PRELIMINARY OFFICIAL STATEMENT

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 be designated as or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$6,022,529

ARGYLE CENTRAL SCHOOL DISTRICT

WASHINGTON COUNTY, NEW YORK

GENERAL OBLIGATIONS

$6,022,529 Bond Anticipation Notes, 2019 (Renewals)

(the "Notes")

Dated: June 5, 2019 **Due: June 5, 2020**

The Notes are general obligations of the Argyle Central School District (the "District" or "School District"), Washington County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and Notes and interest thereon, without limitation as to rate or amount. See "THE NOTES – Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

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

Alternatively, if the Notes are issued in book-entry-only, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes purchased. Such Notes will be issued in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination, as may be determined by such successful bidder(s). If the Notes are issued in book-entry-only form, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of 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 or as may be agreed upon on or about June 5, 2019.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on May 22, 2019 by no later than 10:30 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

May 14, 2019

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

ARGYLE CENTRAL SCHOOL DISTRICT
SCHENECTADY COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2018-2019 BOARD OF EDUCATION

PAMELA ELLIS
President

DAVID HOLCK
Vice President

TRAVIS DESSAINT
THOMAS GENOVESE
RODNEY SAUNDERS

* * * * * * * * *

MICHAEL HEALEY
Superintendent of Schools

RACHEL SCHWENDINGER
Business Manager

AMY AUBREY
Bookkeeper

KIMBERLY HUMISTON
District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

BARCLAY DAMON LLP
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

ARGYLE CENTRAL SCHOOL DISTRICT
WASHINGTON COUNTY, NEW YORK

Relating To

$6,022,529 Bond Anticipation Notes, 2019 (Renewals)

This Official Statement, which includes the cover page, has been prepared by the Argyle Central School District, Washington County, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of $6,022,529 Bond Anticipation Notes, 2019 (Renewals) (the "Notes").

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

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

THE NOTES

Description of the Notes

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

The Notes are dated June 5, 2019 and mature, without option of prior redemption, on June 5, 2020. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) registered form registered in the name of the purchaser, in denominations of $5,000 each or multiples thereof, except for a necessary odd denomination, as may be determined by the successful bidder(s) or (ii) at the option of the purchaser(s), in book-entry-only form, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

On August 2, 2016, the qualified voters of the District approved propositions authorizing the issuance of serial general obligation bonds in an aggregate principal amount not to exceed $6,372,529, to finance (a) the reconstruction of the District school building and bus garage, at a maximum cost of $4,995,529, (b) the construction of outdoor recreational courts at a maximum cost of $303,750, and (c) the reconstruction of the old gymnasium at a maximum cost of $1,073,250. The Notes are being issued pursuant to a bond resolution duly adopted by the Board of Education on August 11, 2016.

The proceeds of the Notes together with $350,000 available funds will renew $6,372,529 bond anticipation notes outstanding and maturing June 6, 2019 and issued for the aforementioned purpose.

Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST 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 or in the event that a purchaser elects to have the Notes registered in the name of the purchaser, the following provisions will apply:

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination. Principal of and interest on the Notes will be payable, at the option of the School District at the offices of the School District or at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York at the option of the purchaser. Paying Agent fees, if any, shall be the responsibility of the purchaser. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District, founded in 1938, is located in the Towns of Argyle, Fort Edward, Greenwich, Hartford and Hebron in Washington County. The School District covers approximately 61 square miles. All of the School District's facilities are located just north of the Village of Argyle on Route 40.

The School District is served by an excellent network of State highways, providing access to Interstate 87 ("the Northway"). Bus Service is available in the City of Glens Falls, while rail and air service are available in Albany, some 60 miles to the south.

The School District is primarily an agricultural area, with many of its residents commuting to Saratoga, Glens Falls or Albany for employment.

Water and sewer services are provided primarily by private wells and septic systems, although the Village of Argyle does provide public water. Electricity is provided by National Grid; telephone service is provided by Spectrum. Police protection is provided by the Washington County Sheriff's Department, supplemented by the New York State Police. Fire protection and ambulance service are provided by various volunteer organizations.

The School District provides public education for grades Pre-K-12. Opportunities for higher education are available at the many colleges and universities in and around the Albany area. School District residents find commercial and financial services in the Village of Argyle and in nearby Glens Falls. The School District is located approximately 20 miles from Saratoga and Lake George, providing an abundance of cultural and recreational facilities.

Source: District Officials.

District Population

The 2017 estimated population of the District is 3,785. (Source: 2017 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
Towns of:						
Argyle	$ 20,403	$ 26,736	$ 29,379	$ 44,414	$ 68,179	$ 62,500
Fort Edward	17,201	20,485	25,322	41,630	52,069	53,485
Greenwich	19,913	27,839	30,995	47,260	66,250	76,167
Hartford	16,969	24,930	27,408	46,600	63,813	68,750
Hebron	18,113	25,592	26,352	41,680	61,797	61,450
County of:						
Washington	17,958	22,347	26,064	43,500	57,360	62,333
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

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

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

Larger Employers

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

Name	Type	Employees
Washington Center	Adult Care Facility	200
Argyle Central School District	Public Education	111
Zayachek Companies	Mechanical Contracting Firm	85
Adirondack Studios	Stage/Backdrop Scenery Production & Design	70
Carruthers	Roofing Contractor	40

Many residents of the District are employed in the greater Albany metropolitan area.

Source: District officials.

Unemployment Rate Statistics

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

Annual Average

	2012	2013	2014	2015	2016	2017	2018
Washington County	8.3%	7.5%	6.1%	5.0%	4.7%	4.6%	4.1%
New York State	8.5%	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%

2018-19 Monthly Figures

	2018								**2019**			
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Washington County	3.6%	3.7%	3.4%	3.3%	3.3%	3.2%	3.4%	4.1%	4.9%	5.0%	4.8%	N/A
New York State	3.7%	4.1%	4.2%	4.0%	3.6%	3.6%	3.5%	3.9%	4.6%	4.4%	4.1%	N/A

Note: Unemployment rates for the month of April 2019 are not available as of the date of this Official Statement.

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

Form of School Government

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

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, Business Manager, and District Treasurer.

Budgetary Procedures and Recent Budget Votes

Pursuant to law, the Board of Education annually prepares or causes to be prepared a tentative budget of the School District for the ensuing fiscal year. This tentative budget must be completed at least seven days before the annual District meeting at which it is to be presented. Copies are available upon request to taxpayers within the School District, seven days preceding such meeting and at each such meeting. The Board must also give notice that a copy of the tentative budget may be obtained at each schoolhouse within the School District.

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

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

Pursuant to Chapter 97 of the Laws of 2011 ("Chapter 97"), beginning with the 2012 – 2013 fiscal year, a simple majority vote is needed to approve the proposed budget that does not exceed the tax levy limit. The maximum allowable tax levy is an eight-step formula that each school district must use to calculate its individual "tax levy limit." In particular, the calculation adjusts a school district's tax levy to reflect growth in the local tax base (if any) and the lower of the rate of inflation or 2 percent (the "Tax Cap"). If the Board of Education adopts a proposed budget which requires a tax levy that is higher than the tax levy limit, then a supermajority (60 percent or more) of the votes will be necessary to pass the budget.

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 2017-18 fiscal year was adopted by the qualified voters on May 16, 2017 by a vote of 178 to 45. The District's adopted budget for 2017-18 fiscal year and remained within the 6.31% Tax Cap imposed by Chapter 97. The budget called for a total tax levy increase of 2.49%.

The budget for the 2018-19 fiscal year was adopted by the qualified voters on May 15, 2018 by a vote of 165 to 44. The District's adopted budget for 2018-19 fiscal year and remained within the 2.87% Tax Cap imposed by Chapter 97. The budget called for a total tax levy increase of 2.33%.

The budget for the 2019-20 fiscal year will be voted on by the qualified voters on May 21, 2019. The District's proposed budget for the 2019-20 fiscal year includes tax levy decrease of 1.33% which is under the District's Tax Cap imposed by Chapter 97.

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.

Investment Policy

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

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) savings accounts or money market accounts of designated banks authorized to do business in New York State, (2) certificates of deposit issued by a bank or trust company authorized to do business in New York State, (3) demand deposits in a bank or trust company located in and authorized to do business in New York State, (4) direct obligations of New York State and (5) repurchase agreements involving the purchase and sale of direct obligations of the United States (Direct Treasury Obligations only: T-Bills, Notes or Bonds).

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2018-19 fiscal year, approximately 55.8% of the revenues of the District are estimated to be received in the form of State aid. In its proposed budget for the 2019-20 fiscal year, approximately 58.1% 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.

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

Potential reductions in Federal aid received by the State.

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

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

The Federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2018-2019 Budget continues authorization for a process by which the State would manage significant reductions in Federal aid during fiscal year 2018-2019 and fiscal year 2019-2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the Federal government (i) reduces Federal financial participation in Medicaid funding to the State or its subdivisions by $850 million or more; or (ii) reduces Federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

School District fiscal year (2019-20): On January 15, 2019, Governor Cuomo submitted the Executive Budget for the State fiscal year 2019-20. The 2019-20 Executive Budget recommends a total of $27.69 billion for school aid, a year-to-year funding increase of $956 million or 3.6%. The 2019-20 Executive Budget will provide additional funding for Foundation Aid, including increased setaside funding for Community Schools. The 2019-20 Executive Budget also continues initiatives implemented in previous years including funding for the State's prekindergarten programs, the Empire State After School program and the $2 billion Smart Schools Bond Act. The 2019-20 Executive Budget also contains provisions on the State's first ever collection and reporting of school-level financial data by requiring school districts to dedicate a portion of their Foundation Aid increases to address inequities in their most underfunded, neediest schools.

State Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2019-20 preliminary building aid ratios, the District expects to receive State building aid of approximately 83.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

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

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

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

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. Since its inception, the total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $5,075,065. 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 2017-18 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-18 Enacted Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the federal government 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 2018-19 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at $26.03 billion statewide, a 3.4% increase over the last year. The State's 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid now totals nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-19 Enacted Budget guarantees that all school districts receive an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-19 Enacted Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the federal government are less than what was expected.

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

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.

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

The State 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.

The Federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation proposed with the Executive Budget continues authorization for a process by which the State would manage significant reductions in Federal aid during fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal policymakers (i) reduce federal financial participation in Medicaid funding to the State or its subdivisions by $850 million or more; or (ii) reduce federal financial participation or other Federal aid funding to the State that affects the State Operating Funds financial plan by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately and is not additive. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both the Senate and Assembly. Otherwise, the plan submitted by the State Budget Director takes effect automatically.

State Aid Litigation

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

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

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

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

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years, budgeted figures for the 2018-19 fiscal year and projected figures for the 2019-20 fiscal year comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2013-2014	$ 10,778,631	$ 6,190,602	57.43%
2014-2015	11,405,707	6,548,740	57.42%
2015-2016	11,825,670	6,933,272	58.63%
2016-2017	11,676,682	6,727,440	57.61%
2017-2018	11,989,458	6,803,676	56.75%
2018-2019 (Budgeted)	12,749,000	7,110,000	55.77%
2019-2020 (Proposed)	13,364,486	7,769,236	58.13%

Source: 2014 through 2018 audited financial statements, 2018-19 adopted budget and 2019-20 projected figures of the District. This table is not audited.

District Facilities

Name	Grades	Capacity	Year Built/Additions
Argyle Central	K-12	1,234	1939, 2000

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2014-15	538	2019-20	500
2015-16	505	2020-21	500
2016-17	523*	2021-22	500
2017-18	513	2022-23	500
2018-19	489	2023-24	500

* Pre-K program added for 2016-17 school year.

Source: District officials.

Employees

The District employs a total of 94 full-time and 19 part-time employees with representation by the various bargaining units listed below:

Number of Employees	Bargaining Unit	Contract Expiration Date
56	Argyle Teachers' Association	June 30, 2018 (1)
46	Argyle-Non-Teaching Association	June 30, 2021

(1) Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the School 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 System 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. The Retirement Systems are non-contributory with respect to members working ten or more years. All members (other than those in Tier V and VI, as described below) working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law.

The legislation creates a new Tier V pension level, at the time, 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 a 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%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2018-19 fiscal year and projected figures for the 2019-20 fiscal year are as follows:

Fiscal Year	ERS	TRS
2013-2014	$ 304,534	$ 586,546
2014-2015	294,127	645,871
2015-2016	276,621	501,639
2016-2017	248,792	468,705
2017-2018	246,023	394,544
2018-2019 (Budgeted)	260,000	441,775
2019-2020 (Projected)	265,000	471,255

Source: District records.

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

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

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

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

* Estimated. The final rate will be adopted by the NYSTRS Board at its July 31, 2019 meeting.

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

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

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law on March 31, 2019, will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement, the District has not yet determined whether it will establish such a fund.

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

Other Post-Employment Benefits

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

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

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

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

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.

Summary of Changes from the Last Valuation. The District contracted with Capital Region BOCES to calculate its first actuarial valuation under GASB 75 for the fiscal year ending June 30, 2018. 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 fiscal year, by source.

Balance at June 30, 2017:	$ 18,539,045
Changes for the year:	
Service cost	538,590
Interest	526,989
Differences between expected and actual experience	2,766,892
Changes of benefit terms	0
Changes in assumptions	2,955,096
Benefit payments	634,998
Net Changes	6,152,571
Balance at June 30, 2018:	$ 24,691,616

Source: 2018 audited financial statement of the District. For additional information see "APPENDIX – C" attached hereto. The above table is not audited.

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

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

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

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

Annual OPEB Cost and Net OPEB Obligation:	**2016**	**2017**
Annual required contribution (ARC)	$ 1,455,379	$ 1,448,327
Interest on net OPEB obligation	363,200	156,760
Adjustment to ARC)	(282,339)	(320,177)
Annual OPEB cost (expense)	1,536,240	1,284,910
Contributions made	(575,896)	(634,998)
Increase in net OPEB obligation	960,344	649,912
Net OPEB obligation - beginning of year	4,540,005	5,500,349
Net OPEB obligation - end of year	$ 5,500,349	$ 6,150,261
Percentage of annual OPEB cost contributed	27.9%	20.9%
Funding Status:		
Actuarial Accrued Liability (AAL)	$ 18,135,688	$ 18,539,045
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 18,135,688	$ 18,539,045
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 1,284,910	20.89%	$ 6,150,261
2016	1,536,240	27.93	5,500,349
2015	1,473,206	32.45	4,540,005
2014	1,447,658	39.11	3,701,952

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

The aforementioned liability and ARC were recognized and disclosed in accordance with GASB 45 standards in the District's past audited financial statements.

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

Financial Statements

The School District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2018 and is attached hereto as "APPENDIX-C" to this Official Statement. Certain financial information of the School District can also be found attached as Appendices to the Official Statement.

The School 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 School District is required to issue 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. The School District is currently in full compliance with GASB Statement No. 34.

New York State Comptroller Reports of Examination

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

The State Comptroller's office released its most recent audit report of the School District on July 25, 2014. The purpose of the audit was to determine if the District had established effective internal controls over payroll and leave accruals for the period July 1, 2012 through October 31, 2013. Key finding and recommendation of the report are outlined below:

Key Finding

- The Board had not adopted comprehensive written policies and procedures for processing payroll.
- The bookkeeper's payroll duties were not adequately segregated. The Business Manager's and Treasurer's limited roles related to processing payroll did not provide sufficient oversight or monitoring of the bookkeeper's work.
- The Superintendent provided an independent review of the payroll process by reviewing and certifying the final payrolls. However, the Superintendent's reviews were not extensive enough because she did not compare payroll journals to payroll source documents or the paychecks. Additionally, the Superintendent did not always sign payrolls to indicate that she had reviewed them.
- District officials do not periodically review leave accrual records.

Key Recommendation

- Establish comprehensive payroll processing and leave time accrual policies and procedures that incorporate the duties to be completed and records to be maintained for processing payrolls and maintaining leave records.
- Segregate the bookkeeper's payroll duties so that this individual does not control all aspects of payroll transactions. If it is not feasible to adequately segregate the bookkeeper's duties, District officials should establish compensating controls to routinely monitor and review the bookkeeper's work.
- Compare payroll journals to payroll source documents when certifying payrolls and should sign and date the certifications to indicate that they have been approved before the District makes the corresponding payroll payments.
- Review leave time accrual records and balances to ensure accuracy.

A copy of the complete report can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There is currently a routine State Comptrollers audit of the District in progress which is expected to focus on the District's safety plan. No report has been released as of the date of this Official Statement.

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

The State Comptroller's Fiscal Stress Monitoring System

The 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:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2018	No Designation	0.0%
2017	No Designation	0.0%
2016	No Designation	6.7%
2015	No Designation	13.3%

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

Other Information

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

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Towns of:					
Argyle	$ 247,254,368	$ 246,429,123	$ 249,991,351	$ 255,603,146	$ 264,106,541
Fort Edward	17,237,689	17,228,217	17,390,439	18,286,958	18,167,010
Greenwich	2,757,058	2,726,917	2,681,531	2,706,378	2,734,992
Hartford	2,377,340	2,330,823	2,348,828	2,342,048	2,405,820
Hebron	2,426,152	2,288,628	2,290,584	2,275,037	2,235,334
Total Assessed Values	$ 272,052,607	$ 271,003,708	$ 274,702,733	$ 281,213,567	$ 289,649,697
State Equalization Rates					
Towns of:					
Argyle	100.00%	100.00%	100.00%	99.00%	100.00%
Fort Edward	89.00%	87.00%	87.00%	84.00%	80.00%
Greenwich	100.00%	100.00%	100.00%	100.00%	100.00%
Hartford	100.00%	100.00%	100.00%	100.00%	100.00%
Hebron	106.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	$ 274,045,779	$ 273,578,039	$ 277,301,304	$ 287,278,647	$ 294,191,450

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Towns of:					
Argyle	$ 16.51	$ 16.87	$ 16.58	$ 16.58	$ 16.41
Fort Edward	18.50	19.38	19.10	19.54	20.51
Greenwich	16.51	16.87	16.58	16.42	16.41
Hartford	16.51	16.87	16.58	16.42	16.41
Hebron	16.51	16.87	16.58	16.42	16.41

Tax Collection Procedure

School taxes are due September 1. If paid by September 30, no penalty is imposed. There is a 2% penalty if paid by the end of October. On November 1, a list of all unpaid taxes is given to the County for relevy on County/Town tax rolls. The School District is reimbursed by the County for all unpaid taxes the first week of April in each year and is thus assured of 100% collection of its annual levy.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Total Tax Levy	$ 4,496,000	$ 4,586,500	$ 4,605,500	$ 4,720,000	$ 4,830,000
Amount Uncollected (1)	385,794	378,045	344,785	355,807	384,117
% Uncollected	8.58%	8.24%	7.49%	7.54%	7.95%

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

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years and budgeted figures for the 2018-19 fiscal year and projected figures for the 2019-20 fiscal year comprised of Real Property Taxes and Tax Items.

Fiscal Year	Total Revenues	Total Real Property Taxes and Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2013-2014	$ 10,778,631	$ 4,396,419	40.79%
2014-2015	11,405,707	4,495,537	39.41%
2015-2016	11,825,670	4,588,171	38.80%
2016-2017	11,676,682	4,607,684	39.46%
2017-2018	11,989,458	4,720,001	39.37%
2018-2019 (Budgeted)	12,749,000	4,830,000	37.89%
2019-2020 (Projected)	13,364,486	4,766,000	35.66%

Source: 2014 through 2018 audited financial statements, 2018-19 adopted budget and 2019-20 projected figures of the District. This table is not audited.

Ten Largest Taxpayers - 2018 Assessment Roll for 2018-19 Tax Roll

Name	Type	Taxable Full Valuation
National Grid	Utility	$ 7,120,469
Washington Land Assoc., LLC	Senior Care Center	1,790,500
Steven Reid	Residence/Commercial/Agribusiness	1,426,638
W&P Roberts Family Holdings	Multi Residences & Vacant Land	1,030,273
Verizon	Utility	730,648
Adirondack Scenic Inc	Industrial	727,900
Gary Fullerton	Agribusiness	723,174
Jared Humiston	Residences/Commercial	668,923
Thomas Ellis	Agribusiness	648,688
Guy Henke	Cell Tower/Residence	607,100

The ten larger taxpayers listed above have a total estimated taxable valuation of $16,477,300, which represents 5.7% of the tax base of the District.

The District experiences the impact of tax certiorari filings on a regular basis. At this time, the level of tax certiorari filings are within acceptable norms and, if decided adversely to the District, are not anticipated to have a material adverse impact on the District's finances.

Source: District Tax Rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School Districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program. Chapter 60 of the Laws of 2016 has "converted" STAR to a personal income tax credit instead of a property tax exemption for all new homeowners who purchased their home after August 1, 2015.

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

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

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

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

Municipality	Enhanced Exemption	Basic Exemption	Date Certified
Argyle	$ 68,700	$ 30,000	4/7/2017
Fort Edward	54,960	24,000	4/7/2017
Greenwich	68,700	30,000	4/7/2017
Hartford	68,700	30,000	4/7/2017
Hebron	68,700	30,000	4/7/2017

$676,027 of the District's $4,720,000 school tax levy for the 2017-18 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2018.

$651,724 of the District's $4,830,000 school tax levy for the 2018-19 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2019.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

The estimated total annual property tax bill of a $100,000 market value residential property located in the District is approximately $2,899 including County, City or Town, School District and Fire District taxes.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

See "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.

Real Property Tax Rebate

Chapter 20 of the Laws of 2015 ("Chapter 20") introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") received $130, and eligible taxpayers who resided outside the MCTD received $185. Credits in 2017-2019 will vary based on a taxpayer's personal income level and STAR tax savings. Under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district's compliance with the provisions of the Tax Levy Limitation Law. For taxpayers other than those living in one of the "Big 4" cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law.

While the provisions of Chapter 20 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, Chapter 20 does provide an incentive for such tax levies to remain with the tax cap limits established by the Tax Levy Limitation Law.

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

Tax Cuts and Jobs Act of 2017

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (HR. 1, P.L. 115-97), making major changes to the Internal Revenue Code of 1986, as amended (the "Code"), most of which are effective in the 2018 tax year. The new Federal tax law makes extensive changes to Federal personal income taxes, including the deductibility of real property taxes, including real property taxes levied by the School District. The State's 2018-2019 Enacted Budget includes legislation decoupling certain linkages between Federal and local income tax, including increasing the opportunities for charitable contributions, and providing municipalities and school districts, including the School District, with the option to establish local charitable funds that would accept charitable contributions and provide taxpayers with a credit against their property taxes. On May 23, 2018, the U.S. Department of the Treasury and the Internal Revenue Service issued a notice today stating that proposed regulations will be issued addressing the deductibility of state and local tax payments for federal income tax purposes. The notice also informs taxpayers that federal law controls the characterization of the payments for federal income tax purposes regardless of the characterization of the payments under state law. The School District has no plans at this time to establish such a local charitable fund.

The State's income tax system interacts with the Federal system in numerous ways. The changes to the Federal tax code are expected to have significant flow-through effects on state tax burdens and revenues. The State's 2019-20 Enacted Budget included State tax reform intended to mitigate issues arising from the Federal law, including decoupling many State tax provisions from the Federal changes, the creation of an optional payroll tax program, and the establishment of a new State charitable giving vehicle. The State continues to evaluate other tax law changes in response to the TCJA. On July 18, 2018, the State, joined by Connecticut, Maryland and New Jersey, filed a lawsuit intended to protect New York taxpayers from the new Federal limit on the SALT deduction. The lawsuit argues that the new SALT limit was enacted to target New York and similarly situated states, that it interferes with the states' rights to make their own fiscal decisions, and that it will disproportionately harm taxpayers in these states.

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.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2014	2015	2016	2017	2018
Bonds	$ 855,000	$ 435,000	$ 0	$ 0	$ 0
Bond Anticipation Notes	0	0	0	0	6,372,529
Energy Performance Contract	0	0	0	1,257,602	1,222,626
Total Debt Outstanding	$ 855,000	$ 435,000	$ 0	$ 1,257,602	$ 7,595,155

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the School District evidenced by bonds and bond anticipation notes as of May 14, 2019.

Type of Indebtedness	Maturity		Amount
Bonds	--		$ 0
Bond Anticipation Notes			
Capital Project	June 6, 2019		6,372,529 (1)
		Total Indebtedness	$ 6,372,529

(1) To be renewed at maturity with proceeds of the Notes and $350,000 available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 14, 2019, taking into account the current issuance of the Notes and the repayment of the outstanding bond anticipation notes:

Full Valuation of Taxable Real Property			$ 294,191,450
Debt Limit 10% thereof			29,419,145
Inclusions:			
Bonds	$ 0		
Bond Anticipation Notes	0		
Principal of this Issue	6,022,529		
Total Inclusions		$ 6,022,529	
Exclusions:			
Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 6,022,529
Net Debt-Contracting Margin			$ 23,396,616
The percent of debt contracting power exhausted is			20.47%

[1] Based on 2019-2020 preliminary building aid estimates, the District anticipates State Building aid of 83.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Exclusion. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

Bonded Debt Service

The District does not currently have any long term general obligation debt outstanding at this time.

Cash Flow Borrowing

The School District, historically, does not issue tax anticipation notes or revenue anticipation notes. The District does not expect to issue revenue anticipation notes or tax anticipation notes in the current fiscal year.

Lease Purchase Obligations

During the 2016-17 fiscal year, the District entered into an energy performance contract and lease purchase agreement to finance the purchase of equipment over a 15-year period. The remaining principal balance as of May 14, 2019 was $1,169,858. The capital lease obligation is due in quarterly principal installments of $27,090 through June 30, 2032 at an interest rate of 3.153%. The District has the option of early redemption on any payment date.

Capital Project Plans

On August 2, 2016, the qualified voters of the District approved a proposition authorizing the issuance of serial general obligation bonds in an aggregate principal amount not to exceed $6,372,529, to finance (a) the reconstruction of the District school building and bus garage, at a maximum cost of $4,995,529, (b) the construction of outdoor recreational courts at a maximum cost of $303,750, and (c) the reconstruction of the old gymnasium at a maximum cost of $1,073,250. The current issuance of the Notes will renew, together with other available funds, $6,372,529 bond anticipation notes maturing June 6, 2019 issued pursuant to this authorization.

There are no other capital projects authorized and unissued by the District at this time.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of		Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:							
Washington	3/28/2019	(3)	$ 9,145,000	$ 275,000	$ 8,870,000	5.56%	$ 493,172
Town of:							
Argyle	12/31/2016	(4)	-	-	-	95.93%	-
Fort Edward	12/31/2016	(4)	267,972	267,972	-	5.32%	-
Greenwich	12/31/2016	(4)	91,760	-	91,760	0.71%	651
Hartford	12/31/2016	(4)	-	-	-	1.76%	-
Hebron	12/31/2016	(4)	-	-	-	1.30%	-
Village of:							
Argyle	5/31/2017	(4)	-	-	-	100.00%	-
						Total:	$ 493,823

Notes:
(1) Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.
(2) Water and sewer debt and / or appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Sources of information:
(3) Most recent available official statement or annual disclosure filing of the municipality obtained from the Electronic Municipal Market Access Website.
(4) Most recent available State Comptroller's Special Report for the respective fiscal year.

Debt Ratios

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

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 6,022,529	$ 1,591.16	2.05%
Net Indebtedness Plus Net Overlapping Indebtedness [d]............	6,516,352	1,721.63	2.22%

(a) The 2017 estimated population of the District is 3,785. (See "THE SCHOOL DISTRICT - Population" herein.)
(b) The District's full value of taxable real estate for 2018-19 is $294,191,450. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" herein.
(d) Estimated net overlapping indebtedness is $493,823. (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.

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 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 Notice of Material Events Certificate which will be executed in connection with the sale of the Notes, a description of which is attached hereto as "APPENDIX – B, MATERIAL EVENT NOTICES".

Historical Continuing Disclosure Compliance

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

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent 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.

RATINGS

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale upon approval by the District and at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX-B, MATERIAL EVENT NOTICES" herein.)

The School District does not have any outstanding long term general obligation debt rated by S&P Global Ratings, Moody's Investors Service, or any other rating agency at this time.

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, this Official Statement.

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

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

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

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

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

The District's contact information is as follows: Ms. Rachel Schwendinger, Business Manager, 5023 State Route 40, Argyle, New York 12809, telephone (518) 638-8243, fax (518) 638-6373, email: schwendinger_r@argylecsd.org

The District's Bond Counsel information is as follows: M. Cornelia Cahill, Esq., Barclay Damon LLP, 80 State Street Albany, New York 12207, Phone: (518) 429-4296, Fax: (518) 533-2926, Email: mcahill@barclaydamon.com.

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

ARGYLE CENTRAL SCHOOL DISTRICT

Dated: May 14, 2019

PAMELA ELLIS
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
ASSETS					
Unrestricted Cash	$ 1,752,152	$ 1,746,996	$ 2,410,356	$ 2,656,500	$ 3,122,032
Restricted Cash	477,689	478,252	505,851	516,476	577,741
Due from Other Funds	283,650	338,227	345,453	657,361	429,659
Due from Fiduciary Funds	-	-	-	-	-
Due from Other Governments	-	86,379	-	-	-
State and Federal Aid Receivable	384,402	448,886	442,489	420,538	424,987
Prepaid Expenses	-	5,200	-	-	-
Other Receivables	79,844	56,190	59,098	-	-
TOTAL ASSETS	$ 2,977,737	$ 3,160,130	$ 3,763,247	$ 4,250,875	$ 4,554,419
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 197,184	$ 171,696	$ 151,930	$ 20,230	$ 82,772
Accrued Liabilities	-	-	-	13,533	15,655
Due to Other Funds	-	-	90,520	-	-
Due to Teachers' Retirement System	604,785	662,909	516,001	492,636	465,782
Due to Employees' Retirement System	97,032	92,240	86,037	92,010	77,782
Deferred Revenues	-	-	-	-	-
TOTAL LIABILITIES	899,001	926,845	844,488	618,409	641,991
FUND EQUITY					
Nonspendable	$ 32,236	$ 18,293	$ 20,506	$ 20,036	$ 16,814
Restricted	983,252	980,851	980,851	537,899	934,602
Appropriated	587,495	386,763	422,973	500,124	822,589
Unappropriated	475,753	847,378	1,494,429	2,574,407	2,128,423
TOTAL FUND EQUITY	2,078,736	2,233,285	2,918,759	3,632,466	3,902,428
TOTAL LIABILITIES and FUND EQUITY	$ 2,977,737	$ 3,160,130	$ 3,763,247	$ 4,250,875	$ 4,544,419

Source: Audited financial reports of the School District. The appendix itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
REVENUES					
Real Property Taxes	$ 4,396,419	$ 4,495,537	$ 4,588,171	$ 4,607,684	$ 4,720,001
Other Tax Items	-	-	-	-	-
Nonproperty Tax Items	11,747	12,154	11,864	11,969	12,951
Charges for Services	21,680	110,068	81,320	13,491	124,071
Use of Money & Property	7,468	5,006	5,405	10,362	28,197
Sale of Property and Compensation for Loss	4,178	272	12,631	1,189	16,533
Miscellaneous	120,823	192,400	111,883	275,173	251,080
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	6,190,602	6,548,740	6,933,272	6,727,440	6,803,676
Revenues from Federal Sources	25,714	41,530	81,124	29,374	32,949
Total Revenues	$ 10,778,631	$ 11,405,707	$ 11,825,670	$ 11,676,682	$ 11,989,458
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	10,778,631	11,405,707	11,825,670	11,676,682	11,989,458
EXPENDITURES					
General Support	$ 1,145,600	$ 1,139,456	$ 1,167,537	$ 1,243,784	$ 1,204,046
Instruction	5,672,137	5,795,940	5,827,359	6,006,388	6,403,888
Pupil Transportation	548,178	690,806	540,338	584,188	726,404
Community Services	-	-	-	-	-
Employee Benefits	3,038,149	3,131,688	3,018,579	2,993,091	3,136,456
Debt Service	445,850	449,850	448,050	-	108,360
Total Expenditures	$ 10,849,914	$ 11,207,740	$ 11,001,863	$ 10,827,451	$ 11,579,154
Other Uses:					
Interfund Transfers	40,415	43,417	138,333	135,524	140,342
Total Expenditures and Other Uses	10,890,329	11,251,157	11,140,196	10,962,975	11,719,496
Excess (Deficit) Revenues Over Expenditures	(111,698)	154,550	685,474	713,707	269,962
FUND BALANCE					
Fund Balance - Beginning of Year	2,190,434	2,078,735	2,233,285	2,918,759	3,632,466
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 2,078,736	$ 2,233,285	$ 2,918,759	$ 3,632,466	$ 3,902,428

Source: Audited financial reports of the School District. The appendix itself is not audited.

GENERAL FUND

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

Fiscal Years Ending June 30:	2018			2019	2020
	Adopted Budget	Final Budget	Actual	Adopted Budget	Proposed Budget
REVENUES					
Real Property Taxes	$ 4,720,000	$ 4,720,000	$ 4,720,001	$ 4,830,000	$ 4,766,000
Other Tax Items	10,000	10,000	-	10,000	10,000
Nonproperty Tax Items	-	-	12,951	-	-
Charges for Services	5,000	5,000	124,071	5,000	5,250
Use of Money & Property	5,000	5,000	28,197	6,000	8,000
Sale of Property and Compensation for Loss	-	-	16,533	-	-
Miscellaneous	60,000	61,200	251,080	60,000	61,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	6,825,000	6,825,000	6,803,676	7,110,000	7,769,236
Revenues from Federal Sources	20,000	20,000	32,949	20,000	20,000
Total Revenues	$ 11,645,000	$ 11,646,200	$ 11,989,458	$ 12,041,000	$ 12,639,486
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	11,645,000	11,646,200	11,989,458	12,041,000	12,639,486
EXPENDITURES					
General Support	$ 1,335,525	$ 1,354,933	$ 1,204,046	$ 1,345,875	$ 1,418,364
Instruction	6,508,350	6,599,924	6,403,888	6,577,500	6,969,837
Pupil Transportation	756,450	782,292	726,404	812,450	784,105
Community Services	-	-	-	-	-
Employee Benefits	3,211,675	3,155,675	3,136,456	3,304,775	3,429,780
Debt Service	108,500	108,500	108,360	213,400	600,400
Total Expenditures	$ 11,920,500	$ 12,001,324	$ 11,579,154	$ 12,254,000	$ 13,202,486
Other Uses:					
Interfund Transfers	145,000	145,000	140,342	495,000	162,000
Total Expenditures and Other Uses	12,065,500	12,146,324	11,719,496	12,749,000	13,364,486
Excess (Deficit) Revenues Over Expenditures	(420,500)	(500,124)	269,962	(708,000)	(725,000)
FUND BALANCE					
Fund Balance - Beginning of Year	420,500	500,124	3,632,466	708,000	725,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 3,902,428	$ -	$ -

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

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

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

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

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

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

(h) note calls, if material and tender offers

(i) defeasances

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

(k) rating changes

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

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

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

(o) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect 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 District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

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

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

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

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

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

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

ARGYLE CENTRAL SCHOOL DISTRICT
WASHINGTON, NEW YORK

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2018

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

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

ARGYLE CENTRAL SCHOOL

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2018

Argyle Central School
June 30, 2018
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INDEPENDENT AUDITOR'S REPORT

The Board of Education
Argyle Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund. And the aggregated remaining fund information of Argyle Central School (the "District") as of and for the year ended June 30, 2018, 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.

Auditor's Responsibility

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

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

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

Opinions

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

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 and schedules of funding progress – other post-employment benefits, contributions, schedule of proportionate share of the net pension liability (asset), and schedule of contributions – pension plans to 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 supplemental information described in the table of contents as required by New York State Education Department, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information included has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express any opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In Accordance with *Government Auditing Standards,* we have also issued our report dated September 26, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting of on compliance. The 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.

September 26, 2018

Jenkins, Beecher, & Bethel, LLP

The following is a discussion and analysis of Argyle Central School District's financial performance for the fiscal year ended June 30, 2018. This section is a summary of the 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 District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District continues to work on three separate capital projects as displayed on page number 56.
- The District's general fund revenues increased by $312,776, as compared to the 2016-2017 school year primarily as a result of increased state sources and real property taxes.
- The District's general fund expenditures increased by $756,521 as compared to the 2016-2017 school year as a result of the increase of employee benefits, transportation and instruction.
- The District's enrollment decreased by 16 students during the current school year. The 2017-2018 enrollment was 512 compared to 528 during the 2016-2017 school year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.

- 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 inf*ormation about the financial relationships in which the District acts solely as a trustee or* agent for the benefit of others.

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

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

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 special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

The two district-wide statements report the District's *net assets* and how they have changed. Net assets (the difference between the School District's assets and liabilities) is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.

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

The District has two kinds of funds:

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table 2 shows a two-year analysis of the District's net position.

Table 2 Condensed Statement of Net Position

	Governmental Activities And Total School District		Percentage Change
	2017	2018	2017-2018
Current and Other Assets	$ 7,440,697	$ 13,695,950	84.07%
Capital Assets	9,559,613	9,711,276	1.59%
Total Assets	17,000,310	23,407,226	37.69%
Long-Term Debt Outstanding	9,021,332	26,505,153	193.81%
Other Liabilities	618,545	8,401,307	1258.24%
Total Liabilities	9,639,877	34,906,460	262.10%
Net Position			
Invested in Capital Assets, Net of Related Debt	8,302,011	8,488,650	2.25%
Restricted	537,899	934,602	72.85%
Unrestricted	(1,479,477)	(20,922,486)	-1313.86%
Total Net Position	$ 7,360,433	$ (11,499,234)	-256.23

Note: Totals may not add due to rounding.

Changes in Net Position

The District's fiscal year 2018 Revenues totaled $12.7 million. Property taxes and state formula aid accounted for most of the District's revenue by contributing 37.2% and 53.6% respectively, of every dollar earned. The remainder came from fees charged for services, operation grants and other miscellaneous sources. These revenues are shown in table 3.

The total cost of all programs and services totaled $15.2 million for fiscal year 2018. These expenses (59.75%) are predominately support to general instruction, caring for (pupil services) and transporting students. These expenses are shown in table 3.

Table 3 shows a two-year analysis of the districts revenues and expenditures for the 2017 and 2018 school years.

Table 3 **Changes in Net Position from Operating Results**

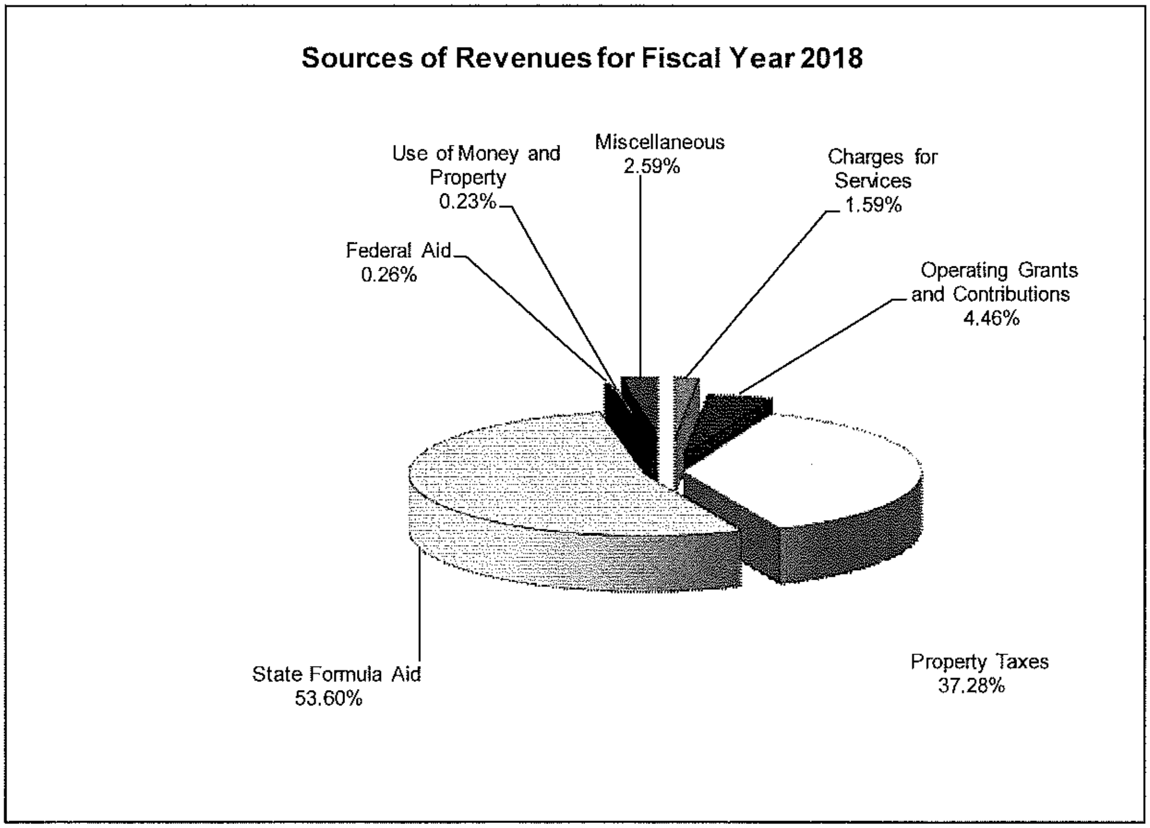
	Governmental and Total School District		Percentage Change
Revenues	2017	2018	2017-2018
Program Revenue			
Charges for Services	$ 95,903	$ 201,498	110.11%
Operating Grants and Contributions	536,567	565,807	5.45%
General Revenues			
Property Taxes	4,619,653	4,732,952	2.45%
State Formula Aid	6,727,440	6,803,676	1.13%
Federal Aid	29,374	32,949	12.17%
Use of Money and Property	10,455	28,739	174.88%
Miscellaneous	276,635	328,789	18.85%
Total Revenues	$ 12,296,027	$ 12,694,410	3.24%

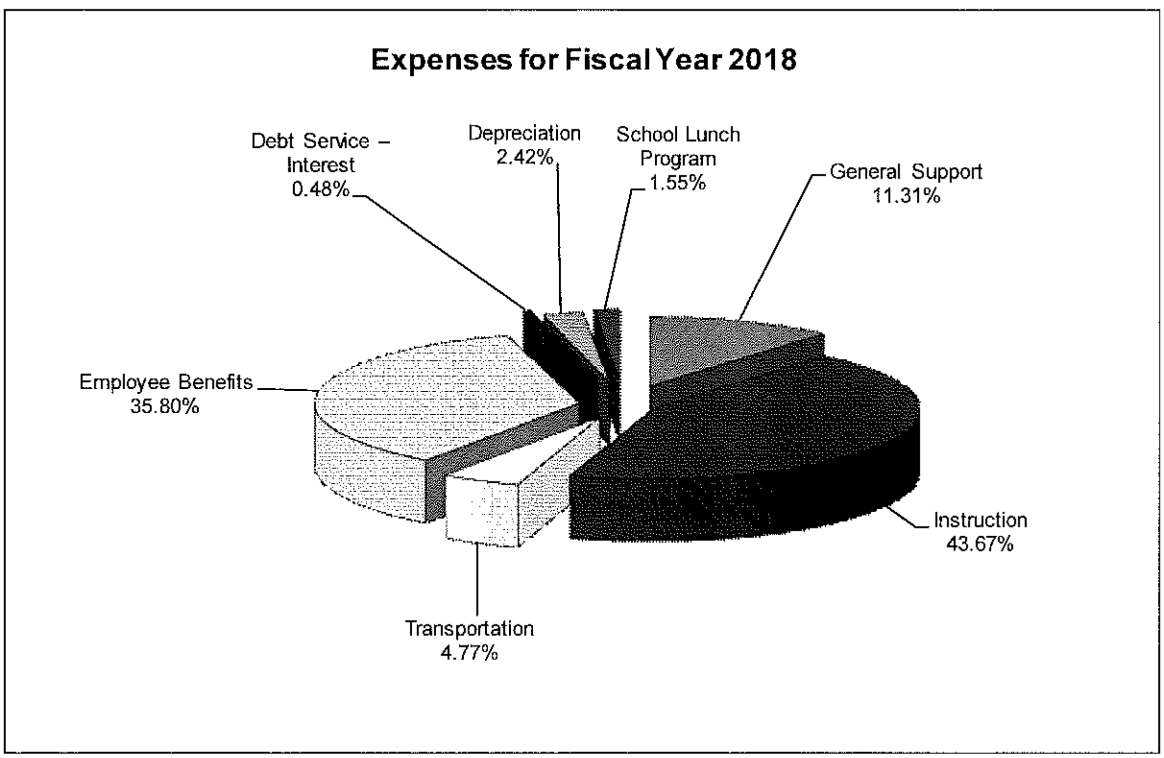
Table 3 (continued) Changes in Net Position from Operating Results

	Governmental and Total School District		Percentage Change
	2017	2018	2017-2018
Expenses			
General Support	$ 1,988,596	$ 1,721,321	-13.44%
Instruction	6,282,653	6,647,936	5.81%
Transportation	584,188	726,404	24.34%
Employee Benefits	3,732,369	5,450,046	46.02%
Debt Service – Interest	0	73,384	100%
Depreciation	399,434	367,738	-7.94%
School Lunch Program	233,830	235,869	0.87%
Other	0	0	0%
Total Expense	13,221,070	15,222,698	15.14%
Increase in Net Assets	$ (925,043)	$ (2,528,288)	-173.32%

Note: Totals may not add due to rounding.

Chart 1 and Chart 2 visually depict the revenues and expenses for the 2017-2018 year.





Governmental Activities

The table below presents the cost of seven major districts areas. The table also shows each activities net cost, (total cost less fees generated by the activity and grants received for specific programs). The total net cost shows the financial burden placed on the district.

Table 4 **Net Cost of Governmental Activities**

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2017	2018	2017-2018	2017	2018	2017-2018
General Support	$ 1,988,596	$ 1,721,321	-13.44%	$ 1,988,596	$ 1,721,321	-13.44%
Instruction	6,282,653	6,647,936	5.81%	5,859,171	6,094,682	4.02%
Pupil Transportation	584,188	726,404	24.34%	584,188	726,404	24.34%
Employee Benefits	3,732,369	5,450,046	46.02%	3,732,369	5,450,046	46.02%
Debt Service – Interest	0	73,384	100%	0	73,384	100%
Depreciation	399,434	367,738	-7.94%	399,434	367,738	-7.94%
School Lunch Program	233,830	235,869	0.87%	24,842	21,818	-12.17%
Other	0	0	0	0	0	0%
Total	$ 13,221,070	$ 15,222,698	15.14%	$ 12,588,600	$ 14,455,393	14.83%

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for 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. Based on this 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 current payments for debt.

No other significant variances are reflected in the governmental fund financial statements for 2018.

The District maintains reserve funds for retirement, unemployment, and post employment benefits, these reserves total $934,602, as of June 30, 2018.

<u>General Fund</u> – The general fund, fund balance increased by $269,962 as shown in statement #5.

<u>School Lunch Fund</u> – The special revenue funds, fund balance increased by $3,222 as shown in statement #5.

Debt Service Fund – The debt service funds, fund balance increased by $61,176 as shown on statement #5.

Capital Projects Fund – The capital projects fund balance decreased by $768,979 as shown in statement #5.

General Fund Budgetary Highlights

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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 is a schedule of budget modifications that occurred during the year.

Original adopted budget	$	12,065,500
June 30, 2017 carryover encumbrances		79,624
Budget Revisions		1,200
Revised budget	$	12,146,324
Actual 2018 expenditures (see SS#2)		11,719,496
Total expenditures under budget	$	426,828

CAPITAL ASSET AND DEBT ADMINISTRATION

By the end of fiscal year 2018, the district had invested $9,711,276 net of accumulated depreciation, in a broad range of capital assets. At the time these statements were prepared.

Table 5 **Capital Assets (Net of Depreciation)**

	Governmental Activities and Total School District				Percentage Change
		2017		2018	2017-2018
Land	$	75,412	$	75,412	0%
Buildings		9,026,613		9,161,580	1.50%
Land Improvements		16,863		11,539	-31.57%
Equipment and Furniture		440,725		462,745	5.00%
Total	$	9,559,613	$	9,711,276	1.59%

Long-Term Debt

As of June 30, 2018, the District had outstanding long-term liabilities of $26,505,153. The various obligations are listed below in Table 6.

Table 6 **Outstanding Long-Term Debt**

	Total School District 2017	Total School District 2018	Percentage Change 2017-2018
General Obligation Bonds	$ 1,257,602	$ 1,222,626	-2.78%
Compensated Absences	577,741	590,911	-2.28%
Post-employment Benefits	6,150,261	24,691,616	301.47%
Total	$ 7,985,604	$ 26,505,153	231.19%

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited the District was not aware of any circumstances that could significantly affect its financial health in the future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Argyle Central School
Business Office
Wendy Morris, Business Manager
5023 State Route 40
Argyle, New York 12809
(518) 638-8243 ext. 308

FINANCIAL STATEMENTS

Statement #1

Argyle Central School
Statement of Net Position
Governmental Activities
June 30, 2018

ASSETS	
Cash	
Unrestricted	$ 9,257,942
Restricted	577,741
Investments	
Unrestricted	
Restricted	
Receivables	
Taxes	
State and Federal aid	611,082
Due from other governments	0
Due from fiduciary funds	2,613
Other	0
Inventories	3,881
Prepaid expenditures	0
Net Pension Asset, Proportionate Share	185,570
Capital assets, net	9,711,276
Total Assets	20,350,105
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	3,057,121
Total Deferred Outflows of Resources	3,057,121
Total Assets & Deferred Outflows of Resources	$ 23,407,226
LIABILITIES	
Payables	
Accounts payable	$ 82,772
Accrued liabilities	15,655
Due to other governments	109
Due to fiduciary funds	
Due to teachers' retirement	465,782
Due to employees' retirement	77,782
Notes payable	
Tax anticipation	
Revenue anticipation	
Bond anticipation	6,372,529
Unearned credits	
Overpayments and collections in advance	
Unearned revenues - planned balance	
Unearned revenues - other	0
Long-term liabilities	
Due and payable within one year	
Bonds payable	70,635
BANs refinanced on a long-term basis	
Installment purchase debt payable	
Due to teachers' retirement	
Due to employees' retirement	
Compensated absences	
Other Postemployment benefits payable	
Due and payable after one year	
Bonds payable	1,151,991
Installment purchase debt payable	
Due to teachers' retirement	
Due to employees' retirement	
Compensated absences	590,911
Other Postemployment benefits payable	24,691,616
Net Pension Liability, Proportionate Share	203,608
Total Liabilities	$ 33,723,390
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	0
Pensions	1,183,070
Total Deferred Inflows of Resources	1,183,070
NET POSITION	
Investment in capital assets, net of related debt	8,488,650
Restricted for:	
Reserves, see page 32	934,602
Unreserved	(20,922,486)
Total Net Position	$ (11,499,234)

See notes to financial statements.

Argyle Central School
Statement of Activities
and Changes in Net Position
For the Year Ended June 30, 2018

	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	$ 1,721,321	$	$	$	$ 1,721,321
Instruction	6,647,936		124,071	429,183	6,094,682
Pupil transportation	726,404				726,404
Community service					
Employee benefits	5,450,046				5,450,046
Debt service	73,384				73,384
Other expenses					
Depreciation - Unallocated		367,738			367,738
School lunch program	235,869		77,427	136,624	21,818
Total Functions and Programs	$ 14,854,960	$ 367,738	$ 201,498	$ 565,807	$ 14,455,393
GENERAL REVENUES					
Real property taxes					4,720,001
Other tax items					12,951
Nonproperty taxes					
Use of money and property					28,739
Sale of property and compensation for loss					16,533
Miscellaneous					312,256
Interfund revenue					
State sources					6,803,676
Federal sources					32,949
Medicaid reimbursement					
Total General Revenues					11,927,105
Change in Net Position					(2,528,288)
Total Net Position - Beginning of year, As Previously Reported					7,360,433
Cumulative Change In Accounting Principle (note 27)					(16,331,379)
Total Net Position - Beginning of year, As Restated					(8,970,946)
Total Net Position - End of year					$ (11,499,234)

See notes to financial statements.

Argyle Central School
Balance Sheet - Governmental Funds
June 30, 2018

	General	Special Aid	School Lunch	Debt Service	Capital Project	Non-Major	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	$ 3,112,032	$ 72,236	$ 19,562	$	$ 6,054,112	$	$ 9,257,942
Restricted	577,741						577,741
Investments							
Unrestricted							
Restricted							
Receivables							
Taxes							
Due from other funds	429,659			61,176	0		490,835
Due from fiduciary funds							
State and Federal aid	424,987	178,976	7,119				611,082
Due from other governments							0
Other							0
Inventories			3,881				3,881
Deferred expenditures							0
Capital assets, net							0
Total Assets	$ 4,544,419	$ 251,212	$ 30,562	$ 61,176	$ 6,054,112	$	$ 10,941,481
LIABILITIES							
Payables							
Accounts payable	$ 82,772	$ 0	$ 0	$	$ 0	$	$ 82,772
Accrued liabilities	15,655						15,655
Due to other funds	0	251,212	47,267		189,743		488,222
Due to fiduciary funds							
Due to other governments			109				109
Retainage payable							
Due to Teachers' Retirement System	465,782						465,782
Due to Employees' Retirement System	77,782						77,782
Judgements & claims payable							
Bond interest and matured bonds							0
Notes payable							
Tax anticipation							
Revenue anticipation							
Bond anticipation					6,372,529		6,372,529
Unearned credits							
Overpayments and collections in advance							0
Unearned revenues							0
Planned balance							
Long-term liabilities							
Due to Teachers' Retirement System							
Due to Employees' Retirement System							
Compensated absences payable							
Other postemployment benefits payable							
Judgements & claims payable							
Other liabilities							
Total Liabilities	641,991	251,212	47,376		6,562,272		7,502,851
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue		0					0
Sale of future revenues							
Total Deferred Inflows of Resources					0		0
FUND BALANCES							
							0
Nonspendable	16,814		3,881				20,695
Restricted	934,602						934,602
Committed	0						0
Assigned	822,589						822,589
Unassigned	2,128,423		(20,695)	61,176	(508,160)		1,660,744
Total Fund Balances	3,902,428		(16,814)	61,176	(508,160)		3,438,630
Total Liabilities and Fund Balances	$ 4,544,419	$ 251,212	$ 30,562	$ 61,176	$ 6,054,112	$	$ 10,941,481

See notes to financial statements.

Statement #4

Argyle Central School
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash	$ 9,835,683			$ 9,835,683
Accounts receivable	0			0
Due from other funds	490,835		(490,835)	0
Due from other governments	0			0
Due from fiduciary funds			2,613	2,613
Taxes receivable (city school districts)				
State & federal aid receivable	611,082			611,082
Inventories	3,881			3,881
Deferred Expenditures	0			0
Net Pension Asset, Proportionate Share		185,570		185,570
Mortgages receivable				
Land, buildings and equipment (net)		9,711,276		9,711,276
Total Assets	10,941,481	9,896,846	(488,222)	20,350,105
DEFERRED OUTFLOWS OF RESOURCES				
Pensions		3,057,121		3,057,121
Total Deferred Outflows of Resources		3,057,121		3,057,121
Total Assets & Deferred Outflows of Resources	$ 10,941,481	$ 12,953,967	$ (488,222)	$ 23,407,226
LIABILITIES				
Accounts payable	$ 82,772			$ 82,772
Accrued liabilities	15,655			15,655
Bonds payable		1,222,626		1,222,626
Bond anticipation notes payable	6,372,529			6,372,529
Revenue anticipation notes payable				
Bond interest and matured bonds				
Due to other funds	488,222		(488,222)	
Due to other governments	109			109
Due to fiduciary funds				0
Retainage payable				
Due to teachers' retirement system	465,782			465,782
Due to employees' retirement system	77,782			77,782
Compensated absences		590,911		590,911
Postemployment benefits		24,691,616		24,691,616
Overpayments and collections in advance				0
Net Pension Liability, Proportionate Share		203,608		203,608
Deferred revenues				
Total Liabilities	$ 7,502,851	$ 26,708,761	$ (488,222)	$ 33,723,390
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	0			0
Pensions		1,183,070		1,183,070
Total Deferred Inflows of Resources	0	1,183,070		1,183,070
FUND BALANCE\NET POSITION				
Total Fund Balance\Net Position	3,438,630	(14,937,864)	(0)	(11,499,234)
Total Liabilities and Fund Balance/Net Position	$ 10,941,481	$ 12,953,967	$ (488,222)	$ 23,407,226

See notes to financial statements.

Argyle Central School
Statement of Revenues, Expenditures
and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2018

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 4,720,001					$ 4,720,001
Other tax items						
Nonproperty taxes	12,951					12,951
Charges for services	124,071					124,071
Use of money and property	28,197		40		502	28,739
Sale of property and compensation for loss	16,533					16,533
Miscellaneous	251,080		0			251,080
Interfund revenue						
State sources	6,803,676	146,538	4,329			6,954,543
Medicaid reimbursement						
Federal sources	32,949	282,645	118,458			434,052
Surplus Food			13,837			13,837
Sales - school lunch			77,427			77,427
Total Revenues	$ 11,989,458	$ 429,183	$ 214,091	$	$ 502	$ 12,633,234
EXPENDITURES						
General support	$ 1,204,046	$ 197,196	$ 142,691	$	$	$ 1,543,933
Instruction	6,403,888	244,048				6,647,936
Pupil transportation	726,404					726,404
Community service						
Employee benefits	3,136,456	3,281				3,139,737
Debt service						
Principal	34,976					34,976
Interest	73,384					73,384
Cost of sales			87,303			87,303
Other expenditures			5,875			5,875
Capital outlay					839,481	839,481
Total Expenditures	$ 11,579,154	$ 444,525	$ 235,869	$	$ 839,481	$ 13,099,029
Excess (Deficiency) of Revenues Over Expenditures	$ 410,304	$ (15,342)	$ (21,778)	$	$ (838,979)	$ (465,795)
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	$	$	$	$	$ 0	$
Operating transfers in		15,342	25,000		100,000	140,342
Operating transfers (out)	(140,342)					(140,342)
BANs redeemed from appropriations						
Premium on obligations issued				61,176		61,176
Retirement System Credit						
Total Other Sources (Uses)	(140,342)	15,342	25,000	61,176	100,000	61,176
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	269,962		3,222	61,176	(738,979)	(404,619)
Fund Balances - Beginning of year	3,632,466	0	(20,036)	0	230,819	3,843,249
Fund Balances - End of year	$ 3,902,428	$ 0	$ (16,814)	$ 61,176	$ (508,160)	$ 3,438,630

See notes in financial statements.

Argyle Central School
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2018

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	$ 4,720,001	$	$	$	$ 4,720,001
Other tax items	12,951				12,951
Charges for services	124,071				124,071
Use of money and property	28,739				28,739
Sale of property and compensation for loss	16,533				16,533
Miscellaneous	251,080				251,080
Interfund revenue					
State sources	6,954,543				6,954,543
Medicaid reimbursement					
Federal sources	434,052				434,052
Surplus food	13,837				13,837
Sales - school lunch	77,427				77,427
	$ 12,633,234	$	$	$	$ 12,633,234
EXPENDITURES\EXPENSES					
General support	$ 1,543,933	$	$ 320,079	$	$ 1,864,012
Instruction	6,647,936				6,647,936
Pupil transportation	726,404				726,404
Community service					
Employee benefits	3,139,737			2,310,309	5,450,046
Debt service	108,360			(34,976)	73,384
Cost of sales	87,303				87,303
Other expenditures	5,875				5,875
Depreciation unallocated			367,738		367,738
Capital outlay	839,481		(839,481)		
	$ 13,099,029	$	$ (151,664)	$ 2,275,333	$ 15,222,698
Excess (Deficiency) of Revenues over Expenditures	$ (465,795)	$	$ 151,664	$ (2,275,333)	$ (2,589,464)
OTHER SOURCES AND USES					
Proceeds from debt					0
Operating transfers in	140,342			(140,342)	0
Operating transfers (out)	(140,342)			140,342	0
BANs redeemed from appropriaitons	61,176				61,176
Retirement system credits					
Total other sources and uses	$ 61,176	$	$	$	$ 61,176
Net Change for the Year	$ (404,619)	$	$ 151,664	$ (2,275,333)	$ (2,528,288)

See notes to financial statements.

Statement #7

Argyle Central School
Statement of Fiduciary Net position
June 30, 2018

	Private Purpose Trusts	Agency
ASSETS		
Cash	$ 0	$ 259,641
Accounts receivable		
Total Assets	$	$ 259,641
LIABILITIES		
Due to governmental funds	$	$ 2,613
Due to other funds		
Extraclassroom activity balances		57,164
Other liabilities		198,188
Total Liabilities		$ 257,964
NET ASSETS		
Reserved for scholarships	$	

Argyle Central School
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	$
Investment earnings	
Total Additions	
DEDUCTIONS	
Scholarships and awards	
Change in valuation	
Total Deductions	0
Change in Net Assets	0
Net Assets - Beginning of year	
Net Assets - End of Year	$

See notes to financial statements.

Note 1 – Summary of certain significant accounting policies:

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

Certain significant accounting principles and policies utilized by the District are described below:

A) Reporting entity:

The Argyle Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 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 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

i) 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 in the District's business office. The district accounts for assets held as an agent for various student organizations in an agency fund.

ii) Public Library
The public Library jointly shares the services of the District treasurer, appoints trustees for library purposes, and has title to real property used by the Library.

B) Joint venture:

The District is a component district in Washington Saratoga Warren Hamilton Essex 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.

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 $1,688,907 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued $0 of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCS debt of $0.

The District's share of BOCES aid amounted to $593,791.

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

C) Basis of presentation:

i) District-wide statements:

The Statement of Net Assets and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific 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 direct expenses and program 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 payroll expended in those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Fund financial statements:

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

The District reports the following major governmental funds:

<u>General Fund</u>: 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.

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

- <u>Special Aid Fund</u>: Used to account for proceeds received from the State and Federal grants that are restricted for specific educational programs.
- <u>School Lunch:</u> Used to account for child nutrition activities whose funds are restricted as to use.
- <u>Miscellaneous Special Revenue:</u> Used to account for and report those revenues that are restricted and committed to expenditures for specified purposes.
- <u>Public Library Fund:</u> Used to account for and report transactions of a library established and supported in whole or in part by real property taxes.

<u>Capital Projects Funds</u>: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

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

The District reports the following fiduciary funds:

Fiduciary Funds

Fiduciary Fund: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

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

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extra-classroom 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 the transactions or events for recognition in the financial statements.

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

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

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2017, and become a lien on September 1, 2017. Taxes are collected during the period September 1 to October 31, 2017.

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

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net assets 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 Assets 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 12 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates:

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

New York State law governs the District's investments 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) Receivable (or Accounts receivable):

Receivables (accounts receivable) are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that 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 venders 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 recorded as assets on the statement of net assets or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

L) Other assets/restricted assets:

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

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statement 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 for acquisitions subsequent to July 01, 2004. For assets acquired prior to July 01, 2004, estimated historical costs, based on appraisals performed by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

		Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$	5,000	S/L	50
Building Improvements		5,000	S/L	50
Site Improvements		5,000	S/L	20
Furniture and equipment		5,000	S/L	5-10
Infrastructure		5,000	S/L	20

Certain infrastructure capital assets are accounted for using the modified approach permitted for eligible assets under GASB 34. The modified approach requires that an asset management system be established which assures that an expenditure amount sufficient to preserve the assets in good condition for proper and efficient functioning is budgeted each year in lieu of depreciation. Accordingly, all expenditures made for those assets, other than additions and improvements that increase capacity or efficiency, are charged to expense in the period incurred instead of calculating depreciation. The school district is required to conduct a condition assessment of these assets at least once every three years.

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. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. 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 item 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.

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 three 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-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

O) Unearned Revenues:

The district reports unearned revenues on its statement of net position and its balance sheet. On the state 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 revenues is removed and the 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 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 funds statements only the amount 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 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 District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure.

R) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The 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 an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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

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 and compensated absences that ill 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) Net Position/Fund Balance:

Net Position Flow Assumption:
Sometimes the District will fund outlays for particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption:
Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned , and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Board has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at the maximum allowed by law. This amount is intended to provide financial stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for action to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against non-spendable 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, non-spendable 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 determine next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

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

Net Investment in capital assets, consists of net assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

Fund Statements:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of $3,881.

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 School District has established the following restricted fund balances:

Capital Reserve

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

Repair Reserve

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 of its members. Voter approval is required to fund the 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.

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

Unemployment Insurance Reserve

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 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.

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 the District property or capital improvement.

Insurance Reserve

According to General Municipal Law §6-n, must be used to pay liability, casualty and other type of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by the Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that accumulated in the

Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval.

Liability Claims and Property Loss

According to Education Law §1709(8) (c)) must be used to pay for property loss and liability claims incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000.

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 the 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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to serve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

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.

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 funds must be provided to the Board.

Restricted Fund Balance includes the following:

General Fund	$	0
Capital		0
Debt Service		0
Employee Benefit Accrued Liability		610,625
Insurance		0
Liability Claims and Propety Loss		0
Repairs		0
Retirement Contributions		313,977
Tax Certiorari		0
Uncollected Taxes in a City School District		0
Unemployment Insurance		10,000
Worker's Compensation		0
Capital Fund*		0
Debt Service Fund*		0
Special Aid Fund*		0
School Lunch Fund*		0
total restricted funds	$	934,602

*includes remaining fund balance in these funds not otherwise classified as nonspendable, committed or assigned

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2018.

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to $114,589. The district also designated funds to the subsequent year in the amount of $708,000.

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. In accordance with state guidelines, unassigned fund balance in the general fund includes the following reserve:

<u>Reserve for Tax Reduction</u>

Reserve for Tax Reduction (Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the general fund.

Unassigned Fund Balance:

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. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

U) New Accounting Standards

The District has adopted and implemented the following (all) current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2018:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*	Effective for the year ending June 30, 2018
GASB has issued statement No. 81, Split Interest Agreements	Effective for the year ending June 30, 2018
GASB has issued statement No. 85, Omnibus	Effective for the year ending June 30, 2018
GASB has issued statement No. 86, Certain Debt Extinguishment Issues	Effective for the year ending June 30, 2018

V) Future Changes in Accounting Standards

GASB has issued statement No. 83, Certain Asset Retirement Obligations	Effective for the year ending June 30, 2019
GASB has issued statement No. 84, Fiduciary Activities	Effective for the year ending June 30, 2019
GASB has issued statement No. 87, Leases	Effective for the year ending June 30, 2021
GASB has issued statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements	Effective for the year ending June 30, 2019
GASB has issued statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period	Effective for the year ending June 30, 2021

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

Note 2 – Explanation of certain differences between governmental fund statements and District-wide statements:

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

i) Long-term revenue differences:

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

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 Assets.

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 difference:

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.

Note 3 – Changes in accounting principles:

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment benefits Other Than Pensions*. The implementation of the statement requites District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See note 27 for the financial statement impact of the implementation of the statement.

Note 4 – 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), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the 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. No supplemental appropriations occurred during the year.

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

Budgets are established and used for individual capital project funds expenditures as approved by a specific 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

Encumbrances 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 –ends are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The district plans to address this by continuing to appropriate a responsible amount of fund balance annually to reduce the tax burden on its constituents.

Note 5 –Cash (cash equivalents) – custodial credit, concentration of credit, interest rate and foreign currency risks:

Cash

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	$	9,835,683

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statue to be reserved for various purposes. Restricted cash as of year-end includes $577,741 within the governmental funds and $0 in the fiduciary funds.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and it localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

Note 6 – Investment pool:

The District did not participate in any multi-municipal cooperative investment pool agreement, pursuant to New York General Municipal Law Article 5-G, § 119-0, as of the year ended June 30, 2018.

Note 7 – Receivables

Receivables at year-end for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			
Description	General	Special Aid	School Lunch	Total
Accounts Receivable	$ 0	$ 0	$ 0	$ 0
Due from State and Federal	424,987	178,976	7,119	611,082
Total	$ 424,987	178,976	7,119	611,082

District management has deemed the amounts to be fully collectible.

Note 8 – Capital assets:

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital Assets that are not depreciated:				
Land	$ 75,412	$ 0	$ 0	$ 75,412
Construction	0	0	0	0
Total nondepreciable historical cost	75,412	0	0	75,412
Capital Assets that are depreciated:				
Buildings	13,747,002	456,408	0	14,203,410
Land Improvements	115,227	0	0	115,227
Furniture and equipment	1,654,863	62,993	0	1,717,856
Total depreciable historical cost	15,517,092	519,402	0	16,036,493
Less accumulated depreciation:				
Buildings	4,720,389	321,441	0	5,041,830
Land Improvements	98,364	5,324	0	103,688
Furniture and equipment	1,214,138	40,973	0	1,255,111
Total accumulated depreciation	6,032,891	367,738	0	6,400,629
Total depreciable historical cost, net	$ 9,559,613	$ 151,664	$ 0	$ 9,711,276

Depreciation was charged to Governmental functions as follows:	
Depreciation not charged to a Specific function	367,738
	$ 367,738

Note 9 – Short-term debt:

As of June 30, 2018, the district had the following short-term debt transactions.

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

Interest paid	$ 0
Less: interest accrued in the prior year	0
Plus: interest accrued in the current year	0
Total expense	$ 0

Transactions in short-term debt for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN maturing 06/06/19 at 2%	$ 0	$ 6,372,529	$ 0	$ 6,372,529
Totals	$ 0	$ 6,372,529	$ 0	$ 6,372,529

Note 10 – Long-term debt:

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds and notes payable:					
General obligation debt	$ 1,257,602	$ 0	$ 34,976	$ 1,222,626	$ 70,635
Total bonds & notes payable	1,257,602	0	34,976	1,222,626	70,635
Other liabilities:					
Post- employment benefits	6,150,261	18,541,355	0	24,691,616	0
Compensated Absences	577,741	13,170	0	590,911	0
Total other liabilities	6,728,002	18,554,525	0	25,282,527	0
Total long-term liabilities	$ 7,985,604	$ 18,554,525	$ 34,976	$ 26,505,153	$ 70,635

Existing serial and statutory bond obligations:

Description of Issue		Issue Date	Final Maturity	Interest Rate	Outstanding at year end
Serial Bonds	1,257,602	04/18/17	2032	3.153%	$ 1,222,626
Total					$ 1,222,626

	Principal	Interest	Total
Fiscal year ended June 30,			
2019	70,635	37,725	108,360
2020	72,889	35,471	108,360
2021	75,215	33,145	108,360
2022	77,615	30,745	108,360
2023-2027	426,842	114,958	541,800
2028-2032	499,430	42,369	541,800
Total	$ 1,222,626	$ 294,413	1,517,040

The District is not obligated under any operating or capital leases as of June 30, 2018.

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

Interest Paid	$	73,384
Less Interest accrued in the prior year		0
Plus interest accrued in the current year		0
Total Expense	$	73,384

Note 11 – Pension plans:

General Information:

The District participates in the New York State Employees' Retirement System (NYSERS). 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.

Provisions and administration:

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York

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.

ERS 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. 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. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Funding policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% 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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

The District's share of the required contributions for the current year and two preceding years based on covered payroll paid for the District was:

	NYSTRS	NYSERS
2018	$ 394,544	$ 246,023
2017	468,705	248,792
2016	501,639	276,621

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. The 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 the 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District exercised. As a result, the total unpaid liability at the end of the year was $0.

The State Legislature authorized local governments to make available retirement incentive programs with estimated total costs of $694,271. Of which $694,271 was charged to expenditures in the governmental Funds in the current fiscal year.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERED OUTFLOWS OF RESOURCES AND DEFERED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2018, 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, 2018 for ERS and June 30, 2017 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.

	ERS	TRS
Actuarial valuation date	3/31/2018	6/30/2017
Net pension asset/(liability)	$ (203,608)	$ 185,570
District's portion of the Plan's total net pension asset/(liability)	0.0063086 %	0.024414 %

For the year ended June 30, 2018, the District's recognized pension expense of $ 240,849 for ERS and the pension expense of $ 453,422 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 72,620	$ 152,678	$ 60,011	$ 72,351
Changes of assumptions	$ 135,009	$ 1,888,206	$ -	$ -
Net difference between projected and actual earnings on pension plan investments	$ 295,724	$ -	$ 583,730	$ 437,070
Changes in proportion and differnces between the District's contributions and proportionate share of contributions	$ 26,274	$ 14,284	$ 21,688	$ 8,219
District's contributions subsequent to the measurement date	$77,782	$394,544	$ -	$ -
Total	$ 607,409	$ 2,449,712	$ 665,429	$ 517,640

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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2018	$ -	$ 45,299
2019	$ 38,284	$ 501,917
2020	$ 34,120	$ 359,850
2021	$ (145,167)	$ 91,104
2022	$ (63,038)	$ 358,810
Thereafter	$ -	$ 180,548

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:

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.80%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.50%	2.50%
Projected Cost of Living Adjustments	1.3% annually	1.5% annually

For TRS, annuitant mortality rates are based on July1, 2009 – June 30, 2017 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale AA. For ERS, annuitant mortality rates are based on the April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

For TRS, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

ERS	Target Allocation	Long-term expected Real rate of return*
	2018	2018
Asset Class:		
Domestic equities	36%	4.55%
International equities	14	6.35
Private Equity	10	7.50
Real estate	10	5.55
Absolute return strategies	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-Indexed bonds	4	1.25
Total	100%	

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2018.

TRS	Target Allocation 2018	Long-term expected Real rate of return* 2018
Asset Class:		
Domestic equities	35%	5.9%
International equities	18	7.4
Real estate	11	4.3
Private equities	8	9.0
Total equities	72	
Domestic fixed income securities	16	1.6
Global fixed income securities	2	1.3
High-yield fixed income securities	1	3.9
Mortgages	8	2.8
Short-term	1	0.6
Total fixed income	28	
Total	100%	

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions form 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.

SENISITIVITY 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) as of June 30,2018 calculated using the discount rate of 7.0% for ERS and 7.5% 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-percentagepoint lower (6.0% for ERS and 6.5% for TRS) or 1-percentagepoint higher (8.0% for ERS and 8.5% for TRS) than the current rate :

ERS

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share Of the net pension asset (liability)	$(1,540,552)	$ (203,608)	$ 927,394

TRS

	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share Of the net pension asset (liability)	$ (3,196,814)	$ 185,570	$ 3,018,148

PENSION PLAN FIDUCIARY NET POSITION

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

	(Dollars in Thousands)		
	ERS	TRS	Total
Valuation date	March 31, 2017	June 30, 2016	
Employers' total pension	$ (203,608)	$ 185,570	$ (18,038)
Plan Net Poition	$ -	$ -	$ -
Employers' net pension	$ (203,608)	$ 185,570	$ (18,038)

PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to $77,782.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the 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, 2018 amounted to $402,396.

Note 12 – Interfund balances and activity:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	$ 0	$ 429,659	$ 0	$ 140,342
Special Aid Fund	251,212	0	15,342	0
Debt Service	0	61,176	0	0
School Lunch Fund	47,267	0	25,000	0
Capital Projects Fund	189,743	0	100,000	0
Total government activities	488,222	490,835	140,342	140,342
Fiduciary Agency Fund	2,613	0	0	0
Totals	$ 490,835	$ 490,835	$ 140,342	$ 140,342

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

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

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

Note 13 – Post-employment benefits:

A. 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 and life 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.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	87
	87

B. Total OPEB Liability

The District's total OPEB liability of $24,691,616 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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	3.00%
Salary Increases	3.90%
Discount Rate	3.60%
Healthcare Cost Trend Rates	8.0% for 2017, decreasing 0.5% per year to an ultimate rate of 5.5% for 2023 and later years
Retirees' Share of Benefit-Related Costs	0 to 15%, depending contractual agreement

The discount rate was based on Bond Buyer GO-20 municipal bond index.
Morality rates were based on RP-2014 mortality table, as appropriate, with adjustments for mortality improvements based on Scale MP-2014.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 – June 30, 2018.

C. Changes in the Total OPEB Liability

Balance at June 30, 2017	$ 18,539,045
Changes for the Year-	
Service Cost	538,590
Interest	526,989
Changes of benefit terms	0
Differences between expected and actual experience	2,766,892
Changes in assumptions or other inputs	2,955,096
Benefit payments	634,998
Net Changes	6,152,571
Balance at June 30, 2018	$ 24,691,616

Changes of benefit terms reflect.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2017 to 3.60% in 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 (2.60%) or 1 percentage point higher (4.60%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 29,774.459	$ 24,691,616	$ 19,609,907

Sensitivity of the Total OPEB Liability to Change 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 (7%) or 1 percentage point higher (8%) than the current healthcare cost trend rate:

	1% Decrease (starts at 7%)	Healthcare Trend Rate (starts at 8%)	1% Increase (starts at 9%)
Total OPEB Liability	$ 21,786,777	$ 24,691,616	$ 29,797,210

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

For the year ended June 30, 2018, the District recognized negative OPEB expense of $2,209,977. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,766,892	$ 0
Changes of assumptions or other inputs	2,955,096	0
Contributions subsequent to the measurement period	702,933	0
Total	$ 6,424,921	$ 0

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

Fiscal Year Ending June 30, 2018		Amount
2019	$	591,019
2020		591,019
2021		591,019
2022		591,019
2023		591,020
Thereafter		0
	$	2,955,096

Note 14 – Risk management:

General

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

Consortiums and Self Insured Plans

The District participates in Washington, Saratoga, Warren, Hamilton, Essex Counties BOCES, 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 $0.

Note 15 –Commitments and contingencies:

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

Note 16- Lease obligations (operating leases):

The District had no lease obligations for the year ended June 30, 2018.

Note 17 – Donor-restricted endowments:

The District had no donor-restricted endowments for the year ended June 30, 2018.

Note 18 – On-behalf-of payments:

During the year, the District made direct payments to a third party (or received payments from another government) for fringe benefits and salaries of another legally separate entity, in the aggregate amount of $0.

Note 19 – Tax abatements:

The District negotiates property tax abatement agreements on an individual basis. The District did not any abatement or pilot agreements during the fiscal year ended June 30, 2018.

Note 20 – Overpayments:

The District had no overpayments for the year ended June 30, 2018.

Note 21 – Related party transactions:

The District had no related party transactions for the year ended June 30, 2018.

Note 22 – Discretely presented component units:

The District has no component units.

Note 23 – Derivatives not reported at fair value on the Statement of Net Assets:

For the year ended June 30, 2017, the District does not have any derivatives to report.

Note 24 – Impairment losses and insurance recoveries:

For the year ended June 30, 2018, the District does not have any impairment losses or insurance recoveries to report.

Note 25 – Subsequent events:

The District has no subsequent events to disclose September 26, 2018.

Note 26 – Real Estate held as investments by endowments:

The District has no real estate held as investments by endowments to disclose.

Note 27 – Prior Period Adjustments:

For the fiscal year ending June 30, 2018, the District implemented GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The implementation of Statement No. 75 resulted in a prior period adjustment of $16,331,379.

Argyle Central School
Schedule of Funding Progress - Other Post Employment Benefits
For the Year Ended June 30, 2018

	2018
Measurement Date	July, 1 2017
Total OPEB Liability	24,691,616
Service Cost	$ 538,590
Interest	526,989
Changes in benefit terms	-
Difference between expected and actual experience in the measurement of the total OPEB liability	2,766,892
Changes of assumptions or other inputs	2,955,096
Benefit payments	(634,998)
Net Change in total OPEB liability	6,152,570
Total OPEB liability - beginning	18,539,046
Total OPEB liability - ending	$ 24,691,616
Covered payroll	$ 6,024,278
Total OPEB liability as a percentage of covered payroll	409.87%

Argyle Central School
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)		Final Budget Variance With Budgetary Actual
REVENUES					
Local Sources					
Real property taxes	$ 4,720,000	$ 4,720,000	$ 4,720,001		$ 1
Other tax items	10,000	10,000	12,951		2,951
Nonproperty taxes					
Charges for services	5,000	5,000	124,071		119,071
Use of money and property	5,000	5,000	28,197		23,197
Sale of property and compensation for loss			16,533		16,533
Miscellaneous	60,000	61,200	251,080		189,880
Interfund revenues					
Total Local Sources	4,800,000	4,801,200	5,152,833		351,633
State Sources	6,825,000	6,825,000	6,803,676		(21,324)
Medicaid Reimbursement					
Federal Sources	20,000	20,000	32,949		12,949
Total Revenues	11,645,000	11,646,200	11,989,458		343,258
OTHER FINANCING SOURCES					
Transfers from other funds					
Appropriated reserves					
Total Reserves and other financing sources	$ 11,645,000	$ 11,646,200	$ 11,989,458		$ 343,258

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual And Encumbrances
EXPENDITURES					
General Support					
Board of education	$ 16,375	$ 20,375	$ 19,585	$	$ 790
Central administration	174,000	175,500	173,495		2,005
Finance	153,550	153,955	151,387		2,568
Staff	52,500	54,745	47,312		7,433
Central services	848,500	859,758	722,534	45,895	91,329
Special items	90,600	90,600	89,733		867
Total General Support	1,335,525	1,354,933	1,204,046	45,895	104,992
Instruction					
Instruction, administration and improvement	285,100	283,500	276,571		6,929
Teaching - regular school	2,986,500	3,185,191	3,077,665	47,401	60,125
Programs for children with handicapping conditions	2,394,800	2,343,885	2,294,177	8,629	41,079
Occupational education					
Teaching - special school	6,300	6,515	6,278		237
Instructional media	511,400	448,925	435,386	9,967	3,572
Pupil services	324,250	331,908	313,811	1,135	16,962
Total Instructional	6,508,350	6,599,924	6,403,888	67,132	128,904
Pupil Transportation	756,450	782,292	726,404	1,562	54,326
Community Services					
Employee Benefits	3,211,675	3,155,675	3,136,456		19,219
Debt Service	108,500	108,500	108,360		140
Total Expenditures	11,920,500	12,001,324	11,579,154	114,589	307,581
OTHER FINANCING USES					
Transfers to other funds	145,000	145,000	140,342		4,658
Total Expenditures and Other Uses	12,065,500	12,146,324	11,719,496	114,589	312,239
Net change in fund balances	(420,500)	(500,124)	269,962		
Fund Balance - beginning	3,632,466	3,632,466	3,632,466		
Fund Balance - ending	$ 3,211,966	$ 3,132,342	$ 3,902,428		

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

Argyle Central School
Schedule of Change from Adopted Budget to Revised Budget
And the Real Property Tax Limit
For the Year Ended June 30, 2018

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted Budget	$	12,065,500
Add: Prior year's encumbrances		79,624
Original Budget		12,145,124
Budget Revision, Donations		1,200
Final Budget	$	12,146,324

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-19 Voter approved expentiture budget		12,749,000		
Maximum allowed (4% of 2018-2019 budget)			$	509,960

General Fund Fund Balnce Subject to Section 1318 of Real Property Tax Law:

Total fund balance	$	3,902,428		
Less:				
Nonspendable fund balance		16,814		
Restricted fund balance		934,602		
Assigned fund balance				
Appropriated fund balance		708,000		
Encumbrances included in assigned fund balance		114,589		
Total adjustments	$	1,774,005		
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law			$	2,128,423
Actual percentage				16.6948 %

Argyle Central School
Schedule of Project Expenditures-Capital Projects Fund
For the Year Ended June 30, 2018

			Expenditures				Methods of Financing				Fund
PROJECT TITLE	Original Appropriation	Revised Appropriation	Prior Year's	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2018
Capital Project #1											
100K PROJECT	100,000	100,000	0	100,000	100,000	0	0	0	100,000	100,000	(0)
	100,000	100,000	0	100,000	100,000	0	0	0	100,000	100,000	(0)
Capital Project #2											
EPC Project	1,400,000	1,400,000	820,182	382,211	1,202,393	197,607	1,257,602	0		1,257,602	55,209
	1,400,000	1,400,000	820,182	382,211	1,202,393	197,607	1,257,602	0	0	1,257,602	55,209
Capital Project #3											
Building Project	6,372,529	6,372,529	220,807	357,269	578,076	5,794,453	0	0	0	0	(578,076)
	6,372,529	6,372,529	220,807	357,269	578,076	5,794,453	0	0	0	0	(578,076)
Non-Major capital projects										0	
prior years fund balance c/o	0	0	0	0	0	0	0	0	0	0	14,707
Totals	7,872,529	7,872,529	1,040,989	839,480	1,880,469	5,992,060	1,257,602	0	100,000	1,357,602	(508,160)

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

Argyle Central School
Combined Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Special Aid	School Lunch	Total
Assets			
Unrestricted Cash	$ 72,236	$ 19,562	$ 91,798
Restricted Cash			
Unrestricted Investments			
Restricted Investments			
State and Federal Aid Receivable	178,976	7,119	186,095
Due from Other Governments			
Other Receivables, Net			
Due from Other Funds			
Inventories		3,881	3,881
Deferred Expenditures			
Total Assets	$ 251,212	$ 30,562	$ 281,774
Liabilities			
Accounts Payable	$	$	$
Accrued Liabilities			
Due to Other Governments		109	109
Due to Other Funds	251,212	47,267	298,479
Due to Teachers' Retirement System			
Due to Employees' Retirement System			
Other Liabilities			
Deferred Revenues			
Total Liabilities	251,212	47,376	298,588
Fund Balances			
Reserved for Encumbrances			
Reserved for Other (Specify)		3,881	3,881
Unreserved - Designated for Subsequent Year's Expenditures			
Unreserved - Undesignated		(20,695)	(20,695)
Total Fund Balances		(16,814)	(16,814)
Total Liabilities and Fund Balances	$ 251,212	$ 30,562	$ 281,774

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

Argyle Central School
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds
For the Year Ended June 30, 2018

	Special Aid	School Lunch	Total
Revenues			
Charges for Services	$	$	$
Use of Money and Property		40	40
Sale of Property and Compensation for Loss			
Refund of Prior Year's Expense			
Miscellaneous			
State Sources	146,538	4,329	150,867
Federal Sources	282,645	132,295	414,940
Sales		77,427	77,427
Total Revenues	429,183	214,091	643,274
Expenditures			
General Support	197,196	142,691	339,887
Instruction	244,048		244,048
Pupil Transportation			
Community Services			
Employee Benefits	3,281		3,281
Cost of Sales		87,303	87,303
Other Expenses		5,875	5,875
Total Expenditures	444,525	235,869	680,394
Excess (Deficiency) Revenues Over Expenditures	(15,342)	(21,778)	(37,120)
Other Sources and Uses			
Operating Transfers In	15,342	25,000	40,342
Operating Transfers (Out)			
Reserve Revenues			
Reserve Expenditures			
Total Other Sources and Uses	15,342	25,000	40,342
Excess (Deficiency) Revenues and Other Sources Over Expenditures and Other Uses		3,222	3,222
Fund Balance, Beginning of Year		(20,036)	(20,036)
Other Changes in Fund Equity (Including Residual Equity Transfers)			
Fund Balance, End of Year	$	$ (16,814)	$ (16,814)

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

Argyle Central School
Investments in Capital Assets, Net of Related Debt
For the Year Ended June 30, 2018

Capital Assets, net		9,711,276
Add:		
Unamortized bond issuance costs		
Discount on bonds payable		
Other(list)		
Deduct:		
Bond anticipation notes		
Premium on bonds payable		
Short-term portion of bonds payable	70,635	
Long-term portion of bonds payable	1,151,991	
Less: unspent bond preceeds		
Short-term portion of capital leases		
Long-term portion of capital leases		
Other short of long-term debt related to capital assets		
Other (list)		1,222,626
Investment in capital assets, net of related debt		$ 8,488,650

Argyle Central School
Schedule of District Contributions
For the year ended June 30, 2018

Teachers' Retirement System

	2018
Contractually required contribution	453,422
Contributions in relation to the contractually required contributions	453,422
Contribution deficiency (excess)	-
District's covered payroll	4,033,449
Conributions as a percentage of covered-employee payroll	11.24%

Employees' Retirement System

	2018
Contractually required contribution	240,849
Contributions in relation to the contractually required contributions	240,849
Contribution deficiency (excess)	-
District's covered payroll	1,759,868
Contributions as a percentage of covered payroll	13.69%

See Paragraph on Supplementary Schedules Included in Auditor's Report

Argyle

Argyle Central School
Schedule of District's Proportionate Share of the Net Pension Liability
For the year ended June 30, 2018

	Teachers' Retirement System
	2018
District's proportion of the net pension liability	0.0244140%
District's proportionate share of the net pension asset (liability)	185,570
District's covered payroll	4,033,449
District's proportionate share of the net pension liability as a percentage of its covered payroll	4.60%
Plan fiduciary net position as a percentage of the total pension liability	100.00%

	Employees' Retirement System
	2018
District's proportion of the net pension liability	0.0063086%
District's proportionate share of the net pension asset (liability)	(203,608)
District's covered payroll	1,759,868
District's proportionate share of the net pension liability as a percentage of its covered payroll	11.57%
Plan fiduciary net position as a percentage of the total pension liability	100.00%

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The Board of Education
Argyle Central School District

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

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 government activities and each major fund of Argyle Central School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 26, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a significant deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 ant 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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

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

September 26, 2018

Jenkins, Beecher, & Bethel, LLP

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Argyle Central School
Argyle, NY 12809

INDEPENDENT AUDITOR'S REPORT
ON EXTRACLASSROOM ACTIVITY FUNDS

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the Argyle Central School District for the year ended June 30, 2018. This financial statement is the responsibility of the school district's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund, of Argyle Central School District for the year ended June 30, 2018 on the basis of accounting described in Note 1.

September 26, 2018

Jenkins, Beecher, & Bethel, LLP

Argyle Central School
Extraclassroom Activity Funds
Cash Receipts and Cash Disbursements
June 30, 2018

Activities	Balance June 30, 2017	Receipts	Disbursements	Balance June 30, 2018
Class of 2017	0.00			0.00
Class of 2018	5,949.30	4,394.43	10,343.73	0.00
Class of 2019	1,645.54	9,210.70	8,278.49	2,577.75
Class of 2020	4,038.69	2,739.19	1,617.40	5,160.48
Class of 2021	2,006.68	4,938.36	3,655.00	3,290.04
Class of 2022	837.29	1,697.89	1,034.93	1,500.25
Class of 2023	0.00	2,262.66	1,427.13	835.53
Argyle FFA	1,022.56	5,662.61	5,402.21	1,282.96
Argyle Clay Target Club	0.00	500.00	93.06	406.94
After Prom Party	980.92	3,081.00	2,673.77	1,388.15
Art	402.55	370.00	550.00	222.55
Enviromental	2,289.09	0.00	287.78	2,001.31
Drama	6,373.60	5,339.61	4,775.59	6,937.62
Music- Band	4,600.84	3,006.10	1,622.00	5,984.94
Music- Chorus	4,056.74	480.00	75.00	4,461.74
National Junior Honor Society	2,223.66	1,494.39	1,402.68	2,315.37
NYS Science Honor Society	1,715.03	129.31	176.92	1,667.42
Student Council	3,254.86	59.32	61.35	3,252.83
The Tartan-Paper	409.06	830.00	518.55	720.51
The Technology Club	1,041.51	0.00	0.00	1,041.51
Sales Tax	490.24	1,331.37	960.46	861.15
Scot Shop	117.68	0.00	0.00	117.68
Yearbook	6,007.92	8,304.51	3,175.08	11,137.35
Totals	$ 49,463.76	$ 55,831.45	$ 48,131.13	$ 57,164.08

See notes to financial statements.

Argyle Central School District
Extraclassroom Activity Funds
Note to Financial Statements

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Extraclassroom Activity Funds of Argyle Central School District (the District) are prepared on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. The cash basis of accounting, therefore, does not recognize receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States. The more significant principles and policies used by the District are described below.

Reporting Entity

The transactions of the Extraclassroom Activity Funds are included in the reporting entity of Argyle Central School District. Such transactions are included in the basic financial statements of the District and reported in the Trust and Agency Fund as cash and extraclassroom activity fund balances. Exclusion from the District's financial statements, due to their nature and significance of their relationship with the primary government, would cause the reporting entity's financial statements to be misleading or incomplete.

The Extraclassroom Activity Funds 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. The activities included in this report were formed only for educational and school activity purposes in accordance with District rules and regulations for the conduct, operation, and maintenance of the extraclassroom activities.

Cash

The District's cash consist of cash on hand and demand deposits. 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 New York State or its localities.

Demand deposits at year-end were entirely covered by FDIC. At June 30, 2018, demand deposits are entirely composed of cash on hand and demand deposit accounts. All deposits are carried at cost, which equals market.

Equity Classifications-Fund Balance

Unreserved fund balance consists of the portion of fund balance that has not been designated or reserved.

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REPORT TO THE BOARD

The Board of Education
Argyle Central School District
Argyle, NY 12809

We have audited the financial statements of Argyle Central School District (the "District") for the year ended June 30, 2018, and have issued our report thereon dated September 26, 2018. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Accounting Principles Generally Accepted in the United States of America, Government Auditing Standards, and Uniform Guidance

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatement may exist and not be detected by us.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Compliance Supplement.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, 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. While our audit provides a reasonable basis for our opinion, it does not provide legal determination on the District's compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. The District adopted GASB 75 during the year ended June 30, 2018. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was Management's estimate of depreciation expense, which is based on the estimated useful lives of the District's capital assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated). All proposed adjustments were recorded by the business office staff prior to completion of the audit.

There were no unrecorded proposed adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those financial statements, our professional standards require the consulting accountant check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditor

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

Comments and Recommendations

General Fund- Fund Balance

As shown in Supplemental Schedule #3, the fund balance subject to Section 1318 of the Real Property Tax Law was $2,128,423. This equates to 16.6948% of the next year's budget. Section 1318 of the Real Property Tax Law allows only a 4% of the budget to be retained. For the Argyle Central School, this amount would be $509,960 (4% of 12,749,000). The Argyle Central School is in violation of Section 1318 of the Real Property Tax Law. We recommend that the district develop a fiscal plan to manage their fund balance levels and to bring the district within allowable limits.

School Lunch Program Deficit

As shown in Statement #5, the school lunch program has a $16,814 deficit fund balance as of June 30, 2018. For the year ended June 30, 2018, the program operated at a surplus of $3,222. We recommend that the District continue to both monitor and fund the program to ensure the elimination of this program deficit.

Extraclassroom Activity Funds Audit

We completed our audit of the Extraclassroom Activity Funds as required under Section 172.3(d) of the Regulations of the Commissioner of Education. We have prepared a separate report on this audit which is bound with the district's annual report. In testing the records of the Extraclassroom Activity Funds it was noted that the Technology Club and the Scot Shop, had no financial activity during the year. We recommend that the district review its policies with the club advisors and if these clubs are to be determined to be inactive, that the district consider closing the accounts and transferring the balances to active organizations that service the students of the district.

We appreciate this opportunity to be of service to Argyle Central School District. We would like to thank Mr. Ronald Black, and all of the staff for the cooperation and courtesy extended to us during our audit.

September 26, 2018
Jenkins, Beecher, & Bethel, LLP