PRELIMINARY OFFICIAL STATEMENT DATED MAY 21, 2020

NEW AND RENEWAL ISSUE | **BOND ANTICIPATION NOTES**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the School District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the School District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See "TAX MATTERS" herein.)

The School District will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265 of the Code.

$13,000,000

CARMEL CENTRAL SCHOOL DISTRICT

PUTNAM AND DUTCHESS COUNTIES, NEW YORK

$13,000,000 Bond Anticipation Notes - 2020

(the "Notes")

Dated: June 17, 2020 | **Due: June 17, 2021**

The Notes will be general obligations of the Carmel Central School District, Putnam and Dutchess Counties, New York (the "District" or "School District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount.

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

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

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Notes.

The Notes will not be subject to redemption prior to maturity.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about June 17, 2020.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on June 2, 2020 by no later than 11:00 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

June __, 2020

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL 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-D, FORM OF UNDERTAKING TO PROVIDE NOTICE OF EVENTS" HEREIN.

CARMEL CENTRAL SCHOOL DISTRICT
PUTNAM AND DUTCHESS COUNTIES, NEW YORK

SCHOOL DISTRICT OFFICIALS

2019-2020 BOARD OF EDUCATION

JOHN CODY
President

MICHELLE YORIO
Vice President

TARA DETURRIS
RICHARD KREPS
ERIC MITTELSTADT
JAMES REESE
MATT VANACORO

* * * * * * *

ANDY IRVIN
Superintendent of Schools

ERIC STARK
Assistant Superintendent for Business

SUSAN DIECK
School District Clerk

DAVID SHAW ESQ.
School District Attorney

* * * * * * *

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

HAWKINS DELAFIELD & WOOD LLP
Bond Counsel

No person has been authorized by the 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 District.

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OFFICIAL STATEMENT

of the

CARMEL CENTRAL SCHOOL DISTRICT
PUTNAM AND DUTCHESS COUNTIES, NEW YORK

Relating To

$13,000,000 Bond Anticipation Notes - 2020

This Official Statement, which includes the cover page, has been prepared by the Carmel Central School District, Putnam and Dutchess Counties, New York (the “School District” or “District”, “County”, and “State”, respectively) in connection with the sale by the District of $13,000,000 principal amount of Bond Anticipation Notes - 2020 (the "Notes").

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

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

THE NOTES

Description of the Notes

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof. The District will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s).

Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Authority for and Purpose of Issue

The Notes are issued pursuant to the Constitution and laws of the State, including the Education Law, constituting Chapter 16, and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York and bond resolutions adopted by the Board of Education of the District on April 9, 2019 authorizing the issuance of (i) $16,623,404 serial bonds to finance the construction of various improvements to District school buildings, and (ii) $2,800,000 serial bonds for the acquisition of a parcel of land and $8,125,736 serial bonds for the construction thereon of a new bus maintenance facility.

A $615,000 portion of the proceeds of the Notes together with $380,000 available funds will redeem $995,000 bond anticipation notes outstanding and maturing June 17, 2020. The $12,385,000 balance of the proceeds of the Notes will provide new money for the aforementioned capital projects.

NATURE OF OBLIGATION

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

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. For the payment of such principal and interest the District has power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount.

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 the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. However, the Tax Levy Limit Law imposes a statutory limitation on the District's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. (See also "TAX LEVY LIMIT LAW" herein)

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the District default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. 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. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owners of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 41 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

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

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "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. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), 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 the 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 or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the 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.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of bondholders and/or noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may 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 or interest payment on District indebtedness is past due. The District has never defaulted in the payment of the principal of and/or interest on any indebtedness.

BANKRUPTCY

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes 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 become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

SECTION 99-B OF THE STATE FINANCE LAW

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

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note 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 or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes 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 and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes 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 and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes 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 or notes pursuant to said section of the SFL.

BOOK-ENTRY-ONLY-SYSTEM

In the event that the Notes are issued in registered book-entry form, the Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, 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, the following provisions will apply:

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

THE SCHOOL DISTRICT

General Information

The District is located primarily in Putnam County with additional areas in Dutchess County and lies approximately 45 miles north of New York City. The District is comprised of the entire Towns of Kent and Patterson and portions of the Towns of Carmel, Putnam Valley and Southeast that are located in Putnam County. A portion of the Town of East Fishkill in Dutchess County makes up the remainder of the District.

Major highways serving the District include Interstate 84 (linking Massachusetts to Scranton, Pennsylvania via Hartford, Connecticut) and Interstate 684 (linking the area to the City of White Plains and the New England Thruway Route I-95). The District is also served by a network of County and town roads. Passenger rail service is available from the Metro North Railroad. Commercial air transportation is available at Stewart Airport in Newburgh (approximately 30 miles to the west of the District).

The District is primarily residential in nature. Residents are employed locally as well as in New York City and the larger Metropolitan New York City areas.

Residents of the District receive their basic municipal services from the towns making up the District. The counties of Putnam and Dutchess are responsible for providing social and certain health related programs.

New York State Electric & Gas and Verizon provide residents of the District with basic public utilities services. Water and sewer services are comprised of both municipal and private systems.

Source: District officials.

District Population

The 2018 estimated population of the District is 29,440. (Source: U.S. Census Bureau, 2014-2018 American Community Survey data.)

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2014-2018	2000	2006-2010	2014-2018
Towns of:						
Carmel	$ 29,368	$ 39,060	$ 46,875	$ 86,032	$ 108,743	$ 121,025
Kent	29,984	37,919	44,544	79,716	99,033	111,771
Patterson	26,103	27,876	35,243	75,746	94,135	111,691
Putnam Valley	31,215	36,538	48,712	82,576	94,034	122,308
Southeast	29,506	41,051	44,661	78,553	96,955	123,506
East Fishkill	28,553	37,928	45,489	83,213	106,948	120,483
Counties of:						
Putnam	30,127	37,915	45,905	82,197	101,576	119,363
Dutchess	23,940	31,642	38.048	63,254	83,599	97,249
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

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

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

Larger Employers

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

Name of Employer	Nature of Business	Approximate # of Employees
Putnam Hospital Center	Health Services	1,041
Carmel Central School District	School District	820
County of Putnam	County Government	700
Green Chimneys Children's Services	Children's Service	502
Putnam Association Resource Center (PARC)	Social Service	375

Source: District officials.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest areas for which such statistics are available (which includes the District) is Westchester County. 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 information for the County is necessarily representative of the District, or vice versa.

Annual Average

	2013	2014	2015	2016	2017	2018	2019
Putnam County	6.1%	4.9%	4.3%	4.0%	4.2%	3.7%	3.7%
Dutchess County	6.6%	5.3%	4.5%	4.2%	4.3%	3.7%	3.6%
New York State	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%	4.0%

2019-20 Monthly Figures

	2019							2020				
	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Putnam County	3.5%	3.9%	3.9%	3.6%	3.7%	3.6%	3.8%	4.0%	4.0%	4.2%	N/A	N/A
Dutchess County	3.6%	3.7%	3.8%	3.5%	3.5%	3.4%	3.6%	4.0%	3.9%	4.0%	N/A	N/A
New York State	3.8%	4.2%	4.1%	3.6%	3.7%	3.6%	3.7%	4.1%	3.9%	4.4%	N/A	N/A

Note: Unemployment rates for the months of April and May 2020 are not available as of the date of this Official Statement. Unemployment rates for the foreseeable future are expected to increase substantially over prior periods as a result of the COVID-19 pandemic.

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

District Organization

The District is an independent entity governed by an elected Board of Education (the "Board") comprised of seven members. District operations are subject to provisions of the State Education Law affecting school districts and other statutes applicable to the District.

Members of the Board are chosen on a rotating basis by qualified voters at the annual election of the District (held on the third Tuesday in May). The term of office for each board member is three years and the number of terms that may be served is unrestricted. A president is selected by the Board from its members and also serves as the chief fiscal officer of the District. The Board is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

The Board appoints the Superintendent of Schools who serves pursuant to a contract of employment. Such Superintendent is the chief executive officer of the District and the education system. It is the responsibility of the Superintendent to enforce all provisions of law and rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board.

Financial Organization

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 and Assistant Superintendent for Business.

Budgetary Procedures and Recent Budget Votes

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. Under current law, the budget is usually submitted to voter referendum on the third Tuesday of May each year. The District's 2020-21 budget will be submitted to the voters on June 9, 2020.

Recent Budget Vote Results

The budget for the 2018-19 fiscal year was approved by the qualified voters on May 15, 2018 with a vote of 678 to 554. The budget called for a total tax levy increase of 1.91%, which is below the District tax levy limit of 1.92%.

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019 with a vote of 1,440 to 1,007. The budget called for a total tax levy increase of 2.58%, which is below the District tax levy limit of 2.60%.

The school budget vote for the 2020-21 fiscal year was originally scheduled to be held on May 19, 2020, however, under Executive Order annual school budget votes and board of education elections across the State are postponed until June 9, 2020 and will be conducted using only absentee ballots.

Investment Policy

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

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

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

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

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-20 fiscal year, approximately 21.5% 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 amount of State aid to school districts is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

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

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

The availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

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

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

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

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

The State 2019-2020 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by $850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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 2020-21 preliminary building aid ratios, the District expects to receive State building aid of approximately 60.4% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history:

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

School district fiscal year (2016-2017): The State 2016-17 Enacted Budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full funding of expense-based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

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 allows the Governor to reduce aid to school districts mid-year if receipts from the federal government are less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

School district fiscal year (2018-2019): The State 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 is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at $26.03 billion statewide, a 3.4% increase over the last year. The State 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid totaled nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State 2018-19 Enacted Budget guaranteed that all school districts received 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 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 allows the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected.

School district fiscal year (2019-2020): The State 2019-2020 Enacted Budget included 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 State 2019-2020 Enacted Budget increases the minimum community schools funding amount from $75,000 to $100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

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

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 general revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2014-2015	$ 115,642,619	$ 24,699,152	21.36%
2015-2016	117,791,787	25,829,117	21.93
2016-2017	118,669,763	26,268,036	22.14
2017-2018	121,190,454	27,796,278	22.94
2018-2019	123,936,635	28,560,842	23.04
2019-2020 (Budgeted)	127,657,650 (1)	27,490,000	21.53
2020-2021 (Proposed)	130,541,386 (1)	27,900,000	21.37

(1) Includes $2,225,000 of appropriated fund balance.
(2) Includes $2,200,000 of appropriated fund balance.

Source: 2014-15 through 2018-19 audited financial statements, 2019-20 adopted budget, and 2020-21 proposed budget of the District. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
Matthew Paterson	K-4	1,328	1970
Kent Primary	K-4	886	1964
Kent Elementary	K-4	1,025	1954, '57, '59, '09
George Fischer	5-8	2,960	1970, '07
Carmel High School	9-12	2,700	1929, '36, '63, '54, '80, '08

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2015-16	4,192	2020-21	3,802
2016-17	4,170	2021-22	3,705
2017-18	4,129	2022-23	3,662
2018-19	4,022	2023-24	3,582
2019-20	3,975	2024-25	3,521

Source: District officials.

Employees

The District employs a total of 688 full-time and 114 part-time employees with representation by the various bargaining units listed below:

Number of Employees	Bargaining Unit	Contract Expiration Date
18	Administrators' Association	June 30, 2022
11	Building Heads Supervisory Association	June 30, 2022
27	Cafeteria Association (1)	June 30, 2020 (3)
367	Carmel Teachers' Association (2)	June 30, 2022
14	Managerial, Supervisors & Confidential	June 30, 2020 (3)
159	CSEA	June 30, 2020 (3)
39	Carmel Office Staff Association	June 30, 2021
74	Paraprofessional Staff Association	June 30, 2020 (3)
107	Teaching Assistants' Association	June 30, 2019 (3)

(1) Memorandum of Agreement.
(2) Additional employees include 10 nurses under the Carmel Teachers' Association unit.
(3) Currently under negotiation.

Note: The District also employs 403 non-represented substitute and seasonal employees.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement 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. 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 law became effective for new ERS and TRS hires on January 1, 2010. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

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

On March 16, 2012, the Governor signed into law 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 2019-20 fiscal year and projected figures for the 2020-21 fiscal year are as follows:

Fiscal Year	ERS	TRS
2015-2016	$ 2,546,970	$ 8,889,515
2016-2017	2,138,087	6,992,785
2017-2018	2,153,957	5,317,662
2018-2019	2,155,303	5,524,661
2019-2020 (Budgeted)	2,382,783	5,036,274
2020-2021 (Proposed)	2,569,004	5,903,429

Source: School District officials.

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

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

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 (2015-16 to 2020-21) is shown below:

Fiscal Year	ERS	TRS
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
2020-21	14.6	9.53*

* Estimated. The final rate is expected to be adopted by the New York State Teachers' Retirement System Board at its July 29, 2020 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 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 Adopted State Budget included a provision that authorized local governments, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

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

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

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 will require governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

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.

GASB 75 and OPEB. In 2015, the GASB released new accounting standards for public other postemployment 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 school districts to report 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 requires school districts to calculate and report a net other postemployment benefit 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.

The District contracted with an actuarial firm to calculate its first actuarial valuation under GASB 75 for the fiscal years ending June 30, 2018 and 2019.

The following outlines the changes to the Total OPEB Liability during the 2018 and 2019 fiscal years, by source.

Balance beginning at:	July 1, 2018	July 1, 2019
	$ 193,171,055	$ 192,949,599
Changes for the year:		
Service cost	6,759,480	6,484,417
Interest on total OPEB liability	7,067,428	7,589,650
Changes in Benefit Terms	-	-
Differences between expected and actual experience	-	-
Changes in Assumptions or other inputs	(8,971,044)	11,610,253
Benefit payments	(5,077,320)	(6,701,668)
Net Changes	$ (221,456)	$ 18,982,652
Balance ending at:	June 30, 2018	June 30, 2019
	$ 192,949,599	**$ 211,932,251**

Source: Audited financial statements of the District. The above table is not audited. For additional information regarding the District's OPEB liability for fiscal year ended June 30, 2019, see "APPENDIX - E" attached hereto.

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

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

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

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

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

Financial Statements

The School District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2019 and may be found attached hereto as "APPENDIX-E" to this Official Statement. Certain financial information of the School District can also be found attached as Appendices to this Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in the State by the State Comptroller. Except for the accounting for fixed assets, this system conforms to 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 that ended June 30, 2003 the 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 District is in compliance with such reporting.

New York State Comptroller Reports of Examination

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

The State Comptroller's office released its most recent audit report of the District on June 8, 2018. The purpose of the audit was to Determine whether extra-classroom activity (ECA) clubs and the central treasurers properly accounted for ECA collections and disbursements for the period July 1, 2016 through November 30, 2017. Key findings and recommendations contained within the audit report are summarized below:

Key Findings:

- Five clubs did not maintain supporting documentation for collections totaling $236,912 and two clubs did not maintain any records for collections totaling $89,165.
- For two collections totaling $5,144, sales tax totaling $431 was not set aside for remittance to the State.
- The District's ECA policy was not comprehensive.

Key Recommendations:

- Keep records and supporting documentation, and maintain ledgers, for all receipts and disbursements.
- Ensure applicable sales tax is collected and remitted to the State.
- Update and amend the ECA fund policy and establish written procedures to supplement it.

The District provided a complete response to the State Comptroller's office on June 1, 2018. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other State Comptrollers audits of the District that are currently in progress or pending release at this time.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, nor incorporation herein.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the 2015 through 2019 fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2019	No Designation	15.0
2018	No Designation	0.0
2017	No Designation	0.0
2016	No Designation	6.7
2015	No Designation	6.7

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, nor incorporation herein.

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 Valuations

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Carmel	$ 549,286,446	$ 546,923,314	$ 973,518,475 [1]	$ 988,975,522	$ 998,175,278
East Fishkill	319,894,706	1,427,259,715	319,554,202	324,204,772	340,945,602
Kent	1,434,267,031	625,694,514	1,425,505,442	1,547,115,909	1,537,475,101
Patterson	620,739,681	32,376,766	627,646,832	642,005,344	658,680,448
Putnam Valley	32,258,146	1,622,958	32,387,994	33,181,669	33,404,111
Southeast	1,539,357	319,485,410	1,650,460	1,692,016	2,045,917
Total Assessed Values	$ 2,957,985,367	$ 2,953,362,677	$ 3,380,263,405	$ 3,537,175,232	$ 3,570,726,457
State Equalization Rates					
Towns of:					
Carmel	60.00%	59.00%	100.00% [1]	100.00%	100.00%
East Fishkill	100.00%	100.00%	100.00%	100.00%	100.00%
Kent	100.00%	100.00%	100.00%	100.00%	95.85%
Patterson	100.00%	100.00%	100.00%	100.00%	100.00%
Putnam Valley	100.00%	100.00%	100.00%	100.00%	100.00%
Southeast	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	$ 3,324,176,331	$ 3,333,428,031	$ 3,380,263,405	$ 3,537,175,232	$ 3,637,294,237

(1) Significant change due to revaluation.

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Towns of:					
Carmel	$ 45.15	$ 46.27	$ 27.18 [1]	$ 26.48	$ 26.41
East Fishkill	27.15	27.29	27.19	26.48	26.41
Kent	27.13	27.30	27.17	26.47	27.49
Patterson	27.14	27.31	27.18	26.48	26.40
Putnam Valley	27.15	27.31	27.19	26.48	26.37
Southeast	27.15	27.31	27.19	26.48	26.42

(1) Significant change due to revaluation.

Tax Collection Procedure

School taxes are collected by the component towns of the District between September 1 and November 1 and are payable during the month of September without penalty. Generally payments received after September 30 must include interest computed at 1% per month from September 1. On or about November 1 the various school tax collecting officers for each town transmit a listing of unpaid taxes to the District. A certified listing of the unpaid taxes reported is then transmitted to the appropriate county in which each town is located (Putnam or Dutchess County) on or before November 15. The unpaid school taxes with a 7% penalty added thereto are re-levied by the counties and thereafter are collected and enforced in the same manner as real property taxes levied for county purposes. The counties must remit the full amount of unpaid taxes to the District by April 1 of the fiscal year of the levy. Thus the District is guaranteed 100% of its taxes in the fiscal year of the levy.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Total Tax Levy	$ 90,242,289	$ 91,035,537	$ 91,918,443	$ 93,674,489	$ 96,095,650
Amount Uncollected (1)	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

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

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2014-2015	$ 115,642,619	$ 88,378,165	76.42%
2015-2016	117,791,787	90,297,860	76.66
2016-2017	118,669,763	91,077,715	76.75
2017-2018	121,190,454	91,945,581	75.87
2018-2019	123,936,635	93,632,958	75.55
2019-2020 (Budgeted)	127,657,650 (1)	96,095,650	75.28
2020-2021 (Proposed)	130,541,386 (1)	98,594,386	75.53

(1) Total Revenues includes $2,225,000 of appropriated fund balance.
(2) Total Revenues includes $2,200,000 of appropriated fund balance.

Source: 2014-15 through 2018-19 audited financial statements, 2019-20 adopted budget, and 2020-21 proposed budget of the District. This table is not audited.

Ten Largest Taxpayers – 2019 Assessment Roll for 2019-20 District Tax Roll

Name	Type	Taxable Full Valuation
New York City	City Reservoir	$ 213,816,037
Watchtower Motel	Motel	170,882,600
Putnam Hospital Center	Health Care Facility	93,262,200
State of New York	Municipality	34,141,100
NYS Gas & Electric	Utility	27,470,381
Putnam Plaza LLC	Shopping Center	19,425,200
HRE Properties	Shopping Center	12,025,200
Liberty Management	Health Care Facility	8,896,700
Con Edison	Utility	8,694,222
Fitzgerald Family LLC	Commercial	8,670,000

The larger taxpayers listed above have a total estimated full valuation of $597,283,640 that represents 16.42% of the tax base of the District.

The District currently has large tax certiorari proceedings outstanding. It is extraordinarily rare that tax certiorari proceedings are settled at 100% of the claim. The District currently has Reserved Funds of $1,798,316 for the settlement of tax claims.

Source: District officials.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of $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 homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared with a $500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of $250,000 or less have the option to select the credit or the exemption.

The 2020-21 Enacted State Budget requires that STAR benefits be withheld from taxpayers who are delinquent in the payment of their school taxes and lowers the income limit for the exemption to $200,000, compared with a $500,000 limit for the credit.

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

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Carmel	$ 108,550	$ 46,650	4/10/2020
East Fishkill	86,340	37,110	4/10/2020
Kent	104,040	44,720	4/10/2020
Patterson	108,550	46,650	4/10/2020
Putnam Valley	108,550	46,650	4/10/2020
Southeast	108,550	46,650	4/10/2020

$10,334,353 of the District's $93,674,489 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.

$9,160,603 of the District's $95,963,498 school tax levy for the 2019-20 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2020.

Additional Tax Information

Real property located in the 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 $3,896 including County, City or Town, School District and Fire District taxes.

TAX LEVY LIMIT LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 (herein referred to as the "Tax Levy Limit Law" or "Law") was signed by the Governor. The Tax Levy Limit Law modified previous law by imposing a limit on the amount of real property taxes that a school district may levy.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy 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"). Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, such as the Notes, and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "THE NOTES - Nature of the Obligation" herein).

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

STATUS OF INDEBTEDNESS

Constitutional and Statutory Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been initially contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. 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, bond anticipation notes and capital notes.

General. 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 to prevent abuses in the exercise of such power; 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. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in such law. (See "TAX LEVY LIMIT LAW," herein).

Statutory Procedure

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

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 the anticipation of the bonds. No down payment is required in connection with the issuance of District obligations. With respect to certain school building construction projects, the District is not permitted to spend in excess of $100,000 for construction costs until the plans and specifications for such project have been approved by the commissioner of Education of the State.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, or summary thereof, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has complied with such procedure with respect to the Notes.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the Notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. Pursuant to the Local Finance Law, 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 constitutional and statutory method for determining full valuation consists of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
Bonds	$ 26,645,000	$ 24,160,000	$ 21,580,000	$ 18,925,000	$ 16,190,000
Bond Anticipation Notes	0	0	0	0	995,000
Energy Performance Contract	5,876,937	7,714,179	6,984,506	6,375,993	5,751,507
Total Debt Outstanding	$ 32,521,937	$ 31,874,179	$ 28,564,506	$ 25,300,993	$ 22,936,507

Details of Outstanding Indebtedness

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

Type of Indebtedness	Maturity		Amount
Bonds	2020-2030		$ 16,190,000
Bond Anticipation Notes			
Capital Project	June 18, 2020		995,000 [1]
		Total Indebtedness	$ 17,185,000

[1] To be redeemed at maturity with a portion of the proceeds of the Notes and $380,000 available funds of the District

Debt Statement Summary

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

Full Valuation of Taxable Real Property			$ 3,637,294,237
Debt Limit 10% thereof			363,729,424
Inclusions:			
Bonds	$ 16,190,000		
Bond Anticipation Notes	995,000		
Principal of the Notes (new money)	12,385,000		
Total Inclusions		$ 29,570,000	
Exclusions:			
State Building Aid (1)	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 29,570,000
Net Debt-Contracting Margin			$ 334,159,424
The percent of debt contracting power exhausted is			8.13%

(1) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2020-21 Building Aid Ratios, the School District anticipates State building aid of 60.4% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the School District will receive in relation to its capital project indebtedness.

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

Bonded Debt Service

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

Cash Flow Borrowing

The District has found it necessary to borrow in anticipation of taxes and revenues in the past. On September 27, 2019 the District issued $9,000,000 Tax Anticipation Notes to finance cash flow requirements in anticipation of the collection of 2019-2020 real property taxes levied for school purposes on all taxable real property in the District. Putnam County erred in production of school district property tax bills regarding veteran exemptions and new bills were distributed causing a delay in tax receipts. The District does not currently anticipate issuing either tax anticipation notes or revenue anticipation notes in the foreseeable future.

Capital Project Plans

On March 26, 2019 District voters approved two separate propositions for (i) a capital project for the construction of various improvements to District school buildings at the estimated cost of $16,623,404 (ii) the acquisition of a parcel of land, at the estimated cost of $2,800,000, and construction thereon of a new bus maintenance facility, at the estimated cost of $8,125,736. The propositions authorize in aggregate the issuance of $27,549,140 serial bonds to finance the projects. On June 18, 2019, the District issued $995,000 to finance preliminary costs for the capital projects. The current issuance of the Notes represents the second phase of borrowing for the projects which will renew a $615,000 portion of the outstanding bond anticipation notes and provide $12,385,000 in new money for the capital projects.

In June 2020, the District expects to enter into an energy performance contract to fund the upgrading of lighting and building management systems with newer more efficient equipment, the installation of solar voltaic and voltage regulation systems. The principal amount of the energy performance contract is expected to be $6,406,850, with annual installments over a 15-year term.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Putnam	12/31/2018	$ 57,936,475	$ -	$ 57,936,475	23.58%	$ 13,661,421
Dutchess	12/31/2018	133,374,536	-	133,374,536	1.13%	1,507,132
Town of:						
Carmel	12/31/2018	29,611,000	4,050,000	25,561,000	20.43%	5,222,112
East Fishkill	12/31/2018	26,310,140	4,938,871	21,371,269	9.45%	2,019,585
Kent	12/31/2018	1,368,796	-	1,368,796	99.54%	1,362,500
Patterson	12/31/2018	5,565,000	85,000	5,480,000	52.97%	2,902,756
Putnam Valley	12/31/2018	1,072,950	7,950	1,065,000	2.16%	23,004
Southeast	12/31/2018	9,089,233	3,175,295	5,913,938	0.05%	2,957
					Total:	$ 26,701,467

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.

Source: Most recent available State Comptroller's Special Report on Municipal Affairs for Local Finance for fiscal years ended 2018 for counties and towns.

Debt Ratios

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

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 29,570,000	$ 1.004.42	0.81%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	56,271,467	1,911.39	1.55

(a) The 2018 estimated population of the District is 29,440. (See "THE SCHOOL DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for 2019-20 is $3,637,294,237. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is $26,701,467. (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.

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

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 District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*TAX MATTERS*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See "*Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Notes.

COVID-19

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

CYBERSECURITY

The School 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

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a "Discount Note"), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner's adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Note, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or 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 or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

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.

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

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, the form, substantially of which, is attached hereto as "APPENDIX-D – FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS".

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

If issued as book-entry-only notes, 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 with the approval of the School 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-D - UNDERTAKING TO PROVIDE NOTICES OF EVENTS" herein.)

Moody's Investors Service ("Moody's") has assigned their rating of "Aa3" to the District's outstanding general obligation bonds. The rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich St., New York, New York 10007. Phone: (212) 553-0038, Fax: (212) 553-1390.

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

MISCELLANEOUS

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

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

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

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

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

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

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

The District will act as Paying Agent for the Notes. The District's contact information is as follows: Eric M. Stark, Assistant Superintendent for Business, Carmel Central School District, 81 South Street, P.O. Box 296, Patterson, New York 12563. Phone: (845) 878-2094, Fax: (845) 878-4337, Email: estark@carmelschools.org.

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

CARMEL CENTRAL SCHOOL DISTRICT

Dated: May 21, 2020

JOHN CODY
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
ASSETS					
Unrestricted Cash	$ 19,587,593	$ 16,776,222	$ 15,047,656	$ 12,083,369	$ 8,594,534
Restricted Cash	4,316,377	5,761,075	6,031,001	4,906,017	4,094,744
Due from Other Funds	1,012,300	1,291,125	1,504,036	2,577,198	5,950,182
State and Federal Aid Receivable	2,151,678	2,394,245	2,090,365	1,680,671	2,368,856
Other Receivables	84,861	89,379	145,785	98,531	785,466
Due from Other Governments	80,604	365,269	203,230	331,479	182,914
Prepaid Expenditures	-	-	-	199,554	2,500
TOTAL ASSETS	$ 27,233,413	$ 26,677,315	$ 25,022,073	$ 21,876,819	$ 21,979,196
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 439,514	$ 313,511	$ 401,271	$ 254,387	$ 676,559
Accrued liabilities	4,852,016	4,709,813	3,220,722	2,742,065	2,689,999
Deferred Revenue	-	-	-	700	700
Tax Anticipation Note payable	-	-	-	-	-
Due to Teachers' Retirement System	8,919,666	7,018,714	6,421,368	5,558,380	5,991,748
Due to Employees' Retirement System	705,419	579,280	584,029	607,662	597,046
Due to Other Funds	-	288,933	400,000	-	-
Due to Other Governments	332,486	-	-	-	-
TOTAL LIABILITIES	15,249,101	12,910,251	11,027,390	9,163,194	9,956,052
FUND EQUITY					
Restricted	$ 4,316,377	$ 5,761,075	$ 6,031,001	$ 5,105,571	$ 4,097,244
Unrestricted:					
Assigned	2,955,845	3,164,369	3,039,064	3,303,244	3,031,330
Unassigned	4,712,090	4,841,620	4,924,618	4,304,810	4,894,570
TOTAL FUND EQUITY	11,984,312	13,767,064	13,994,683	12,713,625	12,023,144
TOTAL LIABILITIES and FUND EQUITY	$ 27,233,413	$ 26,677,315	$ 25,022,073	$ 21,876,819	$ 21,979,196

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
REVENUES					
Real Property Taxes	$ 77,197,068	$ 78,779,568	$ 79,869,867	$ 81,055,470	$ 83,250,452
Real Property Tax Items	11,181,097	11,518,292	11,207,848	10,890,111	10,382,506
Charges for Services	562,321	683,752	449,056	347,157	396,011
Use of Money & Property	445,808	590,654	469,718	784,297	801,145
Sale of Property and Compensation for Loss	14,327	16,536	46,443	9,969	65,342
Miscellaneous	425,146	251,235	315,196	300,441	378,715
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	24,699,152	25,829,117	26,268,036	27,796,278	28,560,842
Revenues from Federal Sources	67,842	122,633	43,599	6,731	101,622
Total Revenues	$114,592,761	$117,791,787	$118,669,763	$121,190,454	$123,936,635
Other Sources:					
Interfund Transfers (in)	1,049,857	-	307,969	76,321	-
Total Revenues and Other Sources	115,642,618	117,791,787	118,977,732	121,266,775	123,936,635
EXPENDITURES					
General Support	$ 11,250,596	$ 11,925,866	$ 11,737,553	$ 11,275,328	$ 11,392,354
Instruction	60,558,057	62,412,185	65,113,864	66,722,800	67,999,389
Pupil Transportation	5,559,840	5,165,385	5,324,297	5,637,094	5,794,425
Community Services	144,912	162,077	163,893	22,539	383,069
Employee Benefits	33,940,952	31,703,908	31,775,044	34,333,630	34,473,935
Debt Service	3,861,497	3,937,731	4,228,572	4,113,964	4,115,514
Total Expenditures	$115,315,854	$115,307,152	$118,343,223	$122,105,355	$124,158,686
Other Uses:					
Interfund Transfers (out)	450,027	701,883	406,890	442,478	468,430
Total Expenditures and Other Uses	115,765,881	116,009,035	118,750,113	122,547,833	124,627,116
Excess (Deficit) Revenues Over Expenditures	(123,263)	1,782,752	227,619	(1,281,058)	(690,481)
FUND BALANCE					
Fund Balance - Beginning of Year	12,107,575	11,984,312	13,767,064	13,994,683	12,713,625
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 11,984,312	$ 13,767,064	$ 13,994,683	$ 12,713,625	$ 12,023,144

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2019 Adopted Budget	2019 Modified Budget	2019 Audited Actual	2020 Adopted Budget	2021 Proposed Budget
REVENUES					
Real Property Taxes	$ 93,674,489	$ 93,729,489	$ 83,250,452	$ 96,095,650	$ 98,594,386
Other Tax Items	-	-	10,382,506	55,000	55,000
Charges for Services	-	488,000	396,011	488,000	488,000
Use of Money & Property	-	789,500	801,145	789,500	789,500
Sale of Property and Compensation for Loss	-	29,500	65,342	29,500	29,500
Miscellaneous	1,847,000	475,419	378,715	425,000	425,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	27,850,000	27,879,500	28,560,842	27,490,000	27,900,000
Revenues from Federal Sources	-	60,000	101,622	60,000	60,000
Total Revenues	$123,371,489	$123,451,408	$123,936,635	$125,432,650	$128,341,386
Other Sources:					
Interfund Transfers (in)	-	-	-	-	-
Total Revenues and Other Sources	123,371,489	123,451,408	123,936,635	125,432,650	128,341,386
EXPENDITURES					
General Support	$ 11,725,672	$ 12,441,244	$ 11,392,354	$ 11,661,510	$ 12,481,716
Instruction	68,236,501	68,757,363	67,999,389	70,330,338	70,058,609
Pupil Transportation	5,888,121	6,006,551	5,794,425	6,182,400	6,153,325
Community Services	323,400	468,400	383,069	345,200	340,550
Employee Benefits	35,022,280	35,416,323	34,473,935	35,329,378	37,411,258
Debt Service	4,130,515	4,130,515	4,115,514	3,538,824	3,625,928
Total Expenditures	$125,326,489	$127,220,396	$124,158,686	$127,387,650	$130,071,386
Other Uses:					
Interfund Transfers (out)	270,000	470,529	468,430	270,000	470,000
Total Expenditures and Other Uses	125,596,489	127,690,925	124,627,116	127,657,650	130,541,386
Excess (Deficit) Revenues Over Expenditures	(2,225,000)	(4,239,517)	(690,481)	(2,225,000)	(2,200,000)
FUND BALANCE					
Fund Balance - Beginning of Year	2,225,000	4,239,517	12,713,625	2,225,000	2,200,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 12,023,144	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	$ 1,815,000	$ 520,669	$ 2,335,669
2021	1,860,000	458,106	2,318,106
2022	1,805,000	393,394	2,198,394
2023	1,860,000	328,394	2,188,394
2024	1,940,000	246,625	2,186,625
2025	1,990,000	200,063	2,190,063
2026	2,030,000	147,688	2,177,688
2027	1,660,000	86,788	1,746,788
2028	400,000	38,463	438,463
2029	410,000	26,463	436,463
2030	420,000	13,650	433,650
TOTALS	$ 16,190,000	$ 2,460,300	$ 18,650,300

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	**$1,943,923** 2012 Capital Project 6/15 **Principal**	12/15 & 6/15 **Interest**	**$4,690,000** 2014 Refunding of 2004 Bonds 6/15 **Principal**	12/15 & 6/15 **Interest**	**$14,185,000** 2014 Refunding of 2007 6/15 **Principal**	12/15 & 6/15 **Interest**
2020	$ 130,000	$ 29,638	$ 330,000	$ 117,544	$ 1,230,000	$ 369,375
2021	130,000	26,713	340,000	109,294	1,280,000	320,175
2022	135,000	23,625	345,000	100,794	1,325,000	268,975
2023	140,000	20,250	355,000	92,169	1,365,000	215,975
2024	145,000	16,050	365,000	82,850	1,430,000	147,725
2025	150,000	11,700	375,000	72,813	1,465,000	115,550
2026	150,000	7,200	380,000	61,563	1,500,000	78,925
2027	90,000	2,700	390,000	50,163	1,180,000	33,925
2028	-	-	400,000	38,463	-	-
2029	-	-	410,000	26,463	-	-
2030	-	-	420,000	13,650	-	-
TOTAL	$ 1,070,000	$ 137,875	$ 4,110,000	$ 765,763	$ 10,775,000	$ 1,550,625

Fiscal Year Ending June 30th	**$720,000** 2015 Capital Project 5/15 **Principal**	11/15 & 5/15 **Interest**
2020	$ 125,000	$ 4,113
2021	110,000	1,925
2022	-	-
2023	-	-
2024	-	-
2025	-	-
2026	-	-
2027	-	-
TOTAL	$ 235,000	$ 6,038

FORM OF APPROVING LEGAL OPINION

June 17, 2020

The Board of Education of the
Carmel Central School District,
in the Counties of Putnam and Dutchess, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Carmel Central School District, (the "School District"), in the Counties of Putnam and Dutchess, a school district of the State of New York and have examined a record of proceedings relating to the authorization, sale and issuance of the $13,000,000 Bond Anticipation Note-2020 (the "Note"), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

"EMMA" shall mean the Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" shall mean "financial obligation" as such term is defined in the Rule.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Holder" shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

"Issuer" shall mean the **Carmel Central School District**, in the Counties of Putnam and Dutchess, a School District of the State of New York.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of June 17, 2020.

"Rule 15c2-12" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

"Securities" shall mean the Issuer's $13,000,000 Bond Anticipation Note-2020, dated June 17, 2020, maturing on June 17, 2021, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

(7) modifications to rights of Securities holders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Securities, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, 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 Issuer;

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

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

(15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priorities rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **June 17, 2020.**

CARMEL CENTRAL SCHOOL DISTRICT

By____
President of the Board of Education

CARMEL CENTRAL SCHOOL DISTRICT
PUTNAM AND DUTCHESS COUNTIES, NEW YORK

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2019

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

Raymond G. Preusser, CPA, P.C, 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. Raymond G. Preusser, CPA, P.C. also has not performed any procedures relating to this Official Statement.

CARMEL
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2019

CARMEL CENTRAL SCHOOL DISTRICT

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RAYMOND G. PREUSSER, CPA, P.C.
Certified Public Accountants
P.O. Box 538
Claverack, New York 12513

Telephone: (518) 851-6650
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Carmel Central School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Carmel Central School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Carmel Central School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund information of the Carmel Central School District, as of June 30, 2019, 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 the schedule of changes in the total OPEB liability, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M11 and 48-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Carmel Central School District's basic financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2019 on our consideration of the Carmel Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carmel Central School District's internal control over financial reporting and compliance.

Raymond G. Preusser, CPA, PC

Claverack, New York
October 28, 2019

CARMEL CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDING JUNE 30, 2019

This section of Carmel Central School District's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the School District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Districtwide net assets decreased from ($138,966,482) to ($148,249,280) from 2018 to 2019 due to the increase in the OPEB obligation.

In March 2019 the District received passed two propositions in a bond referendum in the amounts of $16,623,404 and $10,925,736 to fund roof replacement district-wide, upgrades to the George Fischer Middle School library, upgrades for ADA compliance district-wide and the construction of a new bus maintenance facility.

During the latter part of the 2018/19 school year, the district negotiated substantial changes to the health benefits plan for several bargaining groups. These changes will help to decrease the cost of claims for the members of those groups. The district will continue to negotiate these changes with the remaining bargaining groups during the 2019/20 school year.

At year end, the District's governmental funds reported a combined fund balance of $8,964,401, a decrease of $4,010,264 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts—management's discussion and analysis (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 School District:

The first two statements are financial statements that provide both long-term and short-term information about the School District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District's finances, reporting the District's operations in more detail than the statements.

The governmental funds statements tell how general district services like instruction or school lunch were financed in the short term as well as what remains for future spending.

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The figure shown below summarizes the major features of the School District's financial statements.

Major Features of Carmel Central School District's Districtwide and Fund Financial Statements

	Districtwide Statements	Fund Statements	
		Governmental Funds	**Fiduciary Funds**
Scope	Entire District government (except fiduciary funds)	The activities of the School District that are not fiduciary such as School Lunch and Capital spending	Instances where the School District is the trustee or agent for someone else's resources, such as payroll taxes and scholarships
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities both short-term and long-term.
Type of inflow/ outflow 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 year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

Our auditor has provided assurance in his independent auditor's report, that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part in the financial statements.

DISTRICTWIDE FINANCIAL STATEMENTS

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

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

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants and earned but unused vacation leave).

All of the District's services are reported in the districtwide financial statements as governmental activities, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds.

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

- ***Governmental funds:*** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to 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 districtwide 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 districtwide financial statements because it cannot use these assets to finance its operations.

DISTRICTWIDE FINANCIAL ANALYSIS

Carmel Central School District's Net Position
June 30, 2019 and 2018

	Governmental Activities		
	2019	2018	Variance Increase (Decrease)
Current Assets	$ 20,089,510	$ 22,265,147	$ (2,175,637)
Capital Assets	51,599,119	51,479,439	119,680
Net Pension Asset	6,014,641	2,533,497	3,481,144
Total Assets	77,703,270	76,278,083	1,425,187
Deferred Outflows of Resources	43,455,048	38,321,321	5,133,727
Total Assets and Outflows of Resources	121,158,318	114,599,404	6,558,914
Current Liabilities	11,186,264	9,362,418	1,823,846
Noncurrent Liabilities	28,651,183	30,320,718	(1,669,535)
Total OPEB Obligation	211,932,251	192,949,599	18,982,652
Net Pension Liability	3,393,839	1,555,770	1,838,069
Total Liabilities	255,163,537	234,188,505	20,975,032
Deferred Inflows of Resources	14,244,061	19,377,381	(5,133,320)
Total Liabilities and Inflows of Resources	269,407,598	253,565,886	15,841,712
Net Position:			
Investment in capital assets, net of related debt	28,517,737	22,378,615	6,139,122
Restricted	4,794,158	4,637,189	156,969
Unrestricted (Deficit)	(181,561,175)	(165,982,286)	(15,578,889)
Total Net Position	$ (148,249,280)	$ (138,966,482)	$ (9,282,798)

Maintaining adequate fund balance (reserved and unappropriated) has several internal benefits. Fund balance can provide for cash flow needs until major revenues are received (thereby reducing or eliminating the need for cash flow borrowing), provide funds to leverage state and federal grants, and provide for various contingency expenses.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, and equipment); less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide educational services. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. Capital assets themselves cannot be used to liquidate these liabilities.

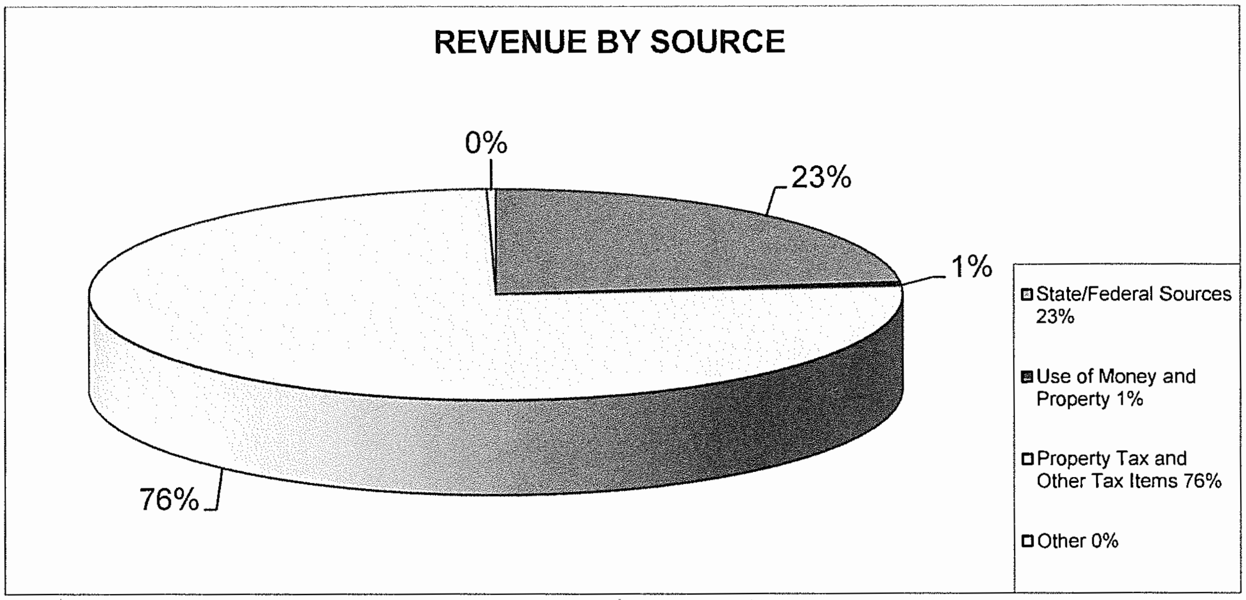
An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used (e.g. capital projects, debt service and other specified purposes). The remaining balance of unrestricted net position may be used to meet the District's ongoing obligation to provide educational services.

Carmel Central School District's
Changes in Net Position
For the Years Ended June 30, 2019 and 2018

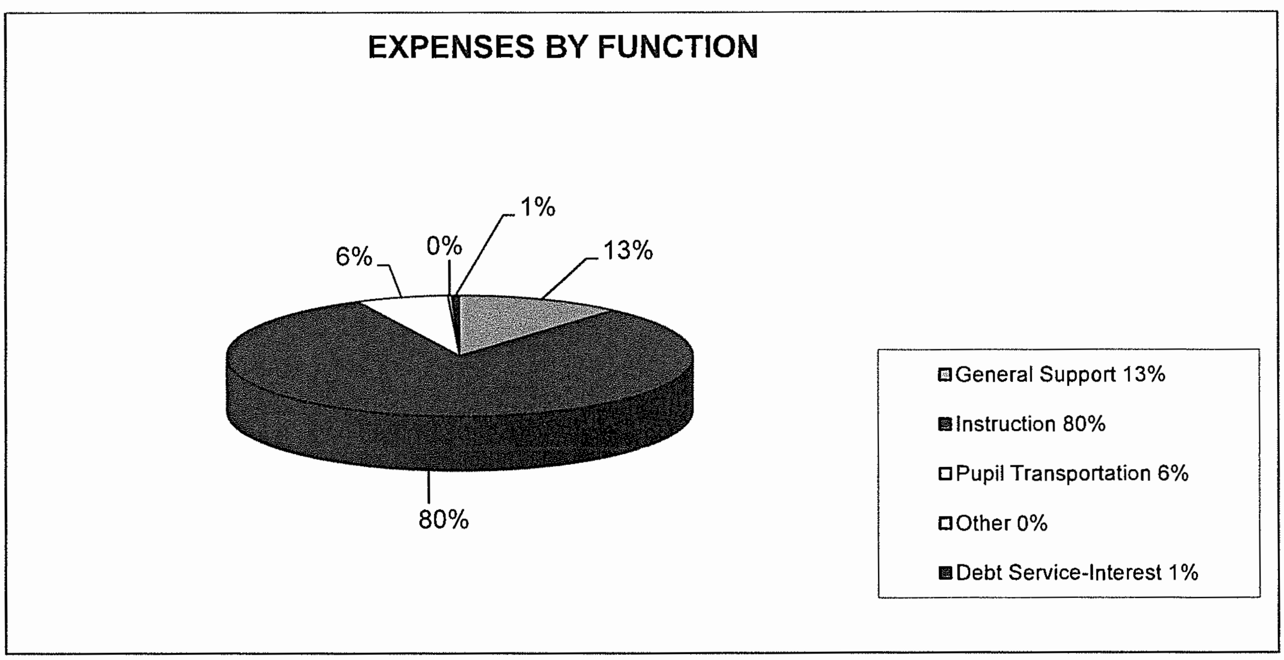
	Governmental Activities		
	2019	2018	Variance Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	$ 1,304,957	$ 1,166,470	$ 138,487
Operating Grants and Contributions	2,877,284	2,809,267	68,017
Total Program Revenues	$ 4,182,241	$ 3,975,737	$ 206,504
General Revenues:			
Real Property Taxes	$ 83,250,452	$ 81,055,470	$ 2,194,982
Other Tax Items	10,382,506	10,890,111	(507,605)
Use of Money and Property	810,258	789,277	20,981
Sale of Property and Compensation	65,342	9,969	55,373
Miscellaneous	378,715	300,441	78,274
State Sources	28,560,842	27,796,278	764,564
Federal Sources	101,622	6,731	94,891
Total General Revenues	123,549,737	120,848,277	2,701,460
Expenses:			
Instruction	108,117,435	105,734,358	2,383,077
Support Services:			
General Support	15,166,645	16,580,039	(1,413,394)
Pupil Transportation	8,472,804	8,163,358	309,446
Community Service	383,069	22,539	360,530
Debt Service-Interest	745,247	839,155	(93,908)
School Lunch	(52,665)	57,180	(109,845)
Total Expenses	132,832,535	131,396,629	1,435,906
Change in Net Position	$ (9,282,798)	$ (10,548,352)	$ 1,265,554

The following charts provide the percentage breakdown of all revenues by source and all expenses by function for the entire District.

Districtwide Revenues by Source
For the Year Ended June 30, 2019



Districtwide Expenses by Function
For the Year Ended June 30, 2019



FUND FINANCIAL ANALYSIS (DISTRICT'S FUNDS)

The District's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of $9 million, which is below last year's total of $13 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2019 and 2018.

	Fund Balance 2019	Fund Balance 2018	Variance Increase (Decrease)
General	$ 12,023,144	$ 12,713,625	$ (690,481)
School Lunch	93,827	29,434	64,393
Special Aid	56,506	20,566	(35,940)
Debt Service	381,008	372,992	8,016
Capital	(3,590,084)	(161,952)	(3,428,132)
Totals	$ 8,964,401	$ 12,974,665	$ (4,010,264)

General Fund

The tables that follow will illustrate the financial activities and balance of the general fund.

Revenues:	2019	2018	Variance Increase (Decrease)
Taxes and Other Tax Items	$ 93,632,958	$ 91,945,581	$1,687,377
Use of Money and Property	801,145	784,297	16,848
State/Federal Sources	28,662,464	27,803,009	859,455
Other	840,068	657,567	182,501
Operating Transfers In	-	76,321	(76,321)
Totals	$ 123,936,635	$ 121,266,775	$2,669,860

Expenditures and Other Uses:	2019	2018	Variance Increase (Decrease)
General Support	$ 11,392,354	$ 11,275,328	$ 117,026
Instruction	67,999,389	66,722,800	1,276,589
Pupil Transportation	5,794,425	5,637,094	157,331
Community Service	383,069	22,539	360,530
Employee Benefits	34,473,935	34,333,630	140,305
Debt Service	4,115,514	4,113,964	1,550
Operating Transfers Out	468,430	442,478	25,952
Total Expenses and Other Uses	$ 124,627,116	$ 122,547,833	$ 2,079,283

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The original budget was amended to include encumbrances carried-over from the prior year of $1,078,244, increases for employee benefits of $643,484, tax certioraris of $167,789, emergency repairs of $125,000, donations of $50,419 and grants to the District in the amount of $29,500.

CAPITAL ASSETS

The District's capital assets (net of accumulated depreciation) as of June 30, 2019 are as follows:

Asset Description	Amount
Land	$ 5,084,179
Construction in Progress	452,121
Buildings and Improvements	43,349,551
Machinery and Equipment	1,029,102
Vehicles	1,684,166
Total	$ 51,599,119

The total increase in the District's capital assets (net of accumulated depreciation) for the current fiscal year was $119,681.

DEBT

The District had total debt including serial bonds in the amount of $244,972,273, as of June 30, 2019.

Debt Description	Amount
Bonds	$ 16,190,000
Deferred outflow-Refunding	144,875
Bond Anticipation Note Payable	995,000
Other Debt - EPC	5,751,507
OPEB Obligations	211,932,251
Net Pension Liability-Proportionate Share	3,393,839
Compensated Absences	6,564,801
Total	$ 244,972,273

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2019 the District's general obligation debt was significantly lower than its total debt limit. The District has a bond rating of Aa3.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future.

State Aid

One challenge facing the District is the state's economy and its effect on state aid funding levels. The economic slowdowns could have effects in revenue forecasts having to be revised downward and could cause the District to scale down the educational program offerings or seek additional resources.

Property Tax Cap

Besides the impact of the State Aid funding for the School District, the Property Tax Cap Law has a significant impact on the revenues of the District. In June of 2011, the New York State Legislature passed a Property Tax Cap Law, which began with the 2012 – 2013 school year budget. The legislation provides a calculation for a tax levy limit, which caps the amount of revenues the District can raise through the levy of taxes. In the circumstance of a defeat of an original budget with a tax levy increase calculated in accordance with the legislation and a resubmitted/revised budget defeat, the Board of Education is mandated by this legislation to adopt a budget that levies a tax no greater than that of the prior year; a zero percent tax levy increase. This would prove to be a serious strain on the ability of the District to meet its obligations and has the potential to diminish the District's fund balance.

Facilities

The district-wide roof replacement project should help to significantly reduce roof repair and maintenance costs that have grown rapidly over the past few years.

In the 2014-2015 schoolyear the District established a Capital Reserve Fund. The District has continued to fund this reserve each year to offset future capital expenditures for facilities. The current balance of this reserve is $953,717.

Transportation

The construction of a state of the art bus maintenance facility and bus was should help to extend the life of the school district's bus fleet, saving $1000's in years to come.

Healthcare Costs

The District has experienced rapidly increasing healthcare costs in the past few years. The District is implementing certain changes that have been negotiated with a small portion of the health plan members and hopes to expand those changes to all members of the plan over time.

REQUESTS FOR INFORMATION

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

Eric Stark
Assistant Superintendent
81 South Street, PO BOX 296
Patterson, New York 12563

CARMEL CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

ASSETS		
Unrestricted cash	$ 10,386,830	
Restricted cash	4,475,752	
Accounts receivables, net	789,714	
State and federal aid receivable	3,877,692	
Due from other governments	182,914	
Due from fiduciary funds	315,108	
Inventories	59,000	
Prepaid expenditures	2,500	
Capital assets, net	51,599,119	
Net pension asset	6,014,641	
Total Assets		$ 77,703,270
DEFERRED OUTFLOW OF RESOURCES		
Deferred refunding of debt	$ 144,875	
Pensions	34,021,971	
OPEB-GASB#75	9,288,202	
Total Deferred Outflows of Resources		$ 43,455,048
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 808,557	
Accrued liabilities	2,751,154	
Bond anticipation notes payable	995,000	
Due to other governments	352	
Due to teachers' retirement system	5,991,748	
Due to employees' retirement system	597,046	
Deferred revenue	42,407	
Long-Term Liabilities:		
Due and payable within one year		
Bonds payable	1,842,950	
Other debt payable	640,800	
Due and payable after one year		
Bonds payable	14,491,925	
Other debt payable	5,110,707	
Compensated absences payable	6,564,801	
Other postemployment benefits payable	211,932,251	
Net pension liability - proportionate share	3,393,839	
Total Liabilities		$ 255,163,537
DEFERRED INFLOWS OF RESOURCES		
Pensions	8,861,435	
OPEB-GASB#75	5,382,626	
Total Deferred Inflows of Resources		$ 14,244,061
NET POSITION		
Net Investment in Capital Assets	28,517,737	
Restricted	4,794,158	
Unrestricted (deficit)	(181,561,175)	
Total Net Position		$ (148,249,280)

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For Year Ended June 30, 2019

	Expenses	Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	$ 11,333,908	$ 3,832,737	$ -	$ -	$ (15,166,645)
Instruction	72,257,778	38,312,141	401,069	2,051,415	(108,117,435)
Pupil transportation	5,482,552	3,188,334	-	198,082	(8,472,804)
Community service	383,069	-	-	-	(383,069)
Employee benefits	41,787,493	(41,787,493)	-	-	-
Debt service-Interest	745,247	-	-	-	(745,247)
Depreciation	3,820,832	(3,820,832)	-	-	-
School lunch program	1,203,897	275,113	903,888	627,787	52,665
Total Functions and Programs	$ 137,014,776	$ -	$ 1,304,957	$ 2,877,284	(132,832,535)
GENERAL REVENUES					
Real property taxes					83,250,452
Other tax items					10,382,506
Use of money and property					810,258
Sale of property and compensation for loss					65,342
Miscellaneous					378,715
State sources					28,560,842
Federal sources					101,622
Total General Revenues					123,549,737
Change in Net Position					(9,282,798)
Total Net Position - Beginning of year					(138,966,482)
Total Net Position - End of year					$ (148,249,280)

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2019

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted cash	$ 10,386,830	$ -	$ -	$ 10,386,830
Restricted cash	4,475,752	-	-	4,475,752
Accounts receivables, net	789,714	-	-	789,714
Due from other funds	5,950,182	-	(5,950,182)	-
Due from fiduciary funds	-	-	315,108	315,108
Due from other governments	182,914	-	-	182,914
State and federal aid receivable	3,877,692	-	-	3,877,692
Inventories	59,000	-	-	59,000
Prepaid expenditures	2,500	-	-	2,500
Capital assets, (net)	-	51,599,119	-	51,599,119
Net pension asset	-	6,014,641	-	6,014,641
Total Assets	$ 25,724,584	$ 57,613,760	$ (5,635,074)	$ 77,703,270
DEFERRED OUTFLOW OF RESOURCES				
Refunding of debt	$ -	$ 144,875	$ -	$ 144,875
Pensions	-	34,021,971	-	34,021,971
OPEB-GASB#75	-	9,288,202	-	9,288,202
Total Deferred Outflows of Resources	$ -	$ 43,455,048	$ -	$ 43,455,048
LIABILITIES				
Accounts payable	$ 808,557	$ -	$ -	$ 808,557
Accrued liabilities	2,689,999	61,155	-	2,751,154
Bond anticipation notes payable	995,000	-	-	995,000
Bonds payable	-	16,334,875	-	16,334,875
Other debt payable	-	5,751,507	-	5,751,507
Due to other funds	5,635,074	-	(5,635,074)	-
Due to other governments	352	-	-	352
Due to teachers' retirement system	5,991,748	-	-	5,991,748
Due to employees' retirement system	597,046	-	-	597,046
Other postemployment benefits payable	-	211,932,251	-	211,932,251
Compensated absences	-	6,564,801	-	6,564,801
Unearned revenues	42,407	-	-	42,407
Net pension liability- proportionate share	-	3,393,839	-	3,393,839
Total Liabilities	$ 16,760,183	$ 244,038,428	$ (5,635,074)	$ 255,163,537
DEFERRED INFLOWS OF RESOURCES				
Pensions	$ -	$ 8,861,435	$ -	$ 8,861,435
OPEB-GASB#75	-	5,382,626	-	5,382,626
Total Deferred Inflows of Resources	$ -	$ 14,244,061	$ -	$ 14,244,061
FUND BALANCE\NET POSITION				
Total Fund Balance\Net Position	$ 8,964,401	$ (157,213,681)	$ -	$ (148,249,280)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	$ 25,724,584	$ 101,068,808	$ (5,635,074)	$ 121,158,318

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For Year Ended June 30, 2019

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	$ 83,250,452	$ -	$ -	$ -	$ 83,250,452
Other tax items	10,382,506	-	-	-	10,382,506
Charges for services	401,069	-	-	-	401,069
Use of money and property	810,258	-	-	-	810,258
Sale of property and compensation for loss	65,342	-	-	-	65,342
Miscellaneous	378,715	-	-	-	378,715
State sources	29,357,544	-	-	-	29,357,544
Federal sources	2,182,204	-	-	-	2,182,204
Sales - school lunch	903,888	-	-	-	903,888
Total Revenues	127,731,978	-	-	-	127,731,978
EXPENDITURES\EXPENSES					
General support	11,392,354	-	(58,446)	-	11,333,908
Instruction	70,213,858	1,717,900	326,020	-	72,257,778
Pupil transportation	5,992,507	-	(509,955)	-	5,482,552
Community service	383,069	-	-	-	383,069
Employee benefits	34,742,911	7,044,582	-	-	41,787,493
Debt service-Principal	3,359,486	-	-	(3,359,486)	-
-Interest	756,028	(10,781)	-	-	745,247
School lunch program	1,203,897	-	-	-	1,203,897
Capital outlay	3,698,132	-	(3,698,132)	-	-
Depreciation	-	-	3,820,832	-	3,820,832
Total Expenditures	131,742,242	8,751,701	(119,681)	(3,359,486)	137,014,776
Excess (Deficiency) of Revenues Over Expenditures	(4,010,264)	(8,751,701)	119,681	3,359,486	(9,282,798)
OTHER SOURCES AND USES					
Operating transfers in	468,430	(468,430)	-	-	-
Operating transfers (out)	(468,430)	468,430	-	-	-
Total Other Sources (Uses)	-	-	-	-	-
Net Change for the Year	$ (4,010,264)	$ (8,751,701)	$ 119,681	$ 3,359,486	$ (9,282,798)

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30, 2019

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	$ 8,594,534	$ 4,133	$ 170,494	$ -	$ 1,617,669	$ 10,386,830
Restricted cash	4,094,744	-	-	381,008	-	4,475,752
State and federal aid receivable	2,368,856	1,508,836	-	-	-	3,877,692
Other receivables, net	785,466	2,350	1,898	-	-	789,714
Due from other funds	5,950,182	-	-	-	-	5,950,182
Due from other governments	182,914	-	-	-	-	182,914
Prepaid expenditures	2,500	-	-	-	-	2,500
Inventories	-	-	59,000	-	-	59,000
Total Assets	$ 21,979,196	$ 1,515,319	$ 231,392	$ 381,008	$ 1,617,669	$ 25,724,584
LIABILITIES						
Accounts payable	$ 676,559	$ 131,998	$ -	$ -	$ -	$ 808,557
Accrued liabilities	2,689,999	-	-	-	-	2,689,999
Bond anticipation notes payable	-	-	-	-	995,000	995,000
Due to teachers' retirement system	5,991,748	-	-	-	-	5,991,748
Due to employees' retirement system	597,046	-	-	-	-	597,046
Due to other funds	-	1,326,815	95,506	-	4,212,753	5,635,074
Due to other governments	-	-	352	-	-	352
Unearned revenue	700	-	41,707	-	-	42,407
Total Liabilities	9,956,052	1,458,813	137,565	-	5,207,753	16,760,183
FUND BALANCES						
Non-spendable	2,500	-	59,000	-	-	61,500
Restricted	4,094,744	-	-	381,008	318,406	4,794,158
Assigned	3,031,330	56,506	34,827	-	-	3,122,663
Unassigned (Deficit)	4,894,570	-	-	-	(3,908,490)	986,080
Total Fund Balances	12,023,144	56,506	93,827	381,008	(3,590,084)	8,964,401
Total Liabilities and Fund Balances	$ 21,979,196	$ 1,515,319	$ 231,392	$ 381,008	$ 1,617,669	$ 25,724,584

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- GOVERNMENTAL FUNDS
For Year Ended June 30, 2019

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 83,250,452	$ -	$ -	$ -	$ -	$ 83,250,452
Other tax items	10,382,506	-	-	-	-	10,382,506
Charges for services	396,011	5,058	-	-	-	401,069
Use of money and property	801,145	-	1,097	8,016	-	810,258
Sale of property and compensation for loss	65,342	-	-	-	-	65,342
Miscellaneous	378,715	-	-	-	-	378,715
State sources	28,560,842	775,746	20,956	-	-	29,357,544
Federal sources	101,622	1,473,751	606,831	-	-	2,182,204
Sales	-	-	903,888	-	-	903,888
Total Revenues	123,936,635	2,254,555	1,532,772	8,016	-	127,731,978
EXPENDITURES						
General support	11,392,354	-	-	-	-	11,392,354
Instruction	67,999,389	2,214,469	-	-	-	70,213,858
Pupil transportation	5,794,425	198,082	-	-	-	5,992,507
Community service	383,069	-	-	-	-	383,069
Employee benefits	34,473,935	-	268,976	-	-	34,742,911
Debt service-principal	3,359,486	-	-	-	-	3,359,486
-interest	756,028	-	-	-	-	756,028
Cost of sales	-	-	1,203,897	-	-	1,203,897
Capital outlay	-	-	-	-	3,698,132	3,698,132
Total Expenditures	124,158,686	2,412,551	1,472,873	-	3,698,132	131,742,242
Excess (Deficiency) of Revenues Over Expenditures	(222,051)	(157,996)	59,899	8,016	(3,698,132)	(4,010,264)
OTHER SOURCES AND USES						
Operating transfers in	-	193,936	4,494	-	270,000	468,430
Operating transfers (out)	(468,430)	-	-	-	-	(468,430)
Total Other Sources (Uses)	(468,430)	193,936	4,494	-	270,000	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(690,481)	35,940	64,393	8,016	(3,428,132)	(4,010,264)
Fund Balance (Deficit)- Beginning of year	12,713,625	20,566	29,434	372,992	(161,952)	12,974,665
Fund Balance (Deficit) - End of year	$ 12,023,144	$ 56,506	$ 93,827	$ 381,008	$ (3,590,084)	$ 8,964,401

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	Private Purpose Trusts	Agency
ASSETS		
Cash	$ 117,697	$ 629,648
Total Assets	$ 117,697	$ 629,648
LIABILITIES		
Due to governmental funds	$ -	$ 315,108
Extraclassroom activity balances	-	186,662
Other liabilities	-	127,878
Total Liabilities	-	$ 629,648
NET POSITION		
Reserved for scholarships	$ 117,697	

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For Year Ended June 30, 2019

		Private Purpose Trusts
ADDITIONS		
Contributions	$	20,975
Interest		123
Total Additions		21,098
DEDUCTIONS		
Scholarships and awards		25,400
Change in Net Position		(4,302)
Net Position - Beginning of year		121,999
Net Position - End of year	$	117,697

See auditor's report. See notes to financial statements.

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Carmel 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 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the School 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 review of certain entities included in the School District's reporting entity:

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

I. Summary of Significant Accounting Policies (Continued)

B. Joint Venture

The Carmel Central School District is one of 19 component school districts in the Putnam/Northern Westchester Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

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

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

During the year ended June 30, 2019, the Carmel Central School District was billed $6,509,255 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to $2,121,784. Financial statements for the BOCES Aid are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

The Districtwide Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes,

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

1. Districtwide Statements (Continued)

State Aid, intergovernmental revenues, and other exchange and nonexchange 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 program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

2. Fund Financial Statements

The fund financial 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 funds:

a. **Major Governmental Funds**

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

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

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

a. Major Governmental Funds (Continued)

(3) **School Lunch Fund** – Used to account for transactions of the District's lunch and breakfast programs.

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

(5) **Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

b. Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the districtwide 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:

(1) **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.

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

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

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

The districtwide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are 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 60 days after the end of the fiscal year.

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

E. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

I. Summary of Significant Accounting Policies (Continued)

F. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 21. Taxes are collected during the period September 1 to October 31.

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

G. 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 the associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

H. 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 districtwide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between 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 V for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

I. Summary of Significant Accounting Policies (Continued)

I. Estimates

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

J. 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 vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or balance sheet using the consumption method. Under the consumption method, a current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance has been classified as nonspendable to indicate that inventory and prepaid expenditures do not constitute an available spendable resource.

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 districtwide financial statements and their use is limited by applicable bond covenants.

I. Summary of Significant Accounting Policies (Continued)

L. Other Assets/Restricted Assets (Continued)

In the districtwide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

M. Capital Assets

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Site Improvements	$ 5,000	20
Buildings and Improvements	$ 5,000	20-50
Furniture and Equipment	$ 5,000	5-15
Vehicles	$ 5,000	8

N. Compensated Absences

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

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

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

I. Summary of Significant Accounting Policies (Continued)

N. Compensated Absences (Continued)

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vested method and an accrual for that liability is included in the Districtwide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available resources. These amounts are expensed on a pay-as-you-go basis.

O. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the districtwide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

P. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to the loss on defeasance of debt amortized over the life of the bond issue.

I. Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

R. Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claim to the resources.

S. Other Benefits

Eligible District employees participate in the New York State Teachers' Retirement System or the New York State and Local Employees' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

I. Summary of Significant Accounting Policies (Continued)

T. Short-Term Debt

The School District may issue Revenue and Tax Anticipation Notes in anticipation of 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 revenue anticipation and tax anticipation notes represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

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

U. Equity Classifications

1. Districtwide Statements

In the districtwide statements there are three classes of net position:

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

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

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of $59,000 and prepaid expenditures in the General Fund of $2,500.

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:

1. Encumbrances
   Encumbrance accounting, under which purchase orders, contracts and commitments of expenditures are recorded for budgetary control purposes in order to reserve 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.

2. Employee Benefit Accrued Liability
   This reserve is used to set aside funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

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

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

Restricted fund balance includes the following:

General Fund:	
Employee Benefit Accrued Liability	$ 1,231,531
Capital Reserve	953,717
Tax Certiorari	1,909,496
Capital Fund	318,406
Debt Service Fund	381,008
Total restricted funds	$ 4,794,158

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

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

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 $806,330 and the assigned fund balance amounted to $2,225,000.

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.

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

Order of Use of Fund Balance:

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

I. Summary of Significant Accounting Policies (Continued)

V. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable.

W. Future Changes in Accounting Standards

GASB Statement 84, *Fiduciary Activities,* effective for the year ending June 30, 2020.

GASB has issued Statement 87, Leases, effective for the year ending June 30, 2021

GASB has issued Statement 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 that these pronouncements may have on its financial statements and will implement it as applicable and when material.

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements

Due to differences in the measurement focus and basis of accounting used in the governmental fund statements and the districtwide 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.

1. 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.

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

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

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

a. 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.

b. 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.

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

d. 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.

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

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

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually of their useful lives.

Original cost of capital assets	$98,792,468
Accumulated depreciation	47,193,349
Capital assets, net	$51,599,119

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds, deferred inflow from refunding and other debt payable	$ 22,086,382
OPEB obligations	$211,932,251
Compensated Absences	$ 6,564,801
Net Pension Liability-Proportionate Share	$ 3,393,839

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of $3,830,832 was more than capital expenditures of $3,940,513 in the current year.

Repayment of bond principal of $3,359,486 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities decreased by $10,781.

III. Changes in Accounting Principles

For the fiscal year ended June 30, 2018, the District implemented GASB Statement #75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. The implementation of the statement requires 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 X. for the financial statement impact of the implementation of the statement.

IV. Cash and Investments

A. Deposits

The Carmel Central School District's investment policies are governed by State statutes. The Carmel Central School District's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are: obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in an event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

A. Uncollateralized
B. Collateralized by securities held by the pledging financial institution, or
C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District's custodial bank in the School District's name.

The District did not have any investments at year end or during the year.

IV. Cash and Investments (Continued)

B. Investment Pool

The School District participates in two multi-municipal cooperation investment pool agreements pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2019, the School District held $4,366,597 in investments consisting of various investments in securities issued by the United States and its agencies. Included in this amount is a $2,000,000 certificate of deposit. The investments are highly liquid and considered to be cash equivalents. The investment pool is categorically exempt from the New York State collateralization requirements.

V. Interfund Transaction

Interfund balances at June 30, 2019 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 5,950,182	$ -	$ -	$ 468,430
Special Aid Fund	-	1,326,815	193,936	-
School Lunch Fund	-	95,506	4,494	-
Capital Fund	-	4,212,753	270,000	-
Debt Service Fund	-	-	-	-
Total governmental activities	5,950,182	5,635,074	$ 468,430	$ 468,430
Fiduciary Agency Fund	-	315,108		
Totals	$ 5,950,182	$ 5,950,182		

The District typically transfers from the General Fund to the Special Aid Fund to pay its' share of the Summer Handicapped Program.

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

VI. Capital Assets

A summary of changes in general fixed assets follows:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Capital assets-not depreciated:				
Land	$ 2,156,600	$ 2,927,579	$ -	$ 5,084,179
Construction in progress	387,573	136,539	71,991	452,121
Total capital assets-not depreciated:	2,544,173	3,064,118	71,991	5,536,300
Other capital assets:				
Buildings and improvements	83,123,945	255,361	-	83,379,306
Machinery and equipment	1,832,103	203,843	101,693	1,934,253
Buses	7,764,113	489,182	310,686	7,942,609
Total other capital assets:	92,720,161	948,386	412,379	93,256,168
Less accumulated depreciation:				
Buildings and improvements	36,814,289	3,215,466	-	40,029,755
Machinery and equipment	812,857	193,987	101,693	905,151
Buses	6,157,750	411,379	310,686	6,258,443
Total accumulated depreciation	43,784,896	3,820,832	412,379	47,193,349
Other capital assets, net	48,935,265	(2,872,446)	-	46,062,819
Total	$ 51,479,438	$ 191,672	$ 71,991	$ 51,599,119

Depreciation expense for the period was allocated in the Statement of Activities as follows:

General Support	$ 86,550
Instruction	3,342,515
Transportation	385,630
School Lunch	6,137
	$3,820,832

VII. Pension Plans

1. General Information

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

2. Plan Descriptions and Benefits Provided

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

Employees' Retirement System (ERS)
The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

VII. Pension Plans (Continued)

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 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

Contributions

	ERS	TRS
2019	$2,155,303	$5,524,661
2018	$2,153,957	$6,404,065
2017	$2,138,087	$6,992,785

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

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

	ERS	TRS
Actuarial valuation date	1-Apr-18	30-Jun-17
Net pension liability/(asset)	$3,393,839	$6,014,641
District's portion of the Plan's total net pension liability	.0478997%	.332620%
Change in proportion since the prior measurement date	(.0003047%)	(.000691%)

VII. Pension Plans (Continued)

For the year ended June 30, 2019, the District's recognized pension expense of $2,439,045 for ERS and $4,627,170 for TRS. At June 30, 2019 the District 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	$668,318	$4,494,693	$227,822	$814,164
Changes of assumptions	853,073	21,025,116	0	0
Net difference between projected and actual earnings on pension plan investments	0	0	871,047	6,676,710
Changes in proportion and differences between the District's contributions and proportionate share of contributions	531,377	46,379	72,126	199,566
District's contributions subsequent to the measurement date	597,046	5,805,969	0	0
Total	$2,649,814	$31,372,157	$1,170,995	$7,690,440

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, 2019. 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:		
2019	$ -	$ 5,987,905
2020	$889,157	4,052,349
2021	($548,282)	390,891
2022	$30,981	4,038,179
2023	$509,916	2,749,797
Thereafter	$0	656,628

VII. Pension Plans (Continued)

4. 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:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	4.20%	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	2.5%	2.25%

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

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

VII. Pension Plans (Continued)

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	TRS
Measurement date	March 31, 2019	June 30, 2018
Asset Type	%	%
Domestic Equities	36%	33%
International Equities	14%	16%
Global equities	0%	4%
Private Equity	10%	8%
Real Estate	10%	11%
Domestic fixed income securities	0%	16%
Global fixed income securities	0%	2%
Bonds and mortgages	17%	8%
Cash Equivalents	1%	0%
Inflation-Indexed bonds	4%	0%
High yield fixed income securities	0%	1%
Real assets	3%	0%
Short-term	0%	1%
Alternative investments	8%	0%
	100%	100%

5. Discount Rate

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

VII. Pension Plans (Continued)

6. Sensitivity of the Proportionate Share of Net Pension Asset/Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension (asset)/liability calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0% or ERS and 6.25% for TRS) or 1-percentage point higher (8.0% for ERS and 8.25% 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	$14,838,408	$3,393,839	($6,220,410)

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share Of the net pension (asset) liability	$41,321,565	($6,014,641)	($45,669,227)

7. 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:

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Employers' total pension liability	$ (189,803,429)	$ (118,107,254)
Plan Fiduciary Net Position	182,718,124	119,915,518
Employers' net pension liability/(asset)	(7,085,305)	(1,808,264)
Ratio of plan fiduciary net position to the Employers' total pension (asset)/liability	96.2700%	101.5300%

VII. Pension Plans (Continued)

8. 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, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to $597,046.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to $5,991,748.

VIII. Short-Term Debt Obligations

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

	Maturity	Interest Rate	Balance 7/1/2018	Issued	Redeemed	Balance 6/30/19
BAN	2020	1.84%	$ -	$ 995,000	$ -	$ 995,000

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

Interest paid	$ -

IX. Long-Term Debt Obligations

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

1. Long-Term Debt Interest

Interest paid	$756,029
Less interest accrued in the prior year	(71,936)
Plus, interest accrued in the current year	61,155
Total expense	$745,248

2. Changes

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019	Due Within One Year
Serial Bonds	$ 18,925,000	$ -	$ 2,735,000	$ 16,190,000	$ 1,815,000
Deferred outflow- Refunding	172,823	-	27,948	144,875	$ 27,950
Other Debt - EPC	6,375,993	-	624,486	5,751,507	$ 640,800
Compensated Absences	4,846,901	1,717,900	-	6,564,801	
OPEB Obligations	192,949,599	18,982,652	-	211,932,251	
Net Pension Liability- Proportionate Share	1,555,770	1,838,069	-	3,393,839	
Totals	$ 224,826,086	$ 22,538,621	$ 3,387,434	$ 243,977,273	

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately. In addition, $1,231,531 of compensated absences have been reserved by the District

IX. Long-Term Debt Obligations (Continued)

3. Maturity

a. The following is a summary of the debt issued:

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2019
Construction	2014	2030	2.50%	$ 4,110,000
Construction	2012	2027	2.000%	1,070,000
Construction	2015	2021	1.750%	235,000
Advanced refunding	2014	2027	4.000%	10,775,000
EPC	2013	2026	2.634%	3,931,507
EPC	2015	2032	2.52%	1,820,000
Total				$ 21,941,507
Deferred outflow- Refunding				$144,875

b. The following is a summary of maturing principal debt service requirements:

	Year	Principal	Interest	Total
Serial Bonds:	2020	$ 1,815,000	$ 520,669	$ 2,335,669
	2021	1,860,000	458,106	2,318,106
	2022	1,805,000	393,394	2,198,394
	2023	1,860,000	328,394	2,188,394
	2024	1,940,000	246,625	2,186,625
	2025 and thereafter	6,910,000	513,112	7,423,112
	Total	$ 16,190,000	$ 2,460,300	$ 18,650,300

Prior-Year Defeasance of Debt

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

X. Postemployment (Health Insurance) 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, 2019, the following employees were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefit payments	516
Inactive members entitled to but not yet receiving benefit payments	-
Active members	586
Total membership	1,102

B. Total OPEB Liability

The District's total OPEB liability of $211,932,251 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs- The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

X. Postemployment (Health Insurance) Benefits (Continued)

B. Total OPEB Liability (Continued)

Inflation	2.30%
Salary Increases	varies by years of service (1.8% to 10%)
Discount Rate	3.51%
Healthcare Cost Trend Rates	5.50% for 2018, decreasing to an ultimate rate of 3.80% by 2075

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

Mortality rates were based on the April 1, 2010-March 31, 2015 NYSLRS experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

C. Changes in the Total OPEB Liability

Balance at June 30, 2018	$192,949,599
Changes for the Year	
Service cost	6,484,417
Interest	7,589,650
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	11,610,253
Benefit payments	(6,701,668)
Net Changes	18,982,652
Balance at June 30, 2019	$211,932,251

X. Postemployment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.51% in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate- The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.51%) or 1 percentage point higher (4.51%) than the current discount rate:

	(2.51%) 1% Decrease	(3.51%) Discount Rate	(4.51%) 1% Increase
Total OPEB Liability	$ 249,784,501	$ 211,932,251	$ 181,873,836

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 175,714,485	$ 211,932,251	$ 259,119,570

X. Postemployment (Health Insurance) Benefits (Continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of $7,900,241. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions or other inputs	9,288,202	(5,382,626)
Total	$9,288,202	($ 5,382,626)

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

Fiscal Year Ending June 30,	Amount
2020	$ 527,842
2021	527,842
2022	527,842
2023	2,322,051

XI. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

The Carmel Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. 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.

XI. Commitments and Contingencies (Continued)

A. Risk Financing and Related Insurance (Continued)

2. Non-Risk, Risk Retained

The Carmel Central School District established a self-insured plan for risk associated with employee health and accident insurance coverage. The School District pays a monthly premium to the plan. The Plan provides coverage for its members up to $225,000 per insured event. The Carmel Central School District plan obtains independent coverage for insured events in excess of the $225,000. The School District's liability for open claims is approximately $2,684,131. This liability is reported in the General Fund.

3. Grants

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

4. Non-Pool, Risk Retained

The Carmel Central School District has chosen to participate in a self-insured plan, the Putnam/Northern Westchester Cooperative Self-Insurance Plan, for risks associated with workmen's compensation and employer's liability, which is accounted for in the School District's General Fund. The Plan is funded by contributions by the participants in proportion to their claims experience. The Cooperative Plan has purchased excess insurance policies for all participants, to cover catastrophic losses.

5. Litigation

The Paraprofessional Unit has filed a grievance alleging violation of Article VIII © of the collective bargaining agreement in that two unit members who are retiring were told that they would be paid for sick leave days on a pro-rata basis, instead of paying them for all 17 days, which is the annual allotment. The District is defending this matter and has denied the grievance and expects to prevail if arbitrated. The maximum estimated contingent liability if the union prevails is between $10,000 and $20,000 for payment for the full allotment of sick leave days.

XI. Commitments and Contingencies (Continued)

A. Risk Financing and Related Insurance (Continued)

5. Operating Leases

The School District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2019 was approximately $642,747. The future non-cancelable operating lease payments are as follows:

Year Ended	Lease Payments
2020	$ 541,659
2021	426,348
2022	83,245
2023	43,668
	$ 1,094,920

XII. Tax Abatements

The County of Putnam enter into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced $123,071. The District received payments in Lieu of Tax (PILOT) payment totaling $5,023.

XIII. Other Disclosures

A. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Total governmental fund balance	$ 8,964,401
Capital assets (net)	51,599,119
Net pension asset	6,014,641
Deferred outflows of resources	43,455,048
Bonds payable	(16,334,875)
Accrued interest payable	(61,155)
Net pension liability- proportionate share	(3,393,839)
Deferred inflows of resources	(14,244,061)
Compensated absences	(6,564,801)
OPEB obligations	(211,932,251)
Other debt payable	(5,751,507)
Total net position	$ (148,249,280)

XIII. Other Disclosures (Continued)

B. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Net changes in fund balance – total governmental funds	($4,010,264)
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	3,940,513
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(3,820,832)
Repayments of Long-term Debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position	3,359,486
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2018/19 results in less expense.	10,781
(Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers' Retirement System	1,150,016
Employees' Retirement System	(294,357)
Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
OPEB obligations	(7,900,241)
Compensated absences	(1,717,900)
Change in Net Position – Governmental Activities	($9,282,798)

XIV. Stewardship, Compliance and Accountability

A. Budgetary Procedures and Budgetary Accounting

1. Budgets

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

The General Fund budget was increased to reflect the use of reserves in the amount of $2,014,517, donations in the amount of $50,419, and Senate Grants in the amount of $29,500.

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

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

Special Aid Fund and School Lunch Fund have not been included because they do not have legally authorized budgets.

XIV. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Procedures and Budgetary Accounting (Continued)

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

3. The Capital Fund had a deficit fund balance at June 30, 2019 in the amount of $3,590,084. The deficit will be eliminated when the District obtains permanent financing for the Capital Project.

XV. Subsequent Events

There were no significant subsequent events to report from the period of July 1, 2019 to October 28, 2019.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND
For Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	$ 93,674,489	$ 93,674,489	$ 83,250,452	$ (10,424,037)
Real property tax items	55,000	55,000	10,382,506	10,327,506
Charges for services	488,000	488,000	396,011	(91,989)
Use of money and property	789,500	789,500	801,145	11,645
Sale of property and compensation for loss	29,500	29,500	65,342	35,842
Miscellaneous	425,000	475,419	378,715	(96,704)
Total Local Sources	95,461,489	95,511,908	95,274,171	(237,737)
State Sources	27,850,000	27,879,500	28,560,842	681,342
Federal Sources	60,000	60,000	101,622	41,622
Total Revenues	123,371,489	123,451,408	123,936,635	$ 485,227
Appropriated Reserves	-	2,014,517		
Appropriated Fund Balance	2,225,000	2,225,000		
Total Revenues, Other Financing Sources, Appropriated Reserves and Fund Balance	$ 125,596,489	$ 127,690,925		

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-
GENERAL FUND
For Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of education	$ 41,230	$ 51,930	$ 45,024	$ -	$ 6,906
Central administration	346,050	336,203	335,586	-	617
Finance	1,420,090	1,410,986	1,374,708	7,144	29,134
Staff	635,110	661,257	511,833	63,857	85,567
Central services	7,872,025	8,414,368	7,678,929	128,005	607,434
Special items	1,411,167	1,566,500	1,446,273	6,707	113,520
Total General Support	11,725,672	12,441,244	11,392,353	205,713	843,178
Instructional					
Instruction, administration and improvement	2,905,850	3,036,521	2,984,232	3,906	48,383
Teaching - regular school	39,225,260	38,800,104	38,740,965	22,184	36,955
Programs for children with handicapping conditions	14,637,702	15,177,069	14,760,984	414,653	1,432
Occupational education	1,702,500	1,676,759	1,675,140	1,600	19
Teaching - special school	90,400	75,146	70,807		4,339
Instructional media	2,492,570	2,430,030	2,381,122	28,445	20,463
Pupil services	7,182,219	7,561,734	7,386,138	72,957	102,639
Total Instructional	68,236,501	68,757,363	67,999,388	543,745	214,230
Pupil transportation	5,888,121	6,006,551	5,794,426	1,510	210,615
Employee benefits	35,022,280	35,416,323	34,473,935	27,315	915,073
Community service	323,400	468,400	383,069	28,047	57,284
Debt service					
Principal	3,359,486	3,359,486	3,359,486	-	-
Interest	771,029	771,029	756,029	-	15,000
Total Expenditures	125,326,489	127,220,396	124,158,686	806,330	2,255,380
OTHER FINANCING USES					
Operating transfers out	270,000	470,529	468,430	-	2,099
Total Expenditures and Other Uses	$ 125,596,489	$ 127,690,925	124,627,116	$ 806,330	$ 2,257,479
Net change in fund balance			(690,481)		
Fund balance- Beginning			12,713,625		
Fund balance- Ending			$12,023,144		

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
For Year Ended June 30, 2019

		2019
Total OPEB Liability		
Service Cost at end of year	$	6,484,417
Interest		7,589,650
Changes of benefit terms		-
Difference between expected and actual experience		-
Changes of assumptions or other inputs		11,610,253
Benefit payments		(6,701,668)
Net change in Total OPEB Liability		18,982,652
Total OPEB Liability- beginning		192,949,599
Total OPEB Liability- ending	$	211,932,251
Covered-employee payroll		58,637,701
Total OPEB Liability as a percentage of covered-employee payroll		361.40%

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
June 30, 2019

	Teachers' Retirement System			
	2019	2018	2017	2016
District 's proportion of the net pension asset	.332620%	.333311%	.331152%	.329293%
District's proportionate share of the net pension asset	$ (6,014,641)	$ (2,533,497)	$ 3,546,772	$ (34,203,087)
District's covered-employee payroll	$ 54,670,142	$ 54,180,014	$ 52,959,770	$ 51,266,807
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11.00%	4.67%	6.70%	66.70%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	100.66%	99.01%	110.46%

	Employees' Retirement System			
	2019	2018	2017	2016
District 's proportion of the net pension liability	.0478997%	.0482044%	.0489998%	.0509027%
District's proportionate share of the net pension liability	$ 3,393,839	$ 1,555,770	$ 4,604,130	$ 8,170,031
District's covered-employee payroll	$ 14,653,291	$ 14,094,144	$ 14,037,483	$ 13,984,066
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.16%	11.03%	32.80%	58.40%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
June 30, 2019

	Teachers' Retirement System			
	2019	2018	2017	2016
Contractually required contribution	$ 5,805,969	$ 5,558,380	$ 6,421,368	$ 7,018,714
Contributions in relation to the contractually required contribution	5,805,969	5,558,380	6,421,368	7,018,714
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 54,670,142	$ 54,180,014	$ 52,959,770	$ 51,266,807
Contributions as a percentage of covered employee payroll	10.6%	10.3%	12.1%	13.7%

	Employees' Retirement System			
	2019	2018	2017	2016
Contractually required contribution	$ 2,155,303	$ 2,153,957	$ 2,138,087	$ 2,546,970
Contributions in relation to the contractually required contribution	2,155,303	2,153,957	2,138,087	2,546,970
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 14,653,291	$ 14,094,144	$ 14,037,483	$ 13,984,066
Contributions as a percentage of covered employee payroll	14.7%	15.3%	15.2%	17.6%

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND
THE REAL PROPERTY TAX LIMIT
For Year Ended June 30, 2019

CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET

Original Budget			$ 125,596,489
Additions:			
Prior year's encumbrances		$ 1,078,244	
Budget revision	- Donations	50,419	
	- NYS Grant	29,500	
	- Emergency Repairs	125,000	
	- Transfer from Employee Benefit Reserve	643,484	
	- Transfer from Tax Certiorari Reserve	167,789	2,094,436
Final Budget			$ 127,690,925

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-20 Voter-approved Expenditure Budget		$ 127,657,650
Maximum allowed (4% of 2019-2020 Budget)		$ 5,106,306
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Committed fund balance	$ -	
Assigned fund balance	3,031,330	
Unassigned fund balance	4,894,570	
Total unrestricted fund balance	$ 7,925,900	
Less:		
Appropriated fund balance	2,225,000	
Encumbrances included in committed and assigned fund balance	806,330	
Total adjustments	$ 3,031,330	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 4,894,570
Actual percentage		3.83%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (originally Issued November 2010), the portion of General Fund Fund Balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
For Year Ended June 30, 2019

			Expenditures				Methods of Financing			
PROJECT TITLE	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance	Local Sources	Proceeds of Obligations	Total	Fund Balance June 30, 2019
2014 Capital Project	$ 203,619	$ 203,619	$ 177,819	$ -	$ 177,819	$ 25,800	$ 203,619	$ -	$ 203,619	$ 25,800
2015-16 Capital Outlay	200,000	200,000	41,605	63,049	104,654	95,346	200,000	-	200,000	95,346
2016-17 Capital Outlay	200,000	200,000	137,764	-	137,764	62,236	200,000	-	200,000	62,236
2017-18 Capital Outlay	290,000	290,000	184,989	75,128	260,117	29,883	290,000	-	290,000	29,883
Outdoor Classroom	25,000	25,000	-	-	-	25,000	25,000	-	25,000	25,000
NYS Smart Bond Phase I	1,306,189	1,306,149	538,394	495,837	1,034,231	271,918	-	-	-	(1,034,231)
2019 Transport & Alterations	27,549,140	27,549,140	-	3,064,118	3,064,118	24,485,022	-	-	-	(3,064,118)
2018-19 Capital Outlay	270,000	270,000	-	-	-	270,000	270,000	-	270,000	270,000
Totals	$ 30,043,948	$ 30,043,908	$ 1,080,571	$ 3,698,132	$ 4,778,703	$ 25,265,205	$ 1,188,619	$ -	$ 1,188,619	$ (3,590,084)

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2019

Capital assets, net		$ 51,599,119
Deduct:		
Bond anticipation notes payable	$ 995,000	
Short-term portion of bonds payable	2,483,750	
Long-term portion of bonds payable	19,602,632	23,081,382
Net investment in capital assets		$ 28,517,737

See paraghraph on required supplementary information included in auditor's report.

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

To the Board of Education of the
Carmel Central School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Carmel Central School District as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated October 28, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Raymond G. Preusser, CPA, PC

Claverack, New York
October 28, 2019