.



**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2019**

<b>REVENUES - GOVERNMENTAL FUNDS</b>	\$ 83,413,307	
Add:		
Current year deferred taxes	2,738,270	
Deduct:		
Prior year deferred taxes	<u>3,049,224</u>	
<b>REVENUES - STATEMENT OF ACTIVITIES</b>		\$ 83,102,353
<b>EXPENDITURES</b>	90,761,536	
Add:		
Depreciation	2,244,052	
Energy performance contract	428,294	
Increase in other post-employment benefits	2,728,486	
Increase in compensated absences liability	<u>101,601</u>	
	5,502,433	
Deduct:		
Principal payment of long-term debt	6,050,082	
Pensions	389,238	
Amortization of bond premium	294,061	
Decrease in accrued interest	39,255	
BANs redeemed from appropriations	50,000	
Change in fixed assets	<u>11,910,890</u>	
	18,733,526	
<b>EXPENDITURES - STATEMENT OF ACTIVITIES</b>		<u>77,530,443</u>
<b>CHANGE IN NET POSITION</b>		<u>\$ 5,571,910</u>

See notes to basic financial statements.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2019**

	<u>Private Purpose Trust</u>	<u>Non-Expendable Trust Fund</u>	<u>Agency</u>
<b>ASSETS</b>			
Cash	\$ 10,468	\$ 0	\$ 1,516,235
Investments	0	100,579	0
Due from other funds	0	0	982
<b>Total Assets</b>	<u>\$ 10,468</u>	<u>\$ 100,579</u>	<u>\$ 1,517,217</u>
<b>LIABILITIES</b>			
Due to other funds	\$ 0	\$ 0	\$ 30,162
Extraclassroom activity balances	0	0	68,851
Other liabilities	0	0	1,418,204
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>\$ 1,517,217</u>
<b>NET POSITION</b>			
Reserved for scholarships	<u>\$ 10,468</u>	<u>\$ 100,579</u>	

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Private Purpose Trust</u>	<u>Non-Expendable Trust Fund</u>
<b>ADDITIONS</b>		
Investment earnings	\$ 22	\$ 2,140
Gifts and contributions	7,800	749
<b>Total Additions</b>	7,822	2,889
<b>DEDUCTIONS</b>		
Scholarships and awards	9,450	1,500
<b>Total Deductions</b>	9,450	1,500
<b>CHANGE IN NET POSITION</b>	(1,628)	1,389
<b>NET POSITION - BEGINNING OF YEAR</b>	12,096	99,190
<b>NET POSITION - END OF YEAR</b>	<u>\$ 10,468</u>	<u>\$ 100,579</u>

See notes to basic financial statements.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Enlarged City School District of the City of Amsterdam (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as apply to government 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 used by the District are described below:

**A. Reporting Entity**

The Enlarged City School District of the City of Amsterdam is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven 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 and other organizational entities determined to be includable in the District's financial reporting entity. 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.

**i) The 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 can be found with these financial statements. The District accounts for assets held as an agent for various student organizations in an agency fund.

**B. Joint Venture**

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

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**B. Joint Venture – (Continued)**

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, the District was billed \$8,602,813 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued no serial bonds on behalf of BOCES. As of year end, the District had no outstanding BOCES debt.

The District's share of BOCES aid amounted to \$3,275,804.

Financial statements for the BOCES are available from the BOCES administrative office.

**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 nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Net Position presents the financial position of the District at fiscal 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 for 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.

**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.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**C. Basis of Presentation – (Continued)**

**2. Funds Statements – (Continued)**

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 Revenue Funds** – These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

**Capital Projects Fund** – These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

**Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligation debt of governmental activities.

The District reports the following fiduciary funds:

**Fiduciary Funds** – 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:

- i) **Private Purpose Trust Funds** – These funds are used to account for trust arrangements in which principal and income benefit 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.
- ii) **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.

**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. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, state aid, 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 state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**D. Measurement Focus and Basis of Accounting – (Continued)**

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

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

**E. Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on July 1. Taxes are collected during the period July 1 to April 30.

The city and counties in which the District is located enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the city to the District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collected within 60 days of year end, less similar amounts collected during this period in the preceding year, are recognized as revenue. Otherwise, deferred inflow of resources offset real property taxes receivable.

**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.

**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 expenditures 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 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 Cash Equivalents)/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 the United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

**J. Receivables**

An allowance for uncollectible accounts has been provided for certain amounts that may not be collectible within 60 days.

**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.

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.

A reserve for these nonliquid assets (inventories and prepaids) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**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.

In the District-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

**M. Capital Assets**

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, 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:

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life</u></b>
Buildings and improvements	\$ 5,000	Straight-line	10 – 50
Furniture and equipment	5,000	Straight-line	5 – 20

**N. 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. The 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 four items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.



**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**N. Deferred Outflows and Inflows of Resources – (Continued)**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the District’s proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the District’s contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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

At June 30, 2019, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District’s proportion of the net pension asset (liability) was based on a projection of the District’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
District's proportionate share of the net pension asset (liability)	\$ (1,035,681)	\$ 2,714,699
District’s portion of the Plan’s total net pension asset (liability)	0.0146173%	0.150127%
Change in proportion since the prior measurement date	0.0014022%	(0.004106)%

For the year ended June 30, 2019, the District recognized pension expense of \$617,597 for ERS and \$2,680,174 for TRS. At June 30, 2019, the District’s reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**N. Deferred Outflows and Inflows of Resources – (Continued)**

**Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)**

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 203,947	\$ 2,028,673	\$ 69,523	\$ 367,472
Changes of assumptions	260,328	9,489,654	0	0
Net difference between projected and actual earnings on pension plan investments	0	0	265,813	3,013,523
Changes in proportion and differences between the District's contributions and proportionate share of contributions	222,529	320,086	34,408	107,534
District's contributions subsequent to the measurement date	155,855	2,680,174	0	0
<b>Total</b>	<b>\$ 842,659</b>	<b>\$ 14,518,587</b>	<b>\$ 369,744</b>	<b>\$ 3,488,529</b>

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:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2020	\$ 290,660	\$ 1,881,492
2021	(149,297)	228,898
2022	12,197	1,875,096
2023	163,500	1,276,838
2024	0	332,458
Thereafter	0	0

**Actuarial Assumptions**

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

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**N. Deferred Outflows and Inflows of Resources – (Continued)**

**Actuarial Assumptions – (Continued)**

Significant actuarial assumptions used in the valuations were as follows:

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	4.2%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	Systems experience	Systems experience
Inflation rate	2.5%	2.25%
Cost of living adjustments	1.3%	1.5%

For ERS, annuitant mortality rates are based on April 1, 2010 through March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 through June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

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

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

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**N. Deferred Outflows and Inflows of Resources – (Continued)**

**Actuarial Assumptions – (Continued)**

Measurement date	<u>ERS</u> March 31, 2019	<u>TRS</u> June 30, 2018
<b><u>Asset type</u></b>		
Domestic equity	4.55%	5.8%
International equity	6.35	7.3
Global equities	0	6.7
Real estate	5.55	4.9
Domestic fixed income securities	0	1.3
Global fixed income securities	0	0.9
High-yield fixed income securities	0	3.5
Mortgages	0	2.8
Private debt	0	6.8
Short-term	0	0.3
Private equity/alternative investments	7.50	8.9
Absolute return strategies	3.75	0
Opportunistic portfolio	5.68	0
Bonds and mortgages	1.31	0
Cash	(0.25)	0
Inflation index bonds	1.25	0
Real assets	5.29	0

**Discount Rate**

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

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

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

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**N. Deferred Outflows and Inflows of Resources – (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – (Continued)**

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
<b><u>ERS</u></b> District's proportionate share of the net pension asset (liability)	\$ (4,528,164)	\$ (1,035,681)	\$ 1,898,252
	<u>1% Decrease (6.25%)</u>	<u>Current Assumption (7.25%)</u>	<u>1% Increase (8.25%)</u>
<b><u>TRS</u></b> District's proportionate share of the net pension asset (liability)	\$ (18,650,425)	\$ 2,714,699	\$ 20,612,736

**Pension Plan Fiduciary Net Position**

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

	<b>(Dollars in thousands)</b>		
	<b><u>ERS</u></b>	<b><u>TRS</u></b>	<b><u>Total</u></b>
Measurement date	March 31, 2019	June 30, 2018	
Employers' total pension asset (liability)	\$(189,803,429)	\$(118,107,253)	\$(307,910,682)
Plan fiduciary net position asset (liability)	182,718,124	119,915,518	302,633,642
Employers' net pension asset (liability)	(7,085,305)	1,808,265	(5,277,040)
 Ratio of plan fiduciary net position to the employers' total pension asset (liability)	 96.27%	 101.53%	 98.29%

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019, amounted to \$155,855.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November, 2019, through a state aid intercept. Accrued retirement contributions as of June 30, 2019, represent employee and employer contributions for the fiscal year ended June 30, 2019, based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019, amounted to \$2,868,385.

Additional pension information can be found in Note 10.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**O. Unearned Revenue**

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

**P. Vested Employee Benefits**

**Compensated Absences**

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

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

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

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 fund 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.

**Q. 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 provision 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.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**R. Short-Term Debt**

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), 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 RANs and TANs 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.

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

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 fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

**S. 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, other post-employment benefits payable, 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.

**T. Equity Classifications**

**District-Wide Statements**

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

**i) 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.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**T. Equity Classifications – (Continued)**

**District-Wide Statements – (Continued)**

**ii) Restricted Net Position**

Reports net position when constraints placed on the assets or deferred outflows of resources 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.

**iii) Unrestricted Net Position**

Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

**Fund Statements**

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

**1. Nonspendable**

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$29,446.

**2. Restricted**

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The District has established the following restricted fund balances:

**Currently Utilized by the District:**

**Debt Service**

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

**Employee Benefit Accrued Liability**

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



ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**T. Equity Classifications – (Continued)**

**Fund Statements – (Continued)**

**2. Restricted – (Continued)**

**Currently Utilized by the District: – (Continued)**

**Retirement Contributions**

According to General Municipal Law §6-r, must be used for 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. Under the new amendments to General Municipal Law §6-r, the Board of Education, by resolution, can establish a sub-fund within its retirement contribution reserve fund to finance retirement contributions to the New York State Teacher Retirement System. In addition, the amount of monies contributed annually to the sub-fund cannot exceed 2%, nor can the balance of the sub-fund exceed 10% of the compensation or salaries of the TRS members during the immediate preceding fiscal year. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**Tax Certiorari**

According to Education Law §3651.1-a, must be 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. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**Unemployment Insurance**

According to General Municipal Law §6-m, must be 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 School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**Repairs**

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

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**T. Equity Classifications – (Continued)**

**Fund Statements – (Continued)**

**3. Committed**

Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2019.

**4. Assigned**

Includes amounts that are constrained by the School 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.

**5. Unassigned**

Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the 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.

**Order of Use of Fund Balance**

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**U. New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2019, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019. This statement establishes criteria for determining the timing and pattern of recognition of liability and corresponding deferred outflow of resources for asset retirement obligations.

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the year ending June 30, 2019. This statement establishes new disclosure requirements related to debt.

**V. Future Changes in Accounting Standards**

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2020. This statement establishes criteria for identifying fiduciary activities.

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2021. This statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as appropriate.

GASB has issued Statement No. 89, *Accounting Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2021. This statement requires that interest cost incurred during construction be expensed in that period rather than being included in the cost of the capital asset.

GASB has issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2020. This statement requires the reporting of majority equity interests which meet the definition of an investment at fair value and requires the reporting of majority equity interests which do not meet the definition of an investment as a component unit.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2022. This statement provides a single method of reporting conduit debt obligations by issuers.

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

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**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 District-wide statements compared with the current financial resources focus of the governmental funds.

**A) Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balance of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

**B) Statement of Revenues, Expenditures and Changes in Fund Balances 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, described as follows:

**i) Long-Term Revenue and Expense Differences**

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenue 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.

**ii) 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.

**iii) 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.

**iv) Pension Differences**

Pension 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.

**v) OPEB 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.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**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 end, 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. The following supplemental appropriations occurred during the year:

Grants and donations	\$ <u>28,195</u>
<b>Total</b>	\$ <u>28,195</u>

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

Budgets are established and used for individual capital project fund 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.

**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 restrictions or assignments 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.

**General Fund Balance – NYS Real Property Tax Law Limit**

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year.

**Deficit Fund Balance**

The Capital Projects Fund had a deficit fund balance of \$17,130,428 at June 30, 2019. This will be funded when the District obtains permanent financing for the current projects.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS**

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 its trust department or agent, but not in the District's name		33,987,520

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be used for various purposes. Restricted cash as of June 30, 2019, includes \$7,275,095 within governmental funds and \$1,526,703 in the fiduciary funds.

**NOTE 5 – INVESTMENTS**

**Investment Pool**

The District participates in 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. At June 30, 2019, the School District held a total of \$100,579 in investments in the non-expandable trust fund consisting of various investments in securities issued by the United States and its agencies. The investments are highly liquid and considered to be cash equivalents.

The above amount represents the cost of the investment pool shares and is considered to approximate fair value. The investment pools are SEC registered and categorically exempt from the New York State collateralization requirements.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 6 – CAPITAL ASSETS**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 898,950	\$ 0	\$ 0	\$ 898,950
Construction in process	8,141,447	11,688,497	0	19,829,944
Total nondepreciable historical cost	<u>9,040,397</u>	<u>11,688,497</u>	<u>0</u>	<u>20,728,894</u>
Capital assets that are depreciated:				
Buildings	105,210,376	0	0	105,210,376
Furniture and equipment	4,929,198	222,393	117,347	5,034,244
Total depreciable historical cost	<u>110,139,574</u>	<u>222,393</u>	<u>117,347</u>	<u>110,244,620</u>
Less accumulated depreciation:				
Buildings	27,620,549	2,031,503	0	29,652,052
Furniture and equipment	3,872,125	212,549	117,347	3,967,327
Total accumulated depreciation	<u>31,492,674</u>	<u>2,244,052</u>	<u>117,347</u>	<u>33,619,379</u>
Net depreciable historical cost	<u>78,646,900</u>	<u>(2,021,659)</u>	<u>0</u>	<u>76,625,241</u>
Total historical cost, net	<u>\$ 87,687,297</u>	<u>\$ 9,666,838</u>	<u>\$ 0</u>	<u>\$ 97,354,135</u>

Depreciation was allocated to the following programs as follows:

General support	\$ 283,626
Instruction	1,647,592
Pupil transportation	212,625
School lunch program	100,209
Total	<u>\$ 2,244,052</u>

**NOTE 7 – SHORT-TERM DEBT**

Interest paid on short-term debt for the year was \$810,000.

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

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Balance</b>
BAN maturing 6/28/19, 3.0%	\$ 27,000,000	\$ 0	\$ 27,000,000	\$ 0
BAN maturing 6/26/20, 1.48%	0	3,500,000	0	3,500,000
BAN maturing 6/26/20, 2.25%	0	25,450,000	0	25,450,000

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 8 – LONG-TERM DEBT**

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

Interest paid	\$ 1,256,314
Less interest accrued in the prior year	(124,555)
Plus interest accrued in the current year	85,300
Total	<u>1,217,059</u>
Less amortization of bond premium	(294,061)
<b>Total expense</b>	<b><u>\$ 922,998</u></b>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and notes payable:					
General obligation debt:					
Capital construction	\$ 39,355,000	\$ 0	\$ 6,025,000	\$ 33,330,000	\$ 5,639,614
Energy performance contract	0	428,294	25,082	403,212	24,614
Other liabilities:					
Other post-employment benefits	99,297,928	8,219,073	0	107,517,001	0
Compensated absences, net	2,189,978	101,601	0	2,291,579	0
Total other liabilities	<u>101,487,906</u>	<u>8,320,674</u>	<u>0</u>	<u>109,808,580</u>	<u>0</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>\$ 140,842,906</u></b>	<b><u>\$ 8,748,968</u></b>	<b><u>\$ 6,050,082</u></b>	<b><u>\$ 143,541,792</u></b>	<b><u>\$ 5,664,228</u></b>

In prior years, the District defeased certain general obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

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

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2019</u>
Energy performance contract	2018	2033	2.350%	\$ 403,212
Construction	2010	2020	3.00 - 5.005%	1,740,000
Refunding	2014	2023	1.50 - 5.00%	2,990,000
Refunding	2017	2023	2.00 - 2.50%	1,310,000
Refunding	2017	2025	2.00 - 5.00%	8,955,000
Construction	2015	2027	2.00 - 3.00%	9,485,000
Bus purchase	2016	2022	2.125-2.250%	135,000
Construction	2016	2031	2.00 - 2.25%	8,715,000
<b>TOTAL</b>				<b><u>\$ 33,733,212</u></b>



**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 8 – LONG-TERM DEBT – (CONTINUED)**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2020	\$ 5,639,614	\$ 1,073,577	\$ 6,713,191
2021	5,535,199	889,709	6,424,908
2022	5,075,798	726,147	5,801,945
2023	4,321,410	573,046	4,894,456
2024	4,397,038	416,888	4,813,926
Thereafter	8,764,153	466,205	9,230,358
<b>Totals</b>	<b>\$ 33,733,212</b>	<b>\$ 4,145,572</b>	<b>\$ 37,878,784</b>

**NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS**

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 3,941,933	\$ 476,363	\$ 100,000	\$ 238,056
Special Aid Fund	238,512	3,912,688	238,056	0
School Lunch Fund	0	287	0	100,000
Capital Projects Fund	245,423	8,730	0	0
Debt Service Fund	1,380	0	0	0
Total Governmental Activities	4,427,248	4,398,068	338,056	338,056
Fiduciary Agency Fund	982	30,162	0	0
<b>TOTALS</b>	<b>\$ 4,428,230</b>	<b>\$ 4,428,230</b>	<b>\$ 338,056</b>	<b>\$ 338,056</b>

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.

Interfund revenue in the General Fund is for indirect costs associated with the School Lunch Fund.

Interfund revenue in the Special Aid Fund is for General Fund required funding.

All interfund payables are expected to be repaid within one year.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 10 – PENSION PLANS**

**General Information**

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

**Plan Descriptions and Benefits Provided:**

**Teachers' Retirement System (TRS)**

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

**Employees' Retirement System (ERS)**

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 10 – PENSION PLANS – (CONTINUED)**

**Plan Descriptions and Benefits Provided: – (Continued)**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2018-2019	\$ 2,680,174	\$ 617,597
2017-2018	2,394,499	598,256
2016-2017	2,867,034	671,096

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District did not exercise.

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

Additional pension information can be found in Note 1 N.

**NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS**

**General Information About the OPEB Plan:**

**Plan Description**

The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits Provided**

The District provides healthcare insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**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	377
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>504</u>
Total	<u>881</u>

**Total OPEB Liability:**

The District's total OPEB liability of \$107,517,001 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary Increases	Varied by years of service and retirement system
Discount Rate	3.51%
Healthcare Cost Trend Rates	5.50% for 2018, decreasing to an ultimate rate of 3.84% by 2075

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2018.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from calendar years 2008 to 2013.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**Changes in the Total OPEB Liability:**

Balance at June 30, 2018	\$ 99,297,928
Changes for the year:	
Service cost	2,765,779
Interest	3,872,999
Changes in benefit terms	0
Differences between expected and actual experience	(17,190,865)
Changes in assumptions or other inputs	22,781,676
Benefit payments	<u>(4,010,516)</u>
Net changes	<u>8,219,073</u>
Balance at June 30, 2019	\$ <u>107,517,001</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.51% in 2019 as well as mortality rates were updated to Pub-2010 Teachers and General employees Headcount-weighted table projected fully generationally using MP-2018.

**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%) or 1 percentage point higher (4.51%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 131,892,371	\$ 107,517,001	\$ 96,073,677

**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 (4.50% decreasing to 2.84%) or 1 percentage point higher (6.50% decreasing to 4.84%) than the current healthcare cost trend rate:

	<u>1% Decrease (4.50% Decreasing to 2.84%)</u>	<u>Healthcare Cost Trend Rates (5.50% Decreasing to 3.84%)</u>	<u>1% Increase (6.50% Decreasing to 4.84%)</u>
Total OPEB Liability	\$ 91,778,847	\$ 107,517,001	\$ 138,582,601

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

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

For the year ended June 30, 2019, the District recognized negative OPEB expense of \$2,728,486. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 0	\$ 15,042,007
Changes of assumptions or other inputs	<u>19,933,966</u>	<u>3,859,919</u>
Total	<b><u>\$ 19,933,966</u></b>	<b><u>\$ 18,901,926</u></b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<b><u>Fiscal Year Ending June 30:</u></b>	
2020	\$ 100,224
2021	100,224
2022	100,224
2023	100,224
2024	100,224
Thereafter	<u>530,920</u>
Total	<b><u>\$ 1,032,040</u></b>

**NOTE 12 – RISK MANAGEMENT**

**General**

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions and 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.

**Consortiums and Self-Insured Plans**

The District participates in Fulmont Workers' Compensation Trust, a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The District's share of the liability for unbilled and open claims is \$227,856.

The District participates in the Fulmont Health Trust, a risk-sharing pool, to insure health benefit claims. This is a public entity pool created to finance the related liability and risks related to health benefit claims.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

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

**NOTE 14 – LEASES**

The District entered into a lease with Whispering Pines Preschool, Inc. during the year ended June 30, 2015. Under the lease, Whispering Pines Preschool, Inc., will lease the former Clara Bacon Elementary School from September 1, 2014 through August 31, 2019. Rent paid to the District by Whispering Pines Preschool, Inc. for the year ending June 30, 2019 was \$133,605.

The District also entered into a lease with Fulmont Community Action Agency, Inc. during the year ended June 30, 2015. Under the lease, Fulmont Community Action Agency, Inc., will lease the former Truax School from July 1, 2015 through June 30, 2025. In kind services will be provided to the Head Start program in exchange for the use of the space. This lease can be cancelled by the District if they provide 12 months' notice.

**NOTE 15 – TAX ABATEMENTS**

The County of Montgomery, enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$4,903,037. The District received Payment in Lieu of Tax (PILOT) payment totaling \$1,302,582.

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the issuance of the audit report. There were no other items to report that would have a material effect on the financial statements.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Revenues</u>	<u>Final Budget Variance with Budgetary Actual Over (Under)</u>
<b>REVENUES:</b>				
<b>Local Sources</b>				
Real property taxes	\$ 17,082,993	\$ 17,082,993	\$ 17,894,911	\$ 811,918
Real property tax items	5,478,762	5,478,762	6,945,420	1,466,658
Charges for services	73,000	73,000	146,277	73,277
Use of money and property	137,000	137,000	169,206	32,206
Sale of property and compensation for loss	585,000	585,000	601,229	16,229
Miscellaneous	1,125,000	1,128,195	1,303,595	175,400
Interfund revenues	65,000	65,000	76,219	11,219
<b>Total Local Sources</b>	<b>24,546,755</b>	<b>24,549,950</b>	<b>27,136,857</b>	<b>2,586,907</b>
<b>State Sources</b>	<b>47,679,269</b>	<b>47,704,269</b>	<b>47,118,947</b>	<b>(585,322)</b>
<b>Federal Sources</b>	<b>140,000</b>	<b>140,000</b>	<b>222,568</b>	<b>82,568</b>
<b>Total Revenues</b>	<b>72,366,024</b>	<b>72,394,219</b>	<b>74,478,372</b>	<b>2,084,153</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	100,000	100,000	100,000	0
<b>Total Revenues and Other Financing Sources</b>	<b>72,466,024</b>	<b>72,494,219</b>	<b>74,578,372</b>	<b>\$ 2,084,153</b>

See paragraph on supplemental schedules included in independent auditors' report.



**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Year End Encumbrances</u>	<u>Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under</u>
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of Education	17,186	17,186	15,404	\$ 0	\$ 1,782
Central administration	228,951	236,488	225,901	0	10,587
Finance	387,066	383,009	350,671	6,500	25,838
Staff	504,537	498,314	454,074	0	44,240
Central services	4,614,266	4,440,325	3,828,161	130,971	481,193
Special items	1,164,868	1,166,786	1,161,404	0	5,382
<b>Instructional</b>					
Instruction, administration and improvements	2,211,164	2,211,865	2,142,523	0	69,342
Teaching – regular school	21,186,884	21,118,523	20,559,518	52,402	506,603
Programs for children with handicapping conditions	8,219,306	8,681,698	8,512,029	15,395	154,274
Occupational education	1,069,685	1,026,621	1,021,970	0	4,651
Teaching - special school	0	211	211	0	0
Instructional media	1,166,746	1,229,499	1,209,078	387	20,034
Pupil services	1,670,192	1,704,129	1,615,729	0	88,400
<b>Pupil Transportation</b>	4,332,406	4,656,819	4,524,706	54,360	77,753
<b>Employee Benefits</b>	18,049,355	17,512,203	16,984,866	0	527,337
<b>Debt Service</b>	8,156,213	8,166,439	8,166,396	0	43
<b>Total Expenditures</b>	72,978,825	73,050,115	70,772,641	260,015	2,017,459
<b>Other Financing Uses</b>					
Transfers to other funds	190,000	238,056	238,056	0	0
<b>Total Expenditures and Other Uses</b>	73,168,825	73,288,171	71,010,697	\$ 260,015	\$ 2,017,459
<b>NET CHANGE IN FUND BALANCE</b>	(702,801)	(793,952)	3,567,675		
<b>FUND BALANCE – BEGINNING</b>	17,839,328	17,839,328	17,839,328		
<b>FUND BALANCE – ENDING</b>	\$ 17,136,527	\$ 17,045,376	\$ 21,407,003		

See paragraph on supplemental schedules included in independent auditors' report.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFITS  
LIABILITY AND RELATED RATIOS**

**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

<b>Measurement Date</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 2,765,779	\$ 2,874,248
Interest	3,872,999	3,563,195
Change of benefit terms	0	0
Differences between expected and actual experience	(17,190,865)	0
Change of assumptions or other inputs	22,781,676	(5,057,175)
Benefit payments	(4,010,516)	(3,225,836)
<b>Net change in total OPEB liability</b>	<b>8,219,073</b>	<b>(1,845,568)</b>
<b>Total OPEB Liability - beginning</b>	<b>99,297,928</b>	<b>101,143,496</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 107,517,001</b>	<b>\$ 99,297,928</b>
<b>Covered-employee payroll</b>	<b>\$ 27,952,894</b>	<b>\$ 30,688,491</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>384.64%</b>	<b>323.57%</b>
<b>Plan's fiduciary net position</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Net OPEB Liability</b>	<b>\$ 107,517,001</b>	<b>\$ 99,297,928</b>

See paragraph on supplemental schedules included in independent auditors' report.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**FOR THE YEARS ENDED JUNE 30, 2019, 2018, 2017, 2016 AND 2015**

<b><u>NYS Employees' Retirement System</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
District's proportion of the net pension liability (asset)	0.0146173%	0.0132151%	0.0141990%	0.0140543%	0.0144153%
District's proportionate share of the net pension liability (asset)	\$ 1,035,681	\$ 426,511	\$ 1,334,166	\$ 2,255,757	\$ 486,984
District's covered-employee payroll	4,686,531	4,447,628	4,487,944	4,487,944	4,354,904
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.1%	9.6%	29.7%	50.3%	11.2%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%	97.9%
<b><u>NYS Teachers' Retirement System</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
District's proportion of the net pension liability (asset)	0.150127%	0.154233%	0.154433%	0.1559880%	0.1517730%
District's proportionate share of the net pension liability (asset)	\$ (2,714,699)	\$ (1,172,328)	\$ 1,654,043	\$ (16,202,149)	\$ (16,906,519)
District's covered-employee payroll	25,238,712	24,454,067	24,441,736	23,830,576	23,431,516
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.8%	4.8%	6.8%	68.0%	72.2%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	100.70%	99.00%	110.50%	111.48%

See paragraph on supplemental schedules included in independent auditors' report.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS**

**FOR THE YEARS ENDED JUNE 30, 2019, 2018, 2017, 2016 AND 2015**

<b><u>NYS Employees' Retirement System</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contribution	\$ 623,420	\$ 619,304	\$ 615,656	\$ 669,548	\$ 746,273
Contributions in relation to the contractually required contribution	<u>623,420</u>	<u>619,304</u>	<u>615,656</u>	<u>669,548</u>	<u>746,273</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 4,686,531	\$ 4,447,628	\$ 4,487,944	\$ 4,487,944	\$ 4,354,904
Contribution as a percentage of covered-employee payroll	13.30%	13.92%	13.72%	14.92%	17.14%
<b><u>NYS Teachers' Retirement System</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contribution	\$ 2,680,351	\$ 2,396,499	\$ 2,864,571	\$ 3,365,714	\$ 4,107,545
Contributions in relation to the contractually required contribution	<u>2,680,351</u>	<u>2,396,499</u>	<u>2,864,571</u>	<u>3,365,714</u>	<u>4,107,545</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 25,238,712	\$ 24,454,067	\$ 24,441,736	\$ 23,830,576	\$ 23,431,516
Contribution as a percentage of covered-employee payroll	10.62%	9.80%	11.72%	14.12%	17.53%

See paragraph on supplemental schedules included in independent auditors' report.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

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<b>ADOPTED BUDGET</b>	\$ 73,168,825
<b>ADDITIONS:</b>	
Prior year's encumbrances	91,151
<b>ORIGINAL BUDGET</b>	73,259,976
Grants and donations	28,195
<b>FINAL BUDGET</b>	<u>\$ 73,288,171</u>

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SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2019

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2019-2020 voter-approved expenditure budget	\$ 77,202,687
Maximum allowed (4% of 2019-2020 budget)	3,088,107
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	3,837,818
Unassigned fund balance	12,731,247
Total unrestricted fund balance	16,569,065
Less:	
Appropriated fund balance and encumbrances	3,837,818
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 12,731,247</u>
Actual percentage	16.49%

See paragraph on supplemental schedules included in independent auditors' report.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES**

**FOR THE YEAR ENDED JUNE 30, 2019**

<b>Project Title</b>	<b>Original Appropriation</b>	<b>Revised Appropriation</b>	<b>Expenditures</b>			<b>Unexpended Balance</b>	<b>Proceeds of Obligations</b>	<b>Methods of Financing</b>			<b>Fund Balance</b>
			<b>Prior Year</b>	<b>Current Year</b>	<b>Total</b>			<b>State Aid</b>	<b>Local Sources</b>	<b>Total</b>	
District-wide improvements (2015)	\$ 48,963,254	\$ 48,963,254	\$ 5,881,187	\$ 11,314,649	\$ 17,195,836	\$ 31,767,418	\$ 0	\$ 15,408	\$ 50,000	\$ 65,408	\$ (17,130,428)
Smart Schools Bond Act	3,170,930	3,170,930	2,260,260	373,848	2,634,108	536,822	0	2,634,108	0	2,634,108	0
<b>TOTALS</b>	<b>\$ 52,134,184</b>	<b>\$ 52,134,184</b>	<b>\$ 8,141,447</b>	<b>\$ 11,688,497</b>	<b>\$ 19,829,944</b>	<b>\$ 32,304,240</b>	<b>\$ 0</b>	<b>\$ 2,649,516</b>	<b>\$ 50,000</b>	<b>\$ 2,699,516</b>	<b>\$ (17,130,428)</b>

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2019

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<b>CAPITAL ASSETS, NET</b>		<b>\$ 97,354,135</b>
<b>DEDUCT:</b>		
Bond anticipation note payable	\$ 28,950,000	
Short-term portion of energy performance contract	24,614	
Long-term portion of energy performance contract	378,598	
Short-term portion of bonds payable	5,639,614	
Long-term portion of bonds payable	<u>27,690,386</u>	
		<u>62,683,212</u>
<b>NET INVESTMENT IN CAPITAL ASSETS</b>		<b><u><u>\$ 34,670,923</u></u></b>

See paragraph on supplemental schedules included in independent auditors' report.

**ENLARGED CITY SCHOOL DISTRICT  
OF THE CITY OF AMSTERDAM**

**FEDERAL AWARD PROGRAM INFORMATION**

**SINGLE AUDIT**

**(UNIFORM GUIDANCE)**

**JUNE 30, 2019**





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

To the President and the Other Members  
of the Board of Education of the  
Enlarged City School District of the City of Amsterdam  
Amsterdam, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Enlarged City School District of the City of Amsterdam as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Enlarged City School District of the City of Amsterdam'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.

WEST & COMPANY CPAs PC

Gloversville, New York  
October 9, 2019



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

To the President and the Other Members  
of the Board of Education of the  
Enlarged City School District of the City of Amsterdam  
Amsterdam, New York

**Report on Compliance for Each Major Federal Program**

We have audited the Enlarged City School District of the City of Amsterdam's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the Enlarged City School District of the City of Amsterdam's major federal programs for the year ended June 30, 2019. The Enlarged City School District of the City of Amsterdam's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Enlarged City School District of the City of Amsterdam'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 Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Enlarged City School District of the City of Amsterdam'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 Enlarged City School District of the City of Amsterdam's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Enlarged City School District of the City of Amsterdam 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, 2019.

## Report on Internal Control Over Compliance

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

WEST & COMPANY CPAs PC

Gloversville, New York  
October 9, 2019

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Project Number	Passed-through to Subrecipients	Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Passed Through New York State Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	10.555	Not Applicable	\$ 0	\$ 150,516
Cash Assistance				
School Breakfast Program	10.553	Not Applicable	0	541,700
National School Lunch Program	10.555	Not Applicable	0	1,397,706
Summer Food Service Program for Children	10.559	Not Applicable	0	33,127
Total Child Nutrition Cluster			<u>0</u>	<u>2,123,049</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	Not Applicable	0	31,541
Fresh Fruit and Vegetable Program	10.582	Not Applicable	0	70,564
Total U.S. Department of Agriculture			<u>0</u>	<u>2,225,154</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Passed Through New York State Education Department:				
Special Education Cluster:				
Special Education - Grants to States	84.027	0032190394	42,583	977,469
Special Education - Preschool Grants	84.173	0033190394	17,908	55,039
Total Special Education Cluster			<u>60,491</u>	<u>1,032,508</u>
Title I Grants to Local Educational Agencies	84.010	0011192016	0	405
Title I Grants to Local Educational Agencies	84.010	0011182014	0	208,377
Title I Grants to Local Educational Agencies	84.010	0021181420	0	108,784
Title I Grants to Local Educational Agencies	84.010	0021191420	0	1,773,285
Total Title I Grants to Local Educational Agencies			<u>0</u>	<u>2,090,851</u>
Improving Teacher Quality State Grants	84.367	0147181420	0	38,102
Improving Teacher Quality State Grants	84.367	0147191420	0	123,280
Total Improving Teacher Quality State Grants			<u>0</u>	<u>161,382</u>
Student Support and Academic Enrichment Program	84.424	0204191420	0	86,082
English Language Acquisition Grants	84.365	0154181420	0	75,942
English Language Acquisition Grants	84.365	0293181420	0	5,491
English Language Acquisition Grants	84.365	0293191420	0	25,506
Total English Language Acquisition Grants			<u>0</u>	<u>106,939</u>
Total U.S. Department of Education			<u>60,491</u>	<u>3,477,762</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u>\$ 60,491</u>	<u>\$ 5,702,916</u>

See paragraph on supplemental schedules included in independent auditors' report.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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 B – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, the District had food commodities totaling \$29,446 in inventory.

**NOTE C – INDIRECT COST RATE**

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. Certain of the District's federal award programs have been charged with indirect costs, based upon the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. There is no other indirect cost allocation plan in effect.

**NOTE D – CLUSTERS**

The special education cluster consists of Special Education – Grants to States and Special Education – Preschool Grants.

The child nutrition cluster consists of Non-cash assistance (food distribution) – National School Lunch Program, School Breakfast Program, and Summer Food Service Program for Children.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

**A. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

1. Type of auditors' report issued: unmodified
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? \_\_\_ Yes  X  No
  - b. Significant deficiency(ies) identified? \_\_\_ Yes  X  No
3. Noncompliance material to financial statements noted? \_\_\_ Yes  X  No

**Federal Awards**

1. Internal control over major programs:
  - a. Material weakness(es) identified? \_\_\_ Yes  X  No
  - b. Significant deficiency(ies) identified? \_\_\_ Yes  X  No
2. Type of auditors' report issued on compliance for major programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? \_\_\_ Yes  X  No
4. Identification of major programs:

**CFDA Number**

**Name of Federal Program**

10.553

School Breakfast Program

10.555

National School Lunch Program

10.559

Summer Food Service Program for Children

5. Dollar threshold used to distinguish between type A and B programs: \$750,000.
6. Auditee qualified as low-risk auditee?  X  Yes \_\_\_ No

**B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**ENLARGED CITY SCHOOL DISTRICT  
OF THE CITY OF AMSTERDAM**

**AUDITED FINANCIAL STATEMENTS**

**EXTRACLASSROOM ACTIVITY FUNDS**

**JUNE 30, 2019**





## **INDEPENDENT AUDITORS' REPORT**

To the President and the Other Members  
of the Board of Education of the  
Enlarged City School District of the City of Amsterdam  
Amsterdam, New York

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of the Enlarged City School District of the City of Amsterdam as of June 30, 2019, and the related statement of revenues collected and expenses paid 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 as 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.

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

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

**Basis for Qualified Opinion**

Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the Enlarged City School District of the City of Amsterdam as of June 30, 2019, and the revenues collected and expenses paid for the year then ended, on the basis of accounting 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 this matter.

*WEST & COMPANY CPAs PC*

Gloversville, New York  
October 9, 2019

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS**

**JUNE 30, 2019**

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<b>ASSETS</b>	
Cash	<u>\$ 69,217</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 69,217</u></u>
<b>LIABILITIES AND CLUB BALANCES</b>	
Club balances	\$ 68,851
Sales tax payable	<u>366</u>
<b>TOTAL LIABILITIES AND CLUB BALANCES</b>	<u><u>\$ 69,217</u></u>

See notes to financial statements.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Lynch Literacy Academy Middle School:				
Memory Book	\$ 3,391	\$ 3,720	\$ 4,077	\$ 3,034
National Junior Honor Society	564	0	0	564
Broadcaster News	223	0	0	223
Student Government	3,354	7,452	7,392	3,414
Drama Club	155	0	0	155
	<hr/>	<hr/>	<hr/>	<hr/>
Total Middle School	7,687	11,172	11,469	7,390
	<hr/>	<hr/>	<hr/>	<hr/>
Amsterdam High School:				
Class of 2018	2,558	0	0	2,558
Class of 2019	12,877	11,966	24,275	568
Class of 2020	3,207	16,119	11,310	8,016
Class of 2021	413	6,208	1,129	5,492
Class of 2022	0	843	0	843
Band/Majorettes	2,066	1,189	618	2,637
Drama Club	22,855	20,496	23,276	20,075
Science and Robotics Club	4,569	0	0	4,569
Masterminds	146	375	379	142
National Science Honor Society	17	732	655	94
National Honor Society	561	3,345	2,952	954
AHS Operation Smile	5,232	932	64	6,100
Society of Hispanic Engineers	294	0	0	294
Rotary Interact	1,383	53	0	1,436
Student Government	2,135	789	584	2,340
Varsity "A"	3,419	6,474	5,149	4,744
Yearbook	(1,960)	15,263	12,704	599
Sales Tax	304	366	304	366
	<hr/>	<hr/>	<hr/>	<hr/>
Total High School	60,076	85,150	83,399	61,827
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTALS</b>	<b>\$ 67,763</b>	<b>\$ 96,322</b>	<b>\$ 94,868</b>	<b>\$ 69,217</b>

See note to financial statements.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM**

**EXTRACLASSROOM ACTIVITY FUNDS**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Extraclassroom Activity Funds of the Enlarged City School District of the City of Amsterdam (the District) are considered to be a component unit of the School District. These funds represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management.

The books and records of the Enlarged City School District of the City of Amsterdam's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and expenditures recognized when cash is disbursed.

**NOTE 2 – MANAGEMENT LETTER**

The management letter items for the Extraclassroom Activity Funds are included in the management letter associated with the basic financial statements.



October 9, 2019

To the President and the Other  
Members of the Board of Education of the  
Enlarged City School District of the City of Amsterdam  
Amsterdam, New York

Re: Management Letter  
June 30, 2019

In planning and performing our audit of the basic financial statements of the Enlarged City School District of the City of Amsterdam (the "District") for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and improving operating efficiency. The memorandum that follows summarizes our comments and recommendations regarding those matters. We previously reported on the District's internal control in our report dated October 9, 2019. This report does not affect our report dated October 9, 2019, on the financial statements of the Enlarged City School District of the City of Amsterdam.

### **Prior-Year Comments/Conditions**

#### **1. Extraclassroom Activity Funds**

**Prior Comment/Condition:** Our past audits observed that these funds were not compliant with SED regulations.

**Status:** Conditions found during the June 30, 2019 audit were as follows:

- a. Clubs did not complete profit or loss statements or inventory control forms for fundraisers as required by SED regulations.
- b. Clubs are not collecting and remitting sales tax on all taxable sales.
- c. Three disbursements and nine receipts tested lacked appropriate signatures.
- d. Six clubs are fiscally inactive.

**Recommendation:** The District should develop accounting procedures which are in accordance with SED requirements as stated in NYS Pamphlet #2 to properly account for all activities.

2. **General Fund – Assigned and Unassigned Fund Balance**

**Prior Comment/Condition:** As of June 30, 2018, the District had unassigned fund balance that exceeded 4% of the subsequent year’s General Fund appropriation budget. Real property tax law states that the assigned and unassigned fund balance should not exceed 4% of the subsequent year’s General Fund appropriation budget.

**Status:** This condition remains unchanged as of June 30, 2019.

**Recommendation:** We recommend that the Board of Education take action to reduce the District’s General Fund assigned and unassigned fund balance to statutory limits.

3. **Disbursements**

**Prior Comment/Condition:** During our June 30, 2018 audit testing of disbursements we noted two instances where the purchase order was dated after the invoice date.

**Status:** Our June 30, 2019 audit testing of disbursements noted two instances where the purchase order was dated after the invoice date and two instances where sales tax was paid.

**Recommendation:** We recommend that management ensure that there is a purchase order in place prior to purchasing any items. We also recommend that management ensure the District is not paying sales tax.

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The preceding comments/conditions and recommendations are intended solely for the information and use of the Board, management and others within the District and should not be used by anyone other than these specific parties. We will review the status of these comments during our next audit engagement. We have already discussed many of these comments/conditions with management, and we will be pleased to discuss these items in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

Very truly yours,

*WEST & COMPANY CPAs PC*

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