PRELIMINARY OFFICIAL STATEMENT

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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

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

$80,000,000

NORTH COLONIE CENTRAL SCHOOL DISTRICT

ALBANY COUNTY, NEW YORK

GENERAL OBLIGATIONS

$80,000,000 Bond Anticipation Notes, 2019

(the "Notes")

Dated: July 18, 2019 | **Due: July 17, 2020**

The Notes are general obligations of the North Colonie Central School District, Albany County, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

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

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon on with the purchaser(s), or about July 18, 2019.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on June 26, 2019 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

June 11, 2019

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

NORTH COLONIE CENTRAL SCHOOL DISTRICT
ALBANY COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2018-2019 BOARD OF EDUCATION

LINDA HARRISON
President

PAULA D'ORAZIO
Vice President

MICHELLE DISCHIAVO
DAVID GAYNOR
PENNIE GRINNELL
MARY NARDOLILLO
SANDY PANGBURN
AVIDEH SADAGHIANI*
RON VON DELL

* * * * * * * *

ADMINISTRATION

D. JOSEPH CORR
Superintendent of Schools

SCOTT M. HOOT
Assistant Superintendent for Business

SARAH CONYERS
School District Treasurer

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

* Seat will be taken by Matthew Cannon beginning in the 2019-2020 fiscal year.

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

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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Syracuse, New York 13202
(315) 752-0051
http://www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

NORTH COLONIE CENTRAL SCHOOL DISTRICT
ALBANY COUNTY, NEW YORK

Relating To

$80,000,000 Bond Anticipation Notes, 2019

This Official Statement, which includes the cover page and appendices, has been prepared by the North Colonie Central School District, Albany County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $80,000,000 principal amount of Bond Anticipation Notes, 2019 (the "Notes").

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

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

NATURE OF OBLIGATION

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

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

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

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

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

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

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts

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

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

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

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

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

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

THE NOTES

Description of the Notes

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

The Notes will be dated July 18, 2019 and will mature July 17, 2020. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the Purchaser either (i) registered in the name of the purchaser, or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and Status of the State of New York, including the Education Law and the Local Finance Law, pursuant to a bond resolution duly adopted by the Board of Education on March 30, 2017, authorizing a capital project of $106.3 million capital project which includes expansion and renovations at the elementary schools and the conversion of Shaker Junior High School to a 6-8 middle school to accommodate significant growth in enrollment, as well as security updates at all eight school buildings.

The proceeds of the Notes will renew $53,000,000 bond anticipation notes maturing July 19, 2019 in full and provide $27,000,000 new money for the aforementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

North Colonie Central School District (the "District") is located in the Town of Colonie (the "Town") and borders on the City of Albany in the Capital Region of New York. The intersection of the New York State Thruway's north-south artery (Interstate 87) and east-west artery (Interstate 90) is located in the District, which affords the residents and businesses within the District excellent access to the Nation's Interstate Highway System. Also located within the District is the Mohawk River, which connects to the Hudson River and the New York State Barge Canal (Erie Canal). Amtrak provides passenger service through its facilities located in nearby Rensselaer, and the Albany International Airport is located just outside of the District.

The District is primarily residential in character, but it has a significant commercial tax base consisting largely of office complexes, hotels, shopping centers and some industrial activity. Furthermore, due to its developed and diverse tax base, District residents and businesses are afforded with one of the lowest property tax rates in the area. There is great support for the District's programs as evidenced by the fact that the District's annual budget has been passed by District voters every year for the last thirty-three years.

Residents of the District have superb access to higher education with several colleges and universities located in the Capital Region, including State University of New York at Albany, Rensselaer Polytechnic Institute, Union College, The College of Saint Rose and Siena College. The Hudson and Mohawk rivers afford excellent recreational activities, as do several nearby golf courses and ski resorts.

The Town provides police protection to District residents and fire protection is provided by local volunteer fire departments. Electric and gas is supplied by National Grid and local telephone service is provided by Verizon.

Source: District officials.

Population

The current estimated population of the District is 40,272. (Source: 2017 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
Town of: Colonie	$ 25,231	$ 35,075	$ 37,295	$ 62,649	$ 85,418	$ 94,520
County of: Albany	23,345	30,863	35,278	56,724	76,159	90,031
State of: New York	23,389	30,948	31,177	51,691	67,405	70,850

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

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

Larger Employers

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

Name	Type	# Employees
United Parcel Service	Delivery Service	785
Town of Colonie	Municipality	651
Siena College	Higher Education	608
Times Union	Newspaper	565
Price Chopper	Retail	402
Pepsi Cola Brothers	Manufacturing	350
Wal-Mart/Sam's Club	Retail	250
Hannaford	Retail	242
NYSUT	Labor Union	200

Source: District officials.

Unemployment Rate Statistics

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

Annual Average

	2012	2013	2014	2015	2016	2017	2018
Albany County	7.1%	6.1%	4.9%	4.3%	4.1%	4.2%	3.7%
New York State	8.5%	7.7%	6.3%	5.3%	4.8%	4.7%	4.1%

2019 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun
Albany County	3.8%	3.7%	3.6%	3.2%	N/A	N/A
New York State	4.6%	4.4%	4.1%	3.6%	N/A	N/A

Note: Unemployment rates for May and June 2019 are unavailable as of the date of this Official Statement.

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

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education (the ‘‘Board”). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members to the Board. They are generally elected for a term of five years.

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 the Assistant Superintendent for Business and District Treasurer.

Budgetary Procedures

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

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

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

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

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

Recent Budget Vote Results

The budget for the 2017-18 fiscal year was approved by the qualified voters on May 16, 2017 with a vote of 3,116 to 1,054. The budget called for a total tax levy increase of 2.47% which was equal to the District's Tax Cap.

The budget for the 2018-19 fiscal year was approved by the qualified voters on May 15, 2018 with a vote of 1,434 to 489. The budget called for a total tax levy increase of 3.10% which is within the District's Tax Cap.

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019 with a vote of 1,026 to 392. The budget calls for a total tax levy increase of 3.29% which is within the District's Tax Cap.

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 the 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; (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, 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 subdivision 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.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-2020 fiscal year, approximately 19.21% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

Potential reductions in Federal aid received by the State.

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

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

The State's Enacted 2017-2018, 2018-2019 and 2019-2020 Budgets allowed 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.

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

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

Building aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2019-2020 preliminary building aid ratios, the District expects to receive State building aid of approximately 59.2% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

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

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

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

<u>*Gap Elimination Adjustment (GEA).*</u> The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $19,068,788. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

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

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

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

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.

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

State Aid Revenues

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

Fiscal Year	Total Revenues [1]	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2013-2014	$ 95,123,911	$ 17,476,906	18.37%
2014-2015	98,372,702	18,090,381	18.39
2015-2016	102,401,715	19,784,819	19.32
2016-2017	105,031,192	20,684,714	19.69
2017-2018	106,718,069	20,124,909	18.86
2018-2019 (Budgeted)	109,358,452	20,312,800	18.57
2019-2020 (Budgeted)	114,318,100	21,965,092	19.21

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

Source: Audited financial statements for the 2013-2014 fiscal year through and including the 2017-2018 fiscal year, and the budgets of the District for the 2018-2019 and 2019-2020 fiscal years. This table is not audited.

School Facilities

Name	Capacity	Year(s) Built	Grades
Boght Hills Elementary School	530	1955	K-6
Blue Creek Elementary School	515	1953	K-6
Forts Ferry Elementary School	530	1955	K-6
Latham Ridge Elementary School	530	1966	K-6
Loudonville Elementary School	315	1919	K-6
Maplewood Elementary School (1)	0	1922	-
Southgate Elementary School	430	1955	K-6
Shaker Jr. High School	1,000	1962	7-8
Shaker Sr. High School	2,000	1957	9-12
Goodrich Elementary School (2)	0	1910	-

(1) The District temporarily leases out a portion of this facility. Maplewood Elementary School is leased to a private contractor who provides speech, occupational and physical therapy services to children.
(2) The District business offices and the superintendent's office are located in the Goodrich Elementary School.

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2014-15	5,380	2019-20	5,914
2015-16	5,500	2020-21	6,031
2016-17	5,549	2021-22	6,115
2017-18	5,689	2022-23	6,191
2018-19	5,846	2023-24	6,266

Source: District officials.

Employees

The District employs a total of approximately 1,008 full-time employees. Employees are represented by various unions as follows:

Employees Represented	Union Representation	Contract Expiration Date
578	North Colonie Teachers Association	6/30/2020
245	Civil Service Employees Association	6/30/2020
130	C.S.E.A. District Aides	6/30/2021
29	Administrators Association of North Colonie	6/30/2021
11	Instructional Support Administrators Association of North Colonie	6/30/2022
10	Management Confidential	6/30/2019 (1)
5	Individual Contracts	varies

(1) Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State

Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2018-2019 and 2019-2020 fiscal year are as follows:

Fiscal Year	ERS	TRS
2013-2014	$ 2,884,980	$ 6,690,406
2014-2015	2,780,511	6,748,681
2015-2016	2,503,487	5,719,773
2016-2017	2,043,461	5,126,004
2017-2018	2,015,193	4,484,633
2018-2019 (Budgeted)	2,412,518	5,220,181
2019-2020 (Budgeted)	2,530,834	4,681,866

Source: District records.

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 for its employees.

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

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

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*

* Estimated. The final rate will be adopted by the New York State Teachers' Retirement System Board at its July 31, 2019 meeting.

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

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

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

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

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

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

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

Other Post Employee Benefits

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

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

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

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

Summary of Changes from the Last Valuation. The District contracted with Milliman, Inc., an actuarial firm, to calculate its first actuarial valuation under GASB 75 for the fiscal year ending June 30, 2018.

The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

Balance at June 30, 2017:	$ 128,181,313
Changes for the year:	
Service cost	6,432,823
Interest	4,743,137
Differences between expected and actual experience	0
Changes of benefit terms	0
Changes in assumptions	(16,141,063)
Benefit payments	(2,082,479)
Net Changes	7,047,582
Balance at June 30, 2018:	$ 121,133,731

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

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

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

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

Based on the most recent actuarial valuation dated January 1, 2017, the following tables shows the components of the District's annual OPEB cost, the amount actuarially contributed to the plan, changes in the District's net OPEB obligation and funding status as of June 30, 2016 and 2017.

Annual OPEB Cost and Net OPEB Obligation:	***2016***	***2017***
Annual required contribution (ARC)	$ 7,376,700	$ 10,504,300
Interest on net OPEB obligation	1,392,915	1,418,372
Adjustment to ARC	(1,343,974)	(1,422,484)
Annual OPEB cost (expense)	7,425,641	10,500,188
Contributions made	(1,723,600)	(1,961,500)
Increase in net OPEB obligation	5,702,041	8,538,688
Net OPEB obligation - beginning of year	34,822,875	40,524,916
Net OPEB obligation - end of year	$ 40,524,916	$ 49,063,604
Percentage of annual OPEB cost contributed	23.2%	18.7%
Funding Status:		
Actuarial Accrued Liability (AAL)	$ 82,960,100	$ 120,455,800
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 82,960,100	$ 120,455,800
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 10,500,188	18.7%	$ 49,063,604
2016	7,425,641	23.2	40,524,916

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

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

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

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

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

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

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;

- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

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

Other Information

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

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

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

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

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

Financial Statements

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

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

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

New York State Comptroller Report of Examination

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

The State Comptroller's office is currently in the process of conducting a routine audit of the District. The focus of the audit is the extraclassroom activity fund and field work was concluded on May 21, 2019. The results of this audit and the full report are not available as of the date of this Official Statement.

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Town of:					
Colonie	$ 3,085,300,939	$ 3,138,294,702	$ 3,186,556,323	$ 3,230,863,506	$ 3,265,028,950
Total Assessed Valuation	$ 3,085,300,939	$ 3,138,294,702	$ 3,186,556,323	$ 3,230,863,506	$ 3,265,028,950
State Equalization Rates					
Town of:					
Colonie	68.50%	67.75%	67.50%	66.50%	64.25%
Taxable Full Valuation					
Town of:					
Colonie	$ 4,504,088,962	$ 4,632,169,302	$ 4,720,824,182	$ 4,858,441,362	$ 5,081,757,121
Total Taxable Full Valuation	$ 4,504,088,962	$ 4,632,169,302	$ 4,720,824,182	$ 4,858,441,362	$ 5,081,757,121

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Town of:					
Colonie	$ 24.73	$ 25.04	$ 25.20	$ 25.51	$ 26.03

Tax Collection Procedure

The District levies its own taxes, but said taxes are collected by the Town of Colonie. District taxes are collected from September 1 to September 30 with no penalty and from October 1 until October 31 with a 2% penalty. Delinquent taxes are reported unpaid to the County Treasurer on November 15. At this time, delinquent District taxes are the responsibility of the County Treasurer. By April 1 of each fiscal year, all delinquent taxes are paid in full (plus any penalties) to the District by the County Treasurer.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Total Tax Levy [1]	$ 76,381,796	$ 78,567,585	$ 80,309,474	$ 82,446,594	$ 85,002,438
Amount Uncollected [2]	-	-	-	-	-
% Uncollected [2]	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Includes STAR. See "STAR-School Tax Exemption" herein.
(2) The District is reimbursed by the County for all unpaid taxes. See "Tax Collection Procedure" herein.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues [1]	Total Real Property Taxes	Percentage of Total Revenues Consisting of Real Property Tax
2013-2014	$ 95,123,911	$ 73,613,083	77.39%
2014-2015	98,372,702	76,168,059	77.43
2015-2016	102,401,715	78,674,796	76.83
2016-2017	105,031,192	74,997,331	71.40
2017-2018	106,718,069	77,031,901	72.18
2018-2019 (Budgeted)	109,358,452	81,088,066	74.15
2019-2020 (Budgeted)	114,318,100	87,799,018	76.80

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

Source: Audited financial statements for the 2013-2014 fiscal year through and including the 2017-2018 fiscal year, and the budgets of the District for the 2018-2019 and 2019-2020 fiscal years. This table is not audited.

Larger Taxpayers 2018 for the 2018-2019 Tax Roll

Name	Type	Taxable Assessed Valuation
Niagara Mohawk Power Corp.	Public Utility	$ 52,022,432
KIR Latham Farms LP	Retail Shopping Center	40,850,000
Healthcare Trust of America Inc	Office Building	23,560,000
NYSUT Building Corp.	Office Building	23,474,000
Corporate Woods 11 Co.	Office Building Complex	22,950,000
Hudson Preserve, LLC	Apartment Complex	19,900,000
CS Albany Realty, LLC	Hotel/Banquet	19,250,000
Twenty-First Latham Owner, LLC	Shopping Center	19,057,600
JMR Development Co., LLC	Office Building	17,303,296
Valley View LLC	Apartment Complex	14,496,700

The larger taxpayers listed above have a total taxable assessed valuation of $252,864,028 which represents 7.74% of the tax base of the School District.

As of the date of this Official Statement, the District currently does not have any pending or outstanding tax certioraris that are known to have a material impact on the District. As of June 30, 2018, the balance in the District's Tax Certiorari Reserve Fund is $1,003,374 which represents the District's potential liability. The District expects to have a similar or larger amount in the Tax Certiorari Reserve Fund as of fiscal year end June 30, 2019.

Source: District Tax Rolls.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of $86,300 or less, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of $500,000 are eligible for a "basic" exemption on their primary residence.

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

Town of:	Enhanced Exemption	Basic Exemption	Date Certified
Colonie	$ 44,140	$ 19,280	4/9/2019

$5,137,820 of the District's $85,002,438 school tax levy for 2018-2019 was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2019.

A similar amount of the District's $87,799,018 school tax levy for the 2019-2020 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State in January, 2020.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who apply and qualify.

Total assessed valuation of the School District is approximately: residential-54.73%, commercial-41.39%, industrial-3.76%, agricultural-0.11%.

The estimated total annual school tax bill of a $289,000 market value residential property located in the School District is approximately $4,833.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". Press reports indicate that NYSUT is reviewing the decision and is likely to appeal to the Court of Appeals.

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

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

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

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

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015. The program applies in the years 2016 through 2019 and includes continued tax cap compliance.

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

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

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

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
Bonds	$ 25,085,000	$ 21,745,000	$ 18,340,000	$ 14,875,000	$ 12,430,000
Bond Anticipation Notes	0	0	0	0	0
Capital Lease Obligations	233,003	0	569,995	286,653	0
Total Debt Outstanding	$ 25,318,003	$ 21,745,000	$ 18,909,995	$ 15,161,653	$ 12,430,000

Source: Audited financial statements of the District.

Note: The bond amounts shown above do not include advance refunded bonds outstanding where applicable.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 11, 2019.

Type of Indebtedness	Maturity		Amount
Bonds	2019-2022		$ 9,875,000
Bond Anticipation Notes			
Capital Project	July 19, 2019		53,000,000 [(1)]
		Total Indebtedness	$ 62,875,000

[(1)] To be renewed in full at maturity with proceeds of the Notes.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 11, 2019:

Full Valuation of Taxable Real Property			$ 5,081,757,121
Debt Limit 10% thereof			508,175,712
Inclusions:			
Bonds	$ 9,875,000		
Bond Anticipation Notes	0		
Principal of this Issue	80,000,000		
Total Inclusions		$ 89,875,000	
Exclusions:			
State Building Aid [(1)]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 89,875,000
Net Debt-Contracting Margin			$ 418,300,712
The percent of debt contracting power exhausted is			17.69%

[(1)] Based on preliminary 2019-2020 building aid estimates, the District anticipates State Building aid of 59.2% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: 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.

Capital Project Plans

On May 16, 2017, District voters approved a $106.3 million capital project which includes expansion and renovations at the elementary schools and the conversion of Shaker Junior High School to a 6-8 middle school to accommodate significant growth in enrollment, as well as security updates at all eight school buildings. The District issued $53 million bond anticipation notes in July 2018 as the first borrowing for this authorization. The Notes are being issued to renew the $53 million bond anticipation notes in full and provide $27 million new money for the project. Future borrowings will occur as the project's cash flow needs warrant.

The District is in the very preliminary stages of planning another capital project. There is no detailed scope of work but the main focus of the project is expected to be needs at the high school. The amount of this project is expected to be approximately $50 million but scope and amount could change during the planning phase.

Cash Flow Borrowings

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

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed as of the respective municipalities.

Municipality	Status of Debt as of	Gross Indebtedness (1)	Exclusions (2)	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Albany	12/31/2016	$ 281,817,942	$ -	$ 281,817,942	19.28%	$ 54,334,499
Town of:						
Colonie	12/31/2016	102,465,502	40,500,802	61,964,700	53.44%	33,113,936
					Total:	$ 87,448,435

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

Note: The 2017 Comptroller's Special Report is currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2016.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 11, 2019:

	Amount	Per Capita (a)	Percentage of Full Value (b)
Net Indebtedness (c)	$ 89,875,000	$ 2,231.70	1.77%
Net Indebtedness Plus Net Overlapping Indebtedness (d)	177,323,435	4,403.14	3.49

(a) The current estimated population of the District is 40,272. (See "THE SCHOOL DISTRICT – Population" herein.)
(b) The District's full value of taxable real estate for the 2018-19 fiscal year is $5,081,757,121. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $87,448,435. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

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

TAX MATTERS

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

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to insure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. Legislative proposals have been made which would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver an opinion at the time of issuance of the Notes substantially in the form set forth in "APPENDIX – E" hereto.

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

On March 21, 2014, National Public Finance Guarantee Corporation's, successor to MBIA Insurance Corporation, underlying credit rating was upgraded by Standard & Poor's Corporation to 'AA-' and on May 21, 2014, National Public Finance Guarantee Corporation's, successor to MBIA Insurance Corporation, underlying credit rating was upgraded by Moody's Investors Service to 'A3'. The material event notice for these rating changes were not made in a timely manner. The material event notice was filed June 5, 2014.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATING

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

Moody's Investors Service ("Moody's") has assigned its underlying rating of "Aa2" to the District's outstanding 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, 99 Church Street - 9th Floor, 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 Notes.

MISCELLANEOUS

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

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

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

Orrick, Herrington & Sutcliffe 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's contact information is as follows: Mr. Scott Hoot, Assistant Superintendent for Business, 91 Fiddlers Lane, Latham, New York 12110 telephone (518) 785-8591, fax (518) 785-8502, email scotthoot@ncolonie.org.

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

NORTH COLONIE CENTRAL SCHOOL DISTRICT

Dated: June 11, 2019

LINDA HARRISON
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
ASSETS					
Cash - Unrestricted	$ 13,392,487	$ 12,589,694	$ 10,377,026	$ 14,043,444	$ 9,325,003
Cash - Restricted	6,272,471	5,522,430	6,956,906	6,524,108	10,988,573
Accounts Receivable	63,969	67,076	85,167	65,476	78,874
Due from Other Funds	963,524	1,117,444	1,071,316	607,581	2,699,617
Due from State and Federal	433,675	468,426	575,387	480,041	410,983
Due from Other Governments	1,084,105	902,049	1,460,313	1,266,411	1,342,642
Inventories	-	-	-	-	-
Prepaid Expenditures	11,292	14,605	24,782	54,851	11,894
TOTAL ASSETS	$ 22,221,523	$ 20,681,724	$ 20,550,897	$ 23,041,912	$ 24,857,586
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 868,790	$ 1,442,543	$ 1,154,251	$ 1,306,234	$ 1,560,506
Accrued Liabilities	568,466	281,420	205,570	220,057	298,551
Due to Other Funds	27,045	6,701	157,135	37,838	31,197
Due to Other Governments	-	237	209	75	97
Due to Teachers' Retirement System	7,047,701	7,739,659	6,062,930	5,490,991	4,823,162
Due to Employees' Retirement System	760,915	713,496	596,930	575,583	579,648
Unearned Revenues	199,585	224,052	172,025	39,139	37,014
Overpayments & Collections in Advance	69,724	64,952	62,241	74,341	64,141
TOTAL LIABILITIES	$ 9,542,226	$ 10,473,060	$ 8,411,291	$ 7,744,258	$ 7,394,316
FUND EQUITY					
Nonspendable	$ 11,292	$ 14,605	$ 24,782	$ 54,851	$ 11,894
Restricted	6,272,521	5,407,910	6,826,356	6,524,108	10,988,573
Assigned	3,042,684	899,281	1,074,939	1,285,955	2,117,316
Unassigned	3,352,800	3,886,868	4,213,529	7,432,740	4,345,487
TOTAL FUND EQUITY	$ 12,679,297	$ 10,208,664	$ 12,139,606	$ 15,297,654	$ 17,463,270
TOTAL LIABILITIES and FUND EQUITY	$ 22,221,523	$ 20,681,724	$ 20,550,897	$ 23,041,912	$ 24,857,586

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
REVENUES					
Real Property Taxes	$ 68,139,175	$ 70,605,223	$ 72,974,994	$ 74,997,331	$ 77,031,901
Other Tax Items	5,473,908	5,562,836	5,699,802	5,589,342	5,491,903
Charges for Services	3,111,172	2,999,453	2,934,422	2,696,677	2,874,095
Use of Money & Property	442,759	452,867	445,227	503,852	751,400
Sale of Property and Compensation for Loss	35,293	175,057	132,326	140,241	154,264
Miscellaneous	316,314	352,756	294,276	314,823	165,464
Revenues from State Sources	17,476,906	18,090,381	19,784,819	20,684,714	20,124,909
Revenues from Federal Sources	128,384	134,129	135,849	104,212	124,133
Total Revenues	$ 95,123,911	$ 98,372,702	$ 102,401,715	$ 105,031,192	$ 106,718,069
Other Sources:					
Interfund Transfers	428,391	-	209,188	-	-
Total Revenues and Other Sources	$ 95,552,302	$ 98,372,702	$ 102,610,903	$ 105,031,192	$ 106,718,069
EXPENDITURES					
General Support	$ 9,853,745	$ 10,740,571	$ 10,166,427	$ 10,204,596	$ 10,718,002
Instruction	51,537,959	52,679,319	53,665,088	55,083,595	57,314,509
Pupil Transportation	5,083,731	5,122,206	4,932,924	5,111,163	5,490,935
Employee Benefits	24,142,130	25,292,704	24,378,963	23,932,427	24,205,816
Debt Service	4,398,351	4,351,888	4,361,669	4,308,931	3,168,313
Total Expenditures	$ 95,015,916	$ 98,186,688	$ 97,505,071	$ 98,640,712	$ 100,897,575
Other Uses:					
Interfund Transfers	1,574,127	2,656,647	3,174,890	3,232,432	3,654,878
Total Expenditures and Other Uses	$ 96,590,043	$ 100,843,335	$ 100,679,961	$ 101,873,144	$ 104,552,453
Excess (Deficit) Revenues Over Expenditures	(1,037,741)	(2,470,633)	1,930,942	3,158,048	2,165,616
FUND BALANCE					
Fund Balance - Beginning of Year	13,717,038	12,679,297	10,208,664	12,139,606	15,297,654
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 12,679,297	$ 10,208,664	$ 12,139,606	$ 15,297,654	$ 17,463,270

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2018 Original Budget	2018 Final Budget	2018 Actual	2019 Adopted Budget	2020 Adopted Budget
REVENUES					
Real Property Taxes	$ 82,446,594	$ 77,132,510	$ 77,031,901	$ 81,088,066	$ 87,799,018
Other Tax Items	174,600	5,488,684	5,491,903	4,173,930	252,280
Charges for Services	2,575,500	2,575,500	2,874,095	2,828,656	2,691,360
Use of Money & Property	452,000	452,000	751,400	450,000	1,045,350
Sale of Property and Compensation for Loss	90,000	90,000	154,264	-	-
Miscellaneous	220,969	220,969	165,464	355,000	415,000
Revenues from State Sources	20,174,492	20,174,492	20,124,909	20,312,800	21,965,092
Revenues from Federal Sources	110,000	110,000	124,133	150,000	150,000
Total Revenues	$ 106,244,155	$ 106,244,155	$ 106,718,069	$ 109,358,452	$ 114,318,100
Other Sources:					
Prior years encumbrances	$ 535,955	$ 535,955	$ -	$ -	$ -
Appropriated reserves	250,000	250,000	-	-	-
Appropriated fund balance	750,000	750,000	-	1,750,000	2,000,000
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 107,780,110	$ 107,780,110	$ 106,718,069	$ 111,108,452	$ 116,318,100
EXPENDITURES					
General Support	$ 11,341,329	$ 11,723,039	$ 10,718,002	$ 17,069,936	$ 19,329,997
Instruction	59,164,332	59,148,992	57,314,509	57,092,195	57,173,322
Pupil Transportation	5,438,779	5,536,712	5,490,935	5,687,826	6,052,349
Employee Benefits	25,027,357	24,548,176	24,205,816	27,000,932	28,310,335
Debt Service	3,168,313	3,168,313	3,168,313	2,897,563	5,247,097
Total Expenditures	$ 104,140,110	$ 104,125,232	$ 100,897,575	$ 109,748,452	$ 116,113,100
Other Uses:					
Interfund Transfers	3,640,000	3,654,878	3,654,878	1,360,000	205,000
Total Expenditures and Other Uses	$ 107,780,110	$ 107,780,110	$ 104,552,453	$ 111,108,452	$ 116,318,100
Excess (Deficit) Revenues Over Expenditures	-	-	2,165,616	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	15,297,654	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 17,463,270	$ -	$ -

Source: 2017 Audited financial report and 2018 and 2019 budgets of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2019	$ 2,555,000	$ 342,563	$ 2,897,563
2020	2,665,000	246,513	2,911,513
2021	2,370,000	145,288	2,515,288
2022	2,460,000	73,106	2,533,106
2023	2,380,000	23,800	2,403,800
TOTALS	$ 12,430,000	$ 831,269	$ 13,261,269

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2010 Capital Project - Refunding of 1999 & 2002			2011 Capital Project			2012 Capital Project - Refunding of 2004		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	$ 135,000	$ 15,438	$ 150,438	$ 380,000	$ 18,425	$ 398,425	$ 2,040,000	$ 308,700	$ 2,348,700
2020	145,000	11,238	156,238	395,000	9,875	404,875	2,125,000	225,400	2,350,400
2021	145,000	6,888	151,888	-	-	-	2,225,000	138,400	2,363,400
2022	145,000	2,356	147,356	-	-	-	2,315,000	70,750	2,385,750
2023	-	-	-	-	-	-	2,380,000	23,800	2,403,800
TOTALS	$ 570,000	$ 35,919	$ 605,919	$ 775,000	$ 28,300	$ 803,300	$ 11,085,000	$ 767,050	$ 11,852,050

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

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

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

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

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

(h) note calls, if material and tender offers

(i) defeasances

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

(k) rating changes

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

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

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

(o) incurrence of a "financial obligation" of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect noteholders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the School District, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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NORTH COLONIE CENTRAL SCHOOL DISTRICT
ALBANY COUNTY, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2018

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

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
North Colonie Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Colonie Central School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 and each major fund of the North Colonie Central School District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, the District changed its method of accounting for *Postemployment Benefits Other than Pensions* in 2017/2018 as required by the provisions of GASB Statement Number 75. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 14, budgetary comparison information on pages 53 and 54, schedule of changes in total OPEB liability on page 55, schedules of District's proportionate share of the net pension liability (asset) on pages 56 and 57 and schedules of District contributions on pages 58 and 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Schedules

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Colonie Central School District's basic financial statements. The supplemental schedules on pages 60 - 62 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 67 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulation* Part 200*,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

These supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Marvin and Company, P.C.

Latham, NY
October 12, 2018

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2018. This section is a summary of the School District's financial activities based on currently known facts, decisions, or statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's 2017-2018 actual general fund revenues exceeded its original budgeted general fund revenues by approximately $474,000. This was primarily due to increased Use of Money and Property and Charges for Services.

- The District's 2017-2018 actual general fund expenditures were approximately $2,610,000 less than its original budgeted general fund expenditures. This was primarily due to lower than budgeted costs for utilities, gasoline and diesel fuel, salaries and benefits, contractual expenses and employee benefits.

- The District's Bond Rating remained AA with a stable outlook, as rated by Standard and Poor's.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts: Management's Discussion and Analysis or MD&A (this section), the basic financial statements, required supplementary information, supplemental schedules and the single audit. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *district-wide* financial statements that provide both s*hort-term* and *long-term* information about the School District's *overall* financial status.

- The remaining statements are *fund* financial statements that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds with all non-major funds listed in total in one column.

- The *governmental funds* financial statements tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.

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

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

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

Figure A-1

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

  The District has two kinds of funds:

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Figure A-2

	Fiscal Year 2018	Fiscal Year 2017	Percent Change
Current and Other Assets	$ 23,644,265	$ 25,071,468	(5.69)%
Long-Term Assets	78,943,186	70,703,059	11.65%
Total Assets	102,587,451	95,774,527	7.11%
Deferred Outflows of Resources	33,764,422	33,895,708	(.39)%
Total Assets and Deferred Outflows of Resources	136,351,873	129,670,235	5.15%
Current Liabilities	13,435,021	12,499,868	7.48%
Long-Term Liabilities	138,598,295	74,993,851	84.81%
Total Liabilities	152,033,316	87,493,719	73.76%
Deferred Inflows of Resources	24,733,147	1,888,458	1209.70%
Total Liabilities and Deferred Inflows of Resources	176,766,463	89,382,177	97.76%
Net Position			
Net Investment in Capital Assets	64,246,472	56,160,130	14.40%
Restricted	11,293,836	7,100,280	59.06%
Unrestricted (Deficit)	(115,954,898)	(22,972,352)	404.76%
Total Net Position	$(40,414,590)	$40,288,058	(200.31)%

The decrease in Deferred Outflows and increase in Deferred Inflows of Resources is mainly due to NYS ERS and NYS TRS pension plan fiscal health and the District's share of each. The increase in Long-Term Liabilities is mainly due to recording of the Other Post-Employment Benefits payable during fiscal year 2018 in accordance with implementation of GASB No.75.

Changes in Net Position from Operating Results

The District's fiscal year 2018 revenues totaled $112,296,254, an increase of $2,081,021 over the previous year (See Figure A-3). Property Taxes (including STAR reimbursement) and State Aid accounted for most of the District's revenue by together contributing approximately 93% of all revenues (See Figure A-4).

The total cost of all programs and services totaled $113,881,193 for fiscal year 2018, an increase of $2,487,357 from Fiscal 2017. Approximately 86% of all costs went directly to instruct, transport and feed students. 10% of expenditures went to General Support, which includes custodial services, maintenance costs, Board of Education and administrative expenses, and business activities. The remaining percentage of expenditures 4% went to debt service and depreciation (Figure A-5).

Figure A-3

Revenues	Fiscal Year 2018	Fiscal Year 2017	Percent Change
Program Revenues			
Charges for Services	$4,168,535	$3,963,059	5.18%
Operating Grants	3,464,091	3,342,199	3.65%
General Revenues			
Real Property Taxes	77,031,901	74,866,781	2.89%
Other Tax Items (STAR)	5,491,903	5,589,342	(1.74)%
Use of Money and Property	751,400	503,852	49.13%
Forfeitures	-	-	N/A%
Sale of Property and Compensation for Loss	150,454	140,241	7.28%
Miscellaneous	174,427	455,901	(61.74)%
State Sources	20,939,410	21,249,646	(1.46)%
Federal Sources	124,133	104,212	19.12%
Total Revenues	112,296,254	110,215,233	1.89%
Expenses			
General Support	11,692,406	11,160,017	4.77%
Employee Instruction	91,520,992	89,798,012	1.92%
Pupil Transportation	4,749,863	4,463,071	6.43%
Debt Service- Interest	386,371	534,370	(27.70)%
Unallocated Depreciation	4,281,546	4,291,957	(.24)%
Capital Outlay	75,418	12,828	487.92%
School Lunch Program	1,174,597	1,133,581	3.62%
Total Expenses	113,881,193	111,393,836	2.23%
Increase (Decrease) in Net Position	$(1,584,939)	$(1,178,603)	34.48%

Figure A-4 Revenues 2017-2018

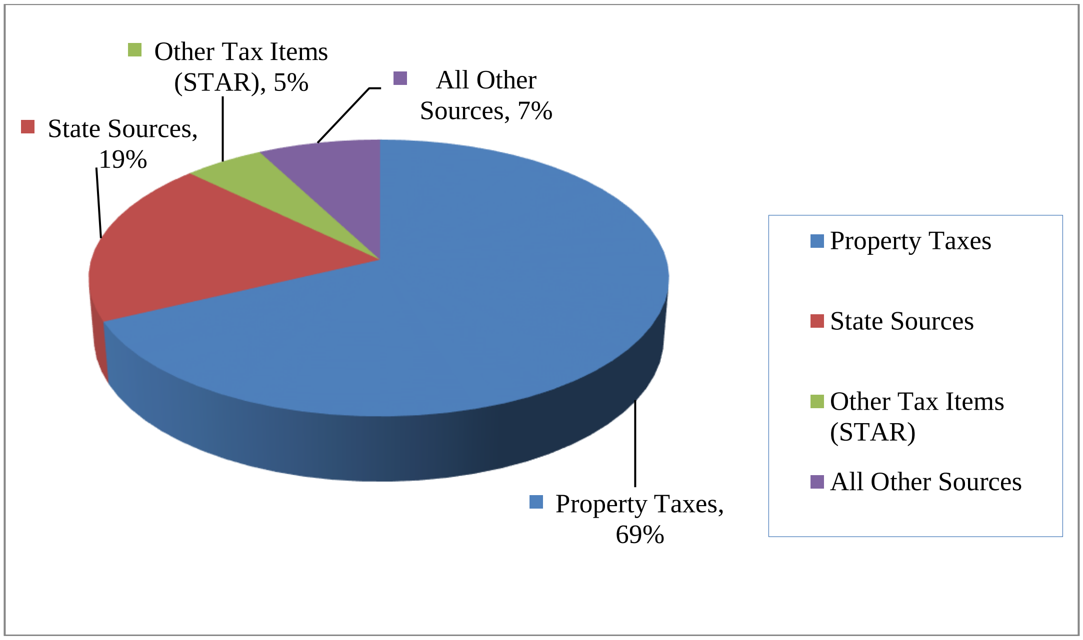
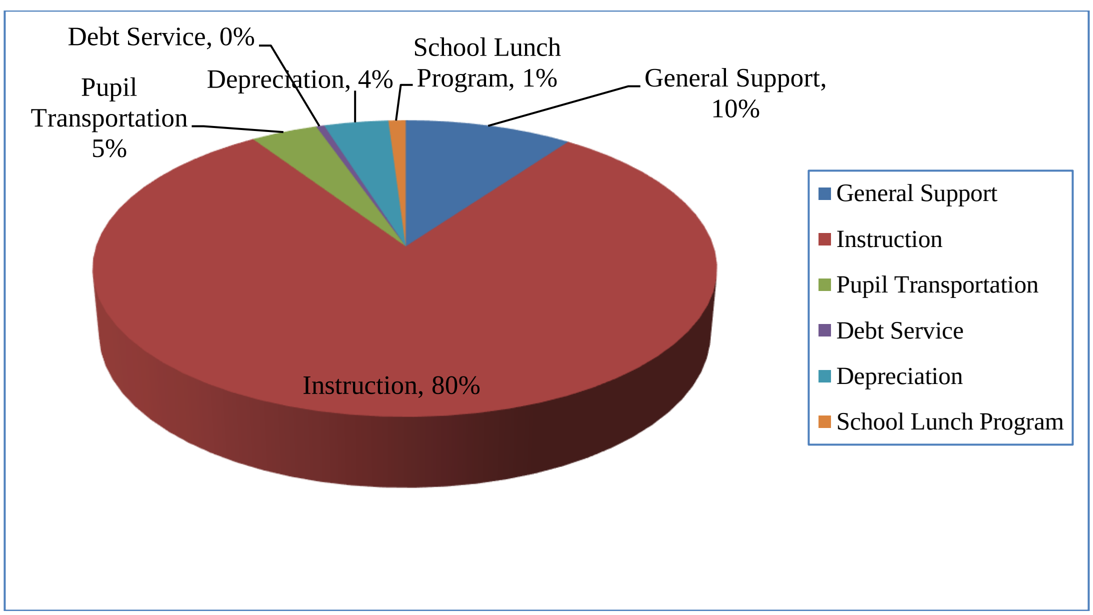


Figure A-5 Expenses 2017-2018



GOVERNMENTAL ACTIVITIES

Revenues for the District's Governmental Activities totaled $112,296,254 while total expenses were $113,881,193. Accordingly, net position decreased by $(1,584,939). These results can be attributed to several factors:

- Application of GASB 74, *Other Postemployment Benefits (employers) – Amendment to GASB Statement No. 45.*
- Application of GASB 68, *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27.*
- Increased in State Aid mainly from Tuition for Chapter 721 students and Homeless Aid.
- Savings from lower fuel and energy prices.
- Savings in the areas of salaries and employee benefits. Due in part to retirements and decreased TRS and ERS rates.

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

Figure A-6

Net Cost of Governmental Activities

	Total Cost of Services 2018	Total Cost of Services 2018
Functions		
Instruction	$ 91,520,992	$ 89,798,012
General Support	11,692,406	11,160,017
Pupil Transportation	4,749,863	4,463,071
Debt Service	386,371	534,370
School Lunch Program	1,174,597	1,133,581
Capital Outlay	75,418	12,828
Unallocated Depreciation	4,281,546	4,291,957
Total	$ 113,881,193	$ 111,393,836

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

The District's governmental fund financial statements have a significant variance from the district-wide financial statements due to the purchase of fixed assets in the Capital Project Fund and General Fund during fiscal year 2018. During the year, the District spent $8,508,412 on additions and reconstruction costs for various school building improvements in the Capital Projects Fund and $1,944,221 in the General Fund, mainly for technology equipment and school buses. These costs are reported as expenditures in the governmental funds and reported as capital assets in the statement of net position.

Another significant variance between the governmental fund financial statements and the district-wide financial statements is the recording of debt service principal payments. In fiscal year 2017, the District paid $2,445,000 in debt service principal payments recorded as expenditures in the governmental fund financial statements and as a reduction in bonds payable and installment purchase debt in the statement of net position.

A third significant variance between the governmental fund financial statements and the district-wide financial statements is the recording of depreciation expense. In fiscal year 2017, the District expensed $4,281,546 in the statement of activities but not in the governmental fund financial statements.

A fourth significant variance between the governmental fund financial statements and the district-wide financial statements is the recording of post-employment benefit payable. In fiscal year 2018, the District expensed $6,750,801 in the statement of activities but not in the governmental fund financial statements.

A fifth significant variance between the governmental fund financial statements and the district-wide financial statements is the recording of the proportionate share of net pension asset/liabilities. In fiscal year 2018, the District recognized $720,197 in the statement of activities but not in the governmental fund financial statements.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General Fund.

The General Fund is the only fund for which a budget is legally adopted.

Significant variances between budgeted revenue and expenditures and actual results will be explained in this narrative (See Figure A-7).

Revenues

- Use of Money and Property has a positive variance of $299,400 due mainly to the increase in interest and earnings due to the District participating in NYLAF which yields a higher interest rate.
- Charges for Services had a positive variance of $298,595 due mainly to increases in non-resident tuition, special education service charges and health service revenues.

Expenditures

- The Original Budget was amended for encumbrances brought forward July 1.
- A variance of $526,968 from Budget to Actual occurred in Teaching-Regular School portion of the budget due to conservative budgeting.
- A variance of $610,297 from Revised Budget to Actual occurred in the Programs for Students with Disabilities portion of the budget due to conservative budgeting.
- A variance of $430,141 from Revised Budget to Actual occurred in the Central Services portion of the budget due to conservative budgeting and utilities savings.
- A variance of $195,518 from Revised Budget to Actual occurred in Pupil Services portion of the budget due to conservative budgeting.

Figure A-7

Revenues:	Original Budget	Final Budget	Actual	Encumbrances	Variance
Real Property Taxes	$ 82,446,594	$ 77,132,510	$ 77,031,901	$ -	$ (100,609)
Other Tax Items	174,600	5,488,684	5,491,903	-	3,219
Charges for Services	2,575,500	2,575,500	2,874,095	-	298,595
Use of Money and Property	452,000	452,000	751,400	-	299,400
Forfeitures	-	-	-	-	-
Sale of Property and Comp for Loss	90,000	90,000	154,264	-	64,264
Miscellaneous	220,969	220,969	165,464	-	(55,505)
State Sources	20,174,492	20,174,492	20,124,909	-	(49,583)
Federal Sources	110,000	110,000	124,133	-	14,133
Interfund Transfers In	-	-	-	-	-
Total Revenues	106,244,155	106,244,155	106,718,069	-	473,914
Expenditures:					
Board of Education	75,000	75,000	68,639	-	6,361
Central Administration	592,836	603,027	592,606	-	10,421
Finance	1,179,094	1,109,354	1,040,241	4,024	65,089
Staff	778,194	787,253	701,515	-	85,738
Central Services	7,819,655	8,252,621	7,548,393	274,087	430,141
Special Items	896,550	895,784	766,608	-	129,176
Instructional Administration	5,204,224	5,337,730	5,269,364	6,685	61,681
Teaching - Regular School	31,836,765	34,562,315	33,818,397	216,950	526,968
Programs for Students with Disabilities	14,319,597	11,273,690	10,662,196	1,197	610,297
Teaching - Special School	784,361	690,418	653,768	1,637	35,013
Instructional Media	1,792,631	1,808,961	1,690,688	52,472	65,801
Pupil Services	5,226,754	5,475,878	5,220,096	60,264	195,518
Pupil Transportation	5,438,779	5,536,712	5,490,935	-	45,777
Employee Benefits	25,027,357	24,548,176	24,205,816	-	342,360
Debt Service	3,168,313	3,168,313	3,168,313	-	-
Interfund Transfers Out	3,640,000	3,654,878	3,654,878	-	-
Total Expenses	$ 107,780,110	$ 107,780,110	$ 104,552,453	$ 617,316	$ 2,610,341
Net Change in Fund Balance			2,165,616		
Fund Balance – Beginning			15,297,654		
Fund Balance – Ending			$ 17,463,270		

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets, net of depreciation

As of June 30, 2018, the District had $76,712,787 invested in a broad range of capital assets, including land, buildings, buses, athletic facilities, computers and furniture and equipment.

Figure A-8

	Fiscal Year End 2018	Fiscal Year End 2017	Percent Change
Land	$ 700,705	$ 700,705	0.00%
Land Improvements	639,916	701,398	(8.77)%
Buildings	57,517,078	59,793,928	(3.81)%
Construction in Progress	11,695,684	3,187,272	266.95%
Vehicles	3,658,266	3,426,789	6.75%
Furniture and Equipment	2,501,137	2,735,418	(8.56)%
Total Capital Assets	$ 76,712,786	$ 70,545,510	8.74%

Long-Term Debt

As of June 30, 2018, the District had $141,326,144 in general obligation bonds and other long-term debt outstanding (see Figure A-9). More detailed information about the District's long-term debt is included in the Note 7 of the financial statements.

Figure A-9

	Fiscal Year End 2018	Restated Fiscal Year End 2017	Percent Change
General Obligation Bonds and Installment purchase debt	$ 13,124,713	$ 16,029,215	(18.12)%
Other Long Term Debt	128,201,431	141,162,427	(9.18)%
Total Long-Term Debt	$ 141,326,144	$ 157,191,642	(10.09)%

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several potential issues that could significantly affect its financial position in the future.

- The District merged with the Maplewood-Colonie Common School District effective July 1, 2008. New York State continues to offer several financial incentives for such an annexation, including additional State Operating and Building Aid. The District received $1,428,294 in Reorganization Aid in 2017-18. This aid will be decreased each year by $285,659 until it is decreased to zero.

- Each year, tax certiorari proceedings are initiated which may require the District to issue future tax refunds. There is no way to determine what these potential refunds may be. At this time, the District expects continued liability in this area.

- Due to increasing enrollment the District proposed and the voters approved a $106.3 million Capital Project in May 2017. The project will expand the junior high school to include 6th grade, and also expand the elementary schools.

- New York State approved a 2% or cost of living (whichever is lower) property tax cap starting with the 2012-13 school year for all school districts in NYS. This limit can only be increased by a super majority of the District's taxpayers. This will limit the District's ability to generate increased tax revenues in future years.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Business Office
North Colonie Central School District
91 Fiddlers Lane
Latham, New York 12110
(518) 785-8591

NORTH COLONIE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS		
Cash		
Unrestricted	$	9,571,394
Restricted		10,988,573
Receivables		
Accounts Receivable		78,915
State and Federal Aid Receivable		1,386,466
Due From Other Governments		1,342,642
Due From Fiduciary Funds		276,275
Inventories		86,589
Prepaid Expenditures		11,894
Capital Assets, net		76,712,787
Net Pension Asset - Proportionate Share		2,131,916
Total Assets		102,587,451
DEFERRED OUTFLOW OF RESOURCES		
Pensions		33,111,950
Deferred Loss		652,472
Total Assets and Deferred Outflow of Resources	$	136,351,873
LIABILITIES		
Payables		
Accounts Payable	$	4,486,618
Retainage Payable		139,132
Accrued Liabilities		314,669
Due to Fiduciary Funds		4,886
Bond Interest Accrued		166,129
Due to Other Governments		56
Unearned Credits		128,731
Overpayments and Collections in Advance		64,141
Long-Term Liabilities		
Due and Payable Within One Year		
Due to Teachers' Retirement System		4,823,162
Due to Employees' Retirement System		579,648
Bonds		2,555,000
Premium on Bonds		172,849
Due and Payable After One Year		
Bonds		9,875,000
Premium on Bonds		521,864
Compensated Absences		3,985,759
Workers Compensation		569,365
Judgments and Claims		1,003,374
Other Post-employment Benefits Payable		121,133,731
Net Pension Liability - Proportionate Share		1,509,202
Total Liabilities		152,033,316
DEFERRED INFLOWS OF RESOURCES		
Pensions		10,934,764
Other Post Employment Benefits		13,798,383
NET POSITION		
Net Investment in Capital Assets		64,246,472
Restricted For:		
Workers' Compensation		569,364
Unemployment		41,456
Employee Benefits		1,661,561
Debt		1,209,848
Capital Reserve		4,300,000
Tax Certiorari		1,003,374
Retirement Contributions		2,202,970
School Lunch Program		305,263
Unrestricted (Deficit)		(115,954,898)
Total Net Position		(40,414,590)
Total Liabilities, Deferred Inflows of Resources and Net Position	$	136,351,873

See accompanying notes to basic financial statements.

NORTH COLONIE CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Change in Net Position
FUNCTIONS AND PROGRAMS				
General support	$ 11,692,406	$ -	$ -	$ (11,692,406)
Instruction	59,241,450	2,874,095	2,511,310	(53,856,045)
Pupil transportation	4,749,863	-	-	(4,749,863)
Employee benefits	32,279,542	-	-	(32,279,542)
Debt service - interest (includes direct expense)	386,371	-	-	(386,371)
Depreciation - unallocated	4,281,546	-	-	(4,281,546)
Capital outlay	75,418	-	-	(75,418)
School lunch program	1,174,597	1,294,440	952,781	1,072,624
Total Functions and Programs	$ 113,881,193	$ 4,168,535	$ 3,464,091	(106,248,567)
GENERAL REVENUES				
Real property taxes				77,031,901
Other tax items				5,491,903
Use of money and property				751,400
Sale of property and compensation for loss				150,454
State sources				20,939,410
Federal sources				124,133
Miscellaneous				174,427
Total General Revenues				104,663,628
Change in Net Position				(1,584,939)
Total Net Position - Beginning of Year, As Previously Reported				40,288,058
Cumulative Change in Accounting Principle				(79,117,709)
Total Net Position - Beginning of Year, As Restated				(38,829,651)
Total Net Position - End of Year				$ (40,414,590)

See accompanying notes to basic financial statements.

NORTH COLONIE CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	School Food Service	Special Aid Fund	Capital Projects	Total Governmental Funds
ASSETS					
Cash					
Unrestricted	$ 9,325,003	$ 240,465	$ -	$ 5,926	$ 9,571,394
Restricted	10,988,573	-	-	-	10,988,573
Receivables					
Accounts receivable, net of allowance	78,874	41	-	-	78,915
Due from other funds	2,699,617	26,310	-	-	2,725,927
Due from State and Federal	410,983	59,531	505,079	410,873	1,386,466
Due from other governments	1,342,642	-	-	-	1,342,642
Inventories	-	86,589	-	-	86,589
Prepaid expenditures	11,894	-	-	-	11,894
Total Assets	$ 24,857,586	$ 412,936	$ 505,079	$ 416,799	$ 26,192,400
LIABILITIES					
Payables					
Accounts payable	$ 1,560,506	$ 4,936	$ 33,758	$ 2,887,418	$ 4,486,618
Accrued liabilities	298,551	11,061	5,057	-	314,669
Due to other funds	31,197	-	466,264	1,957,077	2,454,538
Due to other governments	97	(41)	-	-	56
Due to Teachers' Retirement System	4,823,162	-	-	-	4,823,162
Due to Employees' Retirement System	579,648	-	-	-	579,648
Unearned Credits					
Unearned revenues	37,014	91,717	-	-	128,731
Overpayments and collections in advance	64,141	-	-	-	64,141
Total Liabilities	7,394,316	107,673	505,079	4,844,495	12,851,563
FUND BALANCES					
Nonspendable:					
Not in Spendable Form	11,894	86,589	-	-	98,483
Restricted for:					
Workers' Compensation	569,364	-	-	-	569,364
Unemployment	41,456	-	-	-	41,456
Retirement Contributions	2,202,970	-	-	-	2,202,970
Tax Certiorari	1,003,374	-	-	-	1,003,374
Employee Benefits Accrued Liability	1,661,561	-	-	-	1,661,561
Debt	1,209,848	-	-	-	1,209,848
Capital	4,300,000	-	-	-	4,300,000
Assigned:					
Assigned Appropriated	1,500,000	-	-	-	1,500,000
Assigned Unappropriated	617,316	218,674	-	-	835,990
Unassigned:					
Unassigned	4,345,487	-	-	(4,427,696)	(82,209)
Total Fund Balances	17,463,270	305,263	-	(4,427,696)	13,340,837
Total Liabilities and Fund Balances	$ 24,857,586	$ 412,936	$ 505,079	$ 416,799	$ 26,192,400

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

Total governmental fund balances per above.	$ 13,340,837
Capital assets and bond issuance costs used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,712,787
Retainage payable is not due and payable in the current period and, therefore not reported in the funds	(139,132)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(12,430,000)
Judgment and claims at June 30, 2018 are recorded in the government-wide statements under full accrual accounting.	(1,003,374)
Workers compensation liability at June 30, 2018 is recorded in the government-wide statements under full accrual accounting.	(569,365)
Compensated absences at June 30, 2018 are recorded in the government-wide statements under full accrual accounting.	(3,985,759)
Bond premium is amortized in the government-wide statements under full accrual accounting.	(694,713)
Post employment benefits payable at June 30, 2018 are recorded in the government-wide statements under full accrual accounting.	(121,133,731)
Proportionate share of long-term liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.	(1,509,202)
Proportionate share of long-term asset associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.	2,131,916
Deferred inflows of resources	(24,733,147)
Deferred outflows of resources	33,764,422
Interest payable at June 30, 2018 is recorded in the government-wide statements under full accrual accounting.	(166,129)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (40,414,590)

NORTH COLONIE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General	School Food Service	Special Aid Fund	Capital Projects	Total Governmental Funds
Revenues					
Real property taxes	$ 77,031,901	$ -	$ -	$ -	$ 77,031,901
Other tax items	5,491,903	-	-	-	5,491,903
Charges for services	2,874,095	-	-	-	2,874,095
Use of money and property	751,400	-	-	-	751,400
Sale of property and compensation for loss	154,264	-	-	-	154,264
State sources	20,124,909	36,568	521,017	814,501	21,496,995
Federal sources	124,133	916,213	1,990,293	-	3,030,639
Sales - school lunch	-	1,294,440	-	-	1,294,440
Miscellaneous	165,464	8,963	-	-	174,427
Total Revenues	106,718,069	2,256,184	2,511,310	814,501	112,300,064
Expenditures					
General support	10,718,002	-	-	-	10,718,002
Instruction	57,314,509	-	2,182,530	-	59,497,039
Pupil transportation	5,490,935	-	151,513	141,697	5,784,145
Employee benefits	24,205,816	357,737	382,145	-	24,945,698
Debt service					
Principal	2,731,652	-	-	-	2,731,652
Interest	436,661	-	-	-	436,661
Cost of sales	-	1,901,248	-	-	1,901,248
Capital outlay	-	-	-	8,818,608	8,818,608
Total Expenditures	100,897,575	2,258,985	2,716,188	8,960,305	114,833,053
Excess (Deficiency) of Revenues Over Expenditures	5,820,494	(2,801)	(204,878)	(8,145,804)	(2,532,989)
Other Sources and (Uses)					
Operating transfers in	-	-	204,878	3,450,000	3,654,878
Operating transfers (out)	(3,654,878)	-	-	-	(3,654,878)
Total Other Sources (Uses)	(3,654,878)	-	204,878	3,450,000	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	2,165,616	(2,801)	-	(4,695,804)	(2,532,989)
Fund Balance - Beginning of year	15,297,654	308,064	-	268,108	15,873,826
Fund Balance - End of year	$ 17,463,270	$ 305,263	$ -	$ (4,427,696)	$ 13,340,837

See accompanying notes to basic financial statements.

NORTH COLONIE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net changes in fund balance - total governmental funds			$	(2,532,989)
Capital outlays and financing acquisition costs are expenditures in governmental funds, but are capitalized in the statement of net position				10,347,139
The net book value, cost less accumulated depreciation, of capital assets disposed of are removed from the statement of net position. Any gain or (loss) resulting is recorded in the statement of activities				(3,810)
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities				(4,281,546)
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				2,731,652
Amortization of bond premium, issuance costs and loss on refunding bonds is an adjustment to interest expense in the statement of activities				9,881
Accrued interest expense does not require the expenditure of the current resources and is, therefore, not reported as expenditures in the governmental funds. The decrease in accrued interest decreases expenses in the statement of activities				40,408
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:				
Workers compensation	$	(73,187)		
Judgment and Claims		(204,094)		
Other Post Employment Benefits		(6,750,801)		
Compensated Absences		(147,395)		
Adjustments for Net Pension Liability - ERS		130,962		
Adjustments for Net Pension Asset - TRS		(851,159)		(7,895,674)
Change in net position - Governmental activities			$	(1,584,939)

See accompanying notes to basic financial statements.

NORTH COLONIE CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

		Agency		Private Purpose Trusts
ASSETS				
Cash - unrestricted	$	901,479	$	-
Cash - restricted		285,556		84,085
Due from other funds		-		4,886
Total Assets	$	1,187,035		88,971
LIABILITIES				
Extraclassroom activity balances	$	285,556		-
Due to other funds		276,275		-
Other liabilities		625,204		-
Total Liabilities	$	1,187,035		-
NET POSITION				
Restricted for scholarships			$	88,971

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

		Private Purpose Trusts
ADDITIONS		
Gifts and contributions	$	8,792
Interest earnings		793
Total Additions		9,585
DEDUCTIONS		
Scholarships and awards		6,028
Change in Net Position		3,557
Net Position - Beginning of Year		85,414
Net Position - End of Year	$	88,971

See accompanying notes to basic financial statements.

Note 1 – Summary of accounting policies

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

A) Reporting entity

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

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

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

i) Extraclassroom Activity Funds

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

B) Joint venture

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

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

Note 1 – Summary of accounting policies – (Continued)

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

During the year, the District was billed $2,061,835 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $561,246.

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

C) Basis of presentation

i) District-wide statements

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

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.

ii) Funds statements

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

The District reports the following major governmental funds:

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

Note 1 – Summary of accounting policies – (Continued)

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition and school store operations or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The Special Revenue Funds classified as major are:

School Food Service Fund: Used to account for transactions of the lunch and breakfast programs.

Special Aid Funds: Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

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

The District reports the following fiduciary funds:

Fiduciary Funds:

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

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

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

D) Measurement focus and basis of accounting

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

Note 1 – Summary of accounting policies – (Continued)

D) Measurement focus and basis of accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year as it matches the liquidation of related obligations.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pensions, and other post-employment benefits 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 sources.

E) Property taxes

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

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

F) Restricted resources

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

G) Interfund transactions

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

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

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

Note 1 – Summary of accounting policies – (Continued)

H) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets 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, other post-employment benefits, net pension liability/asset, deferred outflows/inflows of resources, potential contingent liabilities and useful lives of long-lived assets.

I) Cash

The District's cash consists of cash on hand, money markets and demand deposits.

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

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

J) Accounts Receivable

Receivables are shown net of an allowance for uncollectible accounts, when applicable. An allowance for uncollectible accounts has been provided for certain amounts that may not be collectible within 365 days.

K) Inventories and prepaid items

Inventories of food in the School Food Service 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. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Other assets/restricted assets

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

Note 1 – Summary of accounting policies – (Continued)

M) Capital assets

Capital assets are reported at estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	$1,000	N/A	N/A
Land improvements	$1,000	SL	20 years
Buildings	$1,000	SL	15 – 50 years
Furniture and equipment	$1,000	SL	5 – 20 years
Vehicles	$1,000	SL	10 – 14 years

N) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. If applicable, the District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to the OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

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

Pension Obligations

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

Note 1 – Summary of accounting policies – (Continued)

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. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information 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 NYSTRS 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 (NYSRSSL). 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.

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:

	ERS	TRS
2017-2018	$2,171,712	$4,531,014
2016-2017	2,043,461	5,126,004
2015-2016	2,503,487	5,719,773

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

Note 1 – Summary of accounting policies – (Continued)

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

At June 30, 2018, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Actuarial valuation date	April 1, 2017	June 30, 2016
Net pension asset/(liability)	$ (1,509,202)	$ 2,131,916
District's portion of the Plan's total net pension asset/(liability)	0.0467615%	0.280479%

For the year ended June 30, 2018, the District recognized its proportionate share of pension expense of $1,824,589 for ERS and the actuarial value $5,371,052 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 538,283	$ 1,754,043	$ 444,817	$ 831,209
Changes of assumptions	1,000,725	21,692,660	-	-
Net difference between projected and actual earnings on pension plan investments	2,191,996	-	4,326,780	5,021,279
Changes in proportion and differences between the District's contributions and proportionate share of contributions	637,338	163,521	171,577	139,102
District's contributions subsequent to the measurement date	602,370	4,531,014	-	-
Total	$ 4,970,712	$ 28,141,238	$ 4,943,174	$ 5,991,590

Note 1 – Summary of accounting policies – (Continued)

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2019 for ERS and June 30, 2018 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	NYSERS	NYSTRS
Year ended:		
2018	$ -	$ 515,983
2019	535,663	5,761,846
2020	395,255	4,129,706
2021	(1,031,817)	1,042,212
2022	(473,933)	4,117,757
Thereafter	-	2,051,130

Actuarial Assumptions

The total pension asset/(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 asset/(liability) to the measurement date. The actuarial valuation used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest Rate	7.0%	7.25%
Salary Scale	3.8%	1.9% - 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%	2.5%
Projected Cost of Living Adjustments	1.3% annually	1.5% annually

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 MP-2014.

Note 1 – Summary of accounting policies – (Continued)

For ERS, the actuarial assumptions used in the April 1, 2017 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, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations.* ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

The long term expected 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 the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

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

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2018.
(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equities and international equities, respectively.

Note 1 – Summary of accounting policies – (Continued)

TRS	**Target Allocation 2017**	**Long-term expected Real rate of return* 2017**
Asset Class:		
Domestic equities	35%	5.9 %
International equities	18	7.4
Real estate	11	4.3
Private equities	8	9.0
Total equities	72	
Domestic fixed income securities	16	1.6
Global fixed income securities	2	1.3
High-yield fixed income securities	1	3.9
Mortgages	8	2.8
Short-term	1	0.6
Total fixed income	28	
Total	100%	

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2017.

Discount Rate

The discount rate used to calculate the total pension asset/(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 determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2018 calculated using the discount rate of 7% 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% for ERS and 6.25% for TRS) or 1-percentage point higher (8% 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)	$ (11,419,026)	$ (1,509,202)	$ 6,874,114

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension asset/(liability)	$ (36,726,597)	$ 2,131,916	$ 34,673,992

Note 1 – Summary of accounting policies – (Continued)

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2018 is $2,037,136 for ERS and $5,382,524 for TRS.

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to $579,648.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to $4,823,162.

P) Unearned credits

The District reports unearned credits on its statement of net position and its balance sheet. On the statement of net position, unearned credits arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for unearned credits is removed and revenue is recorded.

Note 1 – Summary of accounting policies – (Continued)

Q) Vested employee benefits

Compensated absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time:

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

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

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

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

R) Other benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-employment 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.

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

S) Short-term debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund. The District did not issue any TAN or RAN during the 2017-18 fiscal year.

Note 1 – Summary of accounting policies – (Continued)

S) Short-term debt (continued)

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued. The District did not issue any budget notes during the 2017-18 fiscal year.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date. The District did not issue any BAN during the 2017-18 fiscal year.

T) Accrued liabilities and long-term obligations

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

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

U) Equity classifications

District-wide statements:

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

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

Restricted net position – reports net position when constraints placed on the assets or deferred outflows 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 the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Funds 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 Food Service Fund of $86,589 and $11,894 in prepaid expense in the General Fund.

Note 1 – Summary of accounting policies – (Continued)

U) Equity classifications (continued)

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

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

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

Retirement Contributions
According to General Municipal Law §6-r, must be used for financing employee retirement system contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

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

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

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

Note 1 – Summary of accounting policies – (Continued)

U) Equity classifications (continued)

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

Encumbrances
Encumbrance accounting, under which purchase orders, contracts and other 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.

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

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted as the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to $617,316. Appropriated fund balance in the General Fund amounted to $1,500,000. Any remaining fund balance in other funds is considered assigned. As of June 30, 2018, the District's General Fund encumbrances were classified as follows:

General support	$ 278,111
Instruction	339,205
Total	$ 617,316

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. 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 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.

Net Position/Fund Balance

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

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

Note 1 – Summary of accounting policies – (Continued)

U) Equity classifications (continued)

Order of Use of Fund Balance:

The District's policy is to annually review the status of total fund balance before applying budgeted appropriations against restricted fund balance, committed fund balance, or assigned 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.

V) Implementation of New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2018, the District implemented the following new standards issued by GASB:

GASB issued Statement 75, *Other Postemployment Benefits (Employers)*, effective for the year ending June 30, 2018. See Note 13.

GASB issued Statement 81, *Irrevocable Split-Interest Agreements*, effective for the year ending June 30, 2018.

GASB issued Statement 85, *Omnibus*, effective for the year ending June 30, 2018.

GASB issued Statement 86, *Certain Debt Extinguishing Issues*, effective for the year ending June 30, 2018.

W) Future Changes in Accounting Standards

GASB issued Statement 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019.

GASB issued Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2019.

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

GASB has issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements,* effective for the year ending June 30, 2019.

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

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

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

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

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

B) Statement of Revenues, Expenditures and Changes in Fund 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 five broad categories. The differences represent:

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Note 2 – Explanation of certain differences between fund statements and District-wide statements – (Continued)

iii) Long-term debt transaction differences:

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

iv) Pension differences:

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension system.

v) OPEB differences:

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

Note 3 – Stewardship, compliance and accountability:

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The District had no supplemental appropriations from additional revenues during the year:

The budget is 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.

Note 3 – Stewardship, compliance and accountability - (Continued)

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects. The District does not have a legally adopted budget for the School Food Service Fund and Special Aid Fund. Thus no budget to actual comparison is included in these financial statements.

Encumbrances

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

Deficit Fund Balance

The Capital Projects fund has a deficit fund balance of $4,427,696. This deficit will be eliminated when the District issues permanent financing.

Note 4 – Cash (and cash equivalents) - custodial credit, concentration of credit, interest rate and foreign currency risks

Cash

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $10,988,573 restricted for various fund balance reserves, $285,556 restricted for extraclassroom funds and $84,085 restricted for scholarships in the fiduciary funds.

At year-end all cash balances were fully collateralized.

Investment and Deposit Policy

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

Interest Rate Risk

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

Note 4 – Cash (and cash equivalents) - custodial credit, concentration of credit, interest rate and foreign currency risks (continued)

Credit Risk

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

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

Custodial Credit Risk

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

Note 5 – Receivables

Receivables at year-end for individual funds are as follows:

	Governmental Funds				
Description	**General**	**School Food Service**	**Special Aid**	**Capital Projects**	**Total**
Accounts receivable	$ 78,874	$ 41	$ -	$ -	$ 78,915
Due from State and Federal	410,983	59,531	505,079	410,873	1,386,466
Due from other governments	1,342,642	-	-	-	1,342,642
Total	$ 1,832,499	$ 59,572	$ 505,079	$ 410,873	$ 2,808,023

District management has deemed all amounts to be fully collectible, except for an allowance for doubtful accounts related to the General Fund accounts receivable of $3,441.

Note 6 – Capital assets

Capital asset balances for the year ended June 30 are as follows:

	7/1/2017 Balance	Additions	Retirements/ Reclassifications	6/30/2018 Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 700,705	$ -	$ -	$ 700,705
Construction in progress	3,187,272	8,508,412	-	11,695,684
Total nondepreciable	3,887,977	8,508,412	-	12,396,389
Capital assets that are depreciated:				
Land improvements	1,885,427	-	-	1,885,427
Buildings	106,336,153	481,972	-	106,818,125
Furniture and equipment	9,850,181	536,743	619,513	9,767,411
Vehicles	8,226,936	925,506	92,423	9,060,019
Total depreciated assets	126,298,697	1,944,221	711,936	127,530,982
Less accumulated depreciation:				
Land improvements	1,184,029	61,482	-	1,245,511
Buildings	46,542,225	2,758,822	-	49,301,047
Furniture and equipment	7,114,763	767,213	615,703	7,266,273
Vehicles	4,800,147	694,029	92,423	5,401,753
Total accumulated depreciation	59,641,164	4,281,546	708,126	63,214,584
Total depreciated assets, net	66,657,533	(2,337,325)	3,810	64,316,398
Total capital asset balances	$ 70,545,510	$ 6,171,087	$ 3,810	$ 76,712,787

Note 7 – Long-term debt obligations

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

	Restated 7/1/2017 Beginning Balance	Additions	Reductions	6/30/2018 Ending Balance
Government activities:				
Bonds and notes payable:				
General obligation debt	$14,875,000	$ -	$ 2,445,000	$12,430,000
Installment purchase debt	286,653	-	286,653	-
Deferred loss	(815,440)	-	(162,968)	(652,472)
Premium on bonds	867,562	-	172,849	694,713
Total bonds and notes payable	15,213,775	-	2,741,534	12,472,241
Other liabilities:				
Workers compensation	496,178	328,717	255,530	569,365
Claims and judgments	799,280	204,094	-	1,003,374
Other postemployment benefits	128,181,313	11,175,960	18,223,542	121,133,731
Net pension liability – proportionate share	8,297,292	-	6,788,090	1,509,202
Compensated absences	3,838,364	147,395	-	3,985,759
Total other liabilities	141,162,427	11,856,166	25,267,162	128,201,431
Total long-term liabilities	$156,826,202	$11,856,166	$28,008,696	$140,673,672

Existing serial bond obligations:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2018
Serial Bonds				
District Wide Renovations	5/26/11	5/15/20	1.50% - 2.50%	$ 570,000
Refunding Bond	3/08/12	7/15/22	2.00% - 4.00%	11,085,000
Refunding Bond	6/10/10	10/15/19	2.00% - 3.25%	775,000
Total				$ 12,430,000

Note 7 – Long-term debt obligations – (Continued)

The following is a summary of maturing debt service requirements for bonds:

	Principal	Interest	Premium	Total
Year Ending 2019	$ 2,555,000	$ 342,563	$ 172,849	$ 3,070,412
Year Ending 2020	2,665,000	246,513	172,849	3,084,362
Year Ending 2021	2,370,000	145,287	172,849	2,688,136
Year Ending 2022	2,460,000	73,106	172,849	2,705,955
Year Ending 2023	2,380,000	23,800	3,137	2,406,937
Year Ending 2024	-	-	-	-
Total	$ 12,430,000	$ 831,269	$ 694,533	$ 13,955,802

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

On June 10, 2010, the District issued $3,055,000 in general obligation bonds with an average interest rate of 2.22528% to advance refund $2,940,000 of outstanding bonds with interest rates between 4.85% and 5.0%. The net proceeds of $3,117,589 (after payment of $77,859 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements. The District advance refunded the bonds to revise its payment schedules due to the savings in the reduced interest rates available. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is $281,069 at June 30, 2018. $29,118 of cash held by fiscal agent has been netted against the outstanding bonds payable in the Statement of Net Position. This asset will be amortized over the life of the refunding bond.

On March 8, 2012, the District issued $16,905,000 in general obligation bonds with an average effective interest rate of 1.5460451% to advance refund $16,835,000 of outstanding bonds with interest rates between 4.000% and 4.250%. The net proceeds of $18,428,731 (after payment of $205,721 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements. The District advance refunded the bonds to revise its payment schedules due to the savings in the reduced interest rates available. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is $1,206,245 at June 30, 2018. $652,473 of cash held by fiscal agent has been netted against the outstanding bonds payable in the Statement of Net Position. This asset will be amortized over the life of the refunding bond.

In addition to the outstanding debt listed above, the District had authorized, but unissued, bonds in an amount not to exceed $106,263,996 to be used for facilities improvements.

Note 7 – Long-term debt obligations – (Continued)

Bonds Payable, net:

	Bonds Outstanding	Cash Held by Fiscal Agent	Bonds Payable, Net
Bonds Payable, due within one year	$ 2,555,000	$ 162,968	$ 1,413,022
Bonds Payable, non-current	9,875,000	489,505	10,364,505
Totals at June 30, 2018	$ 12,430,000	$ 652,473	$ 11,777,527

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

Interest paid	$ 436,661
Less interest accrued in the prior year	(206,538)
Plus amortization of deferred loss	162,968
Plus interest accrued in the current year	166,129
Less amortization of bond premium	(172,849)
Total expense	$ 386,371

Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2018, the School District has exhausted 2.74% of its constitutional debt limit.

Note 8 – Pension plans

General Information

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability. See footnote 1 for further plan details.

Note 9 – Unrestricted net position

Unrestricted net position consist of the following at June 30, 2018:

Designated for subsequent year's expenditures	$1,500,000
Reserve for encumbrances	617,316
Unreserved	4,345,487
Total unrestricted net position	$6,462,803

Note 10– Interfund transactions – governmental funds

Interfund transactions and balances are as follows:

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

	Interfund		Interfund	
Fund:	Receivable	Payable	Revenues	Expenditures
General	$ 2,699,617	$ 31,197	$ -	$ 3,654,878
School Food Service	26,310	-	-	-
Federal	-	466,264	204,878	
Capital Projects	-	1,957,077	3,450,000	-
Total governmental funds	2,725,927	2,454,538	3,654,878	3,654,878
Fiduciary	4,886	276,275	-	-
Totals	$ 2,730,813	$ 2,730,813	$ 3,654,878	$ 3,654,878

During 2017-18 the General Fund transferred $3,450,000 to the Capital Projects Fund for various capital projects. The General Fund also made a transfer of $204,878 to the Special Aid Fund for the District's share of the special education summer school programs its students attended.

Note 11 – Risk management

General

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

Self-Insured Plans

Dental Insurance

The District has chosen to establish a self-funded dental benefit program for some of its employees starting on July 1, 2005. The benefit programs administrator, Delta Dental of New York, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the District. At year-end, the District has a liability of $30,000, which represents reported and unreported claims which were incurred on or before year-end, but which were not paid by the District as of that date. Claims activity is summarized below for the past two fiscal years:

	2017-18	2016-17
Claims and Administration Fees	$621,945	$616,512
Claim Payments	(621,945)	(616,512)
Estimated Incurred but not reported as of June 30	30,000	30,000
Balance at End of Year	$ 30,000	$ 30,000

Note 11 – Risk management – (Continued)

Workers' Compensation Insurance

The District is self-insured for workers compensation benefits on a cost-reimbursement basis. Under the program, the District is responsible for claim payments.

All known claims filed and an estimate of all incurred but unreported claims existing at June 30, 2018 have been recorded as other liabilities. The District establishes workers compensation claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

As discussed above, the District establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the District during the past two years:

	2018	2017
Unpaid claims and claim adjustment expenses at beginning of year	$ 496,176	$ 1,068,520
Incurred claims and claim adjustment expenses:		
Provision for incurred claims expenditures for events of the current year	328,717	67,704
Increase (decrease) in provision for incurred events of prior years	13,707	(464,321)
Total incurred claims and claim adjustment expenses	838,600	671,903
Payments made for claims during the current year	(269,236)	(175,727)
Total unpaid claims and claim adjustment expenses at end of year	$ 569,365	$ 496,176

Note 11 – Risk management – (Continued)

Other Insurance Coverage

The District has subscribed to the New York School Insurance Reciprocal (the Reciprocal). The Reciprocal is a self-insured risk pool from which the District purchases the following insurance: general liability, commercial inland marine, boiler and machinery, commercial property, auto, school board liability and excess catastrophe. The District retains the risk of its percentage share of the net deficit the reciprocal has at the end of its operating year. As of June 30, 2018, the District had no liabilities. The amount of claims insured and paid for 2017-18 attributable to the District is not available.

Note 12 – Commitments and contingencies

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

Several tax certiorari actions are pending against the District for reductions in the assessment value of various properties. Management believes that the likelihood of a reduction is probable. Provisions for losses for those cases are recorded as long-term liabilities. The District plans on funding any settlements from the Tax Certiorari Reserve, and/or future appropriations.

Note 13 – Post-employment benefits obligation payable

Change in Accounting Principle and Restatement of Net Position

For the fiscal year ended June 30, 2018, the District implemented GASB. Statement No. 75, Accounting Financial Reporting for Postemployment 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 inflow of resources related to OPEB. The implementation of the statements resulted in an increase in the liability for Other Post-Employment Benefits Payable in the Statement of Net Position. The District's net position has been restated as follows:

Net position beginning of year, as previously stated	$ 40,288,058
GASB Statement No. 75 implementation	(79,117,709)
Net position beginning of year, as restated	$ (38,829,651)

Plan Description

The District administers a defined benefit OPEB plan, provides OPEB for all permanent full-time general employees of the District. The plan is a single-employer defined benefit plan (the Plan). The Plan provides Article 11 of the State Compiled Statues grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 5 to 10 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2018 approximately $2,082,000 was paid on behalf of 350 retirees.

Note 13 – Post-employment benefits obligation payable

Benefits Provided

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

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

Inactive plan members or beneficiaries currently receiving benefit payments	350
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	1,021
Total plan members	1,371

Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.30% (Based on CPI)
Salary increases	3.0% (including inflation)
Discount Rate	3.87% (Bond Buyer GO 20-Bond Municipal Bond Index)
Healthcare cost trend rates	
Pre-Medicare	8.30% for 2018
Medicare	6.70% for 2018

Mortality rates were based on Sex-distrinct RP-2006 Base Health Annuitant/Employee Mortality Tables with projection Scale MP-2017 with experience wand adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2017 (generational mortality).

Retirement participation rate assumed that 85% of eligible Teachers and Instructional Administrators and 75% of participants other than Teachers and Instructional Administrators will elect medical coverage at retirement age, and 48% of active member's spouses will elect medical coverage. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System for female employees. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

The discount rate was based on the Bond Buyer GO 20-Bond Municipal Bond Index.

Note 13 – Post-employment benefits obligation payable

Changes in the Net OPEB Liability

Changes in the District's net OPEB liability were as follows:

	Total OPEB Liability [a]	Plan Fiduciary Net Position [b]	Total OPEB Liability [a]
Balances at June 30, 2017	$ 128,181,313	$ -	$ 128,181,313
Changes for the year:			
Service cost	6,432,823	-	6,432,823
Interest	4,743,137	-	4,743,137
Difference between expected and actual experience	-	-	-
Contributions – employer	-	-	-
Net investment income	-	-	-
Changes of assumptions or other inputs (change in discount rate)	(16,141,063)	-	(16,141,063)
Benefit payments	(2,082,479)	-	(2,082,479)
Administrative expense	-	-	-
Net changes	7,047,582	-	7,047,582
Balances, June 30, 2018	$ 121,133,731	$ -	$ 121,133,731

Changes of benefit terms reflect changes in assumptions and other inputs including a change in the discount rate from 3.58% in 2017 to a 3.87% in 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	$143,480,035	$121,133,731	$103,377,796

Note 13 – Post-employment benefits obligation payable

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.30%) or 1 percentage point higher (9.30%) than the current healthcare cost trend rate:

	1% Decrease (7.30%)	Healthcare Cost Trend Rate (8.30%)	1% Increase (9.30%)
Total OPEB Liability	$99,282,213	$121,133,731	$150,043,900

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

For the year ended June 30, 2018, the District recognized OPEB expense of $8,833,280. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (516,727)
Amounts recognized in OPEB expense	-	-
Changes of assumptions	-	(13,281,656)
Contributions subsequent to the measurement period	-	-
Total	$ -	$ (13,798,383)

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

Year Ending June 30,	
2019	$ (2,342,680)
2020	(2,342,680)
2021	(2,342,680)
2022	(2,342,680)
2023	(2,342,680)
Thereafter	(2,084,983)

Note 14 – Tax Abatements

The Town of Colonie in Albany County, enter into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District property tax revenue was reduced $677,832. The District received payment in Lieu of Tax (PILOT) payments totaling is $168,007.

Note 15 - Subsequent Events

The District has evaluated subsequent events through October 12, 2018, which is the date these financial statements were issued. All subsequent events requiring recognition or disclosure as of June 30, 2018, have been incorporated into these financial statements.

NORTH COLONIE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenues				
Local Sources				
Real property taxes	$ 82,446,594	$ 77,132,510	$ 77,031,901	$ (100,609)
Other tax items	174,600	5,488,684	5,491,903	3,219
Charges for services	2,575,500	2,575,500	2,874,095	298,595
Use of money and property	452,000	452,000	751,400	299,400
Sale of property and compensation for loss	90,000	90,000	154,264	64,264
Miscellaneous	220,969	220,969	165,464	(55,505)
Total Local Sources	85,959,663	85,959,663	86,469,027	509,364
State sources	20,174,492	20,174,492	20,124,909	(49,583)
Federal sources	110,000	110,000	124,133	14,133
Total Revenues	106,244,155	106,244,155	106,718,069	473,914
Other Sources				
Transfers from other funds	-	-	-	-
Total Revenues and Other Sources	106,244,155	106,244,155	$ 106,718,069	$ 473,914
Other Financing Sources				
Prior years encumbrances	535,955	535,955		
Appropriated reserves	250,000	250,000		
Appropriated fund balance	750,000	750,000		
Total Appropriated Fund Balance	1,535,955	1,535,955		
Total Revenues and Other Financing Sources and Appropriated Fund Balance	$ 107,780,110	$ 107,780,110		

NORTH COLONIE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Year-end Encumbrances	Final Budget Variance With Actual And Encumbrances
Expenditures					
General Support					
Board of education	$ 75,000	$ 75,000	$ 68,639	$ -	$ 6,361
Central administration	592,836	603,027	592,606	-	10,421
Finance	1,179,094	1,109,354	1,040,241	4,024	65,089
Staff	778,194	787,253	701,515	-	85,738
Central services	7,819,655	8,252,621	7,548,393	274,087	430,141
Special items	896,550	895,784	766,608	-	129,176
Total General Support	11,341,329	11,723,039	10,718,002	278,111	726,926
Instruction					
Instruction, administration and improvement	5,204,224	5,337,730	5,269,364	6,685	61,681
Teaching - regular school	31,836,765	34,562,315	33,818,397	216,950	526,968
Programs for students with disabilities	14,319,597	11,273,690	10,662,196	1,197	610,297
Teaching - special school	784,361	690,418	653,768	1,637	35,013
Instructional media	1,792,631	1,808,961	1,690,688	52,472	65,801
Pupil services	5,226,754	5,475,878	5,220,096	60,264	195,518
Total Instruction	59,164,332	59,148,992	57,314,509	339,205	1,495,278
Pupil Transportation	5,438,779	5,536,712	5,490,935	-	45,777
Employee Benefits	25,027,357	24,548,176	24,205,816	-	342,360
Debt Service	3,168,313	3,168,313	3,168,313	-	-
Total Expenditures	104,140,110	104,125,232	100,897,575	617,316	2,610,341
Other Uses					
Transfers to other funds	3,640,000	3,654,878	3,654,878	-	-
Total Expenditures and Other Uses	$ 107,780,110	$ 107,780,110	$ 104,552,453	$ 617,316	$ 2,610,341
Net change in fund balance			$ 2,165,616		
Fund balance - beginning			15,297,654		
Fund balance - ending			$ 17,463,270		

NORTH COLONIE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	Fiscal Year Ending * **2018**
Total OPEB Liability	
Measurement date	6/30/2018
Service cost at end of year	$ 6,432,823
Interest	4,743,137
Changes in benefit terms	-
Difference between expected and actual experience in the measurement of the total OPEB liability	-
Changes in assumptions and other inputs	(16,141,063)
Benefit payments	(2,082,479)
Net Change in Total OPEB Liability	(7,047,582)
Total OPEB Liability - beginning	128,181,313
Total OPEB Liability - ending	$ 121,133,731
Covered-employee payroll	$ 61,443,643
Total OPEB Liability as a percentage of covered-employee payroll	197.15%

* Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each fiscal year were determined as of the measurement date as disclosed in the footnotes.

NORTH COLONIE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
NYSTRS PENSION PLAN
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2018

	2014-15 TRS	2015-16 TRS	2016-17 TRS	2017-18 TRS
North Colonie's proportion of the net pension liability (asset)	$ (31,318,444)	(29,411,031)	$ 3,032,793	$ (2,131,916)
North Colonie's proportionate share of the net pension liability (asset)	0.281151%	0.283157%	0.283163%	0.280479%
North Colonie's covered-employee payroll	$ 41,530,347	42,534,085	$ 45,294,974	$ 46,372,372
North Colonie's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-75.41%	-69.15%	6.70%	-4.60%
Plan fiduciary net position as a percentage of the total pension asset	111.48%	110.46%	111.48%	100.66%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

NORTH COLONIE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
NYSERS PENSION PLAN
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2018

	2014-15 ERS	2015-16 ERS	2016-17 ERS	2017-18 ERS
North Colonie's proportion of the net pension liability (asset)	$ 1,715,515	$ 8,297,292	$ 4,638,919	$ 1,509,202
North Colonie's proportionate share of the net pension liability (asset)	0.0507812%	0.0516956%	0.0493700%	0.0467620%
North Colonie's covered-employee payroll	$ 14,364,799	$ 14,717,673	$ 14,573,262	$ 14,945,619
North Colonie's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.94%	56.38%	31.83%	10.10%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	90.70%	94.70%	98.24%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

NORTH COLONIE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
NYSTRS PENSION PLAN
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2018

	2014-15 TRS	2015-16 TRS	2016-17 TRS	2017-18 TRS
Contractually required contribution	$ 6,748,681	$ 7,456,225	$ 5,793,941	$ 5,209,144
Contributions in relation to the contractually required contribution	6,748,681	7,456,225	5,793,941	5,209,144
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
North Colonie's covered-employee payroll	$ 41,530,347	$ 42,534,085	$ 45,294,974	$ 46,372,372
Contributions as a percentage of covered-employee payroll	16.25%	17.53%	12.79%	11.23%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

NORTH COLONIE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
NYSERS PENSION PLAN
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2018

	2014-15 ERS	2015-16 ERS	2016-17 ERS	2017-18 ERS
Contractually required contribution	$ 2,780,511	$ 2,660,079	$ 2,205,005	$ 2,159,912
Contributions in relation to the contractually required contribution	2,780,511	2,660,079	2,205,005	2,159,912
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
North Colonie's covered-employee payroll	$ 14,364,799	$ 14,717,673	$ 14,573,262	$ 14,945,619
Contributions as a percentage of covered-employee payroll	19.36%	18.07%	15.13%	14.45%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

NORTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2018

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$	107,244,155
Add: Prior year's encumbrances		535,955
Original Budget		107,780,110
Budget revisions		-
Final Budget	$	107,780,110

SECTION 1318 OF REAL PROPERTY TAX LIMIT CALCULATION

2018-19 [subsequent year's] voter-approved expenditure budget			$	111,108,452
Maximum Allowed (4% of 2018-18 [subsequent year's] budget)				4,444,338
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:				
Unrestricted fund balance:				
Committed fund balance	$	-		
Assigned fund balance		2,117,316		
Unassigned fund balance		4,345,487		
Total unrestricted fund balance		6,462,803		
Less:				
Appropriated fund balance		1,500,000		
Encumbrances included in committed and assigned fund balance		617,316		
Total adjustments		2,117,316		
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law			$	4,345,487
Actual percentage				3.91%

NORTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES -
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

				Expenditures				Methods of Financing				Fund
PROJECT TITLE / NUMBER		**Original Appropriation**	**Revised Appropriation**	**Prior Years**	**Current Year**	**Total**	**Unexpended Balance**	**Proceeds of Obligations**	**State Aid**	**Local Sources**	**Total**	**Balance June 30, 2018**
Blue Creek	0003-004	$ 60,000	$ 396,104	$ 396,104	$ -	$ 396,104	$ -	$ -	$ -	$ 396,104	$ 396,104	$ -
Blue Creek	0003-005	245,500	224,837	224,837	-	224,837	-	-	-	224,837	224,837	-
Blue Creek	0003-006	720,000	1,114,412	1,094,441	-	1,094,441	19,971	-	-	1,114,412	1,114,412	19,971
Blue Creek	0003-007	-	-	38,240	84,633	122,873	(122,873)	-	-	-	-	(122,873)
Blue Creek	0003-008	150,000	150,000	27,949	94,030	121,979	28,021	-	-	150,000	150,000	28,021
Loudonville	0004-006	35,000	153,704	153,704	-	153,704	-	-	-	153,704	153,704	-
Loudonville	0004-007	80,000	92,800	92,800	-	92,800	-	-	-	92,800	92,800	-
Loudonville	0004-008	-	-	26,693	43,457	70,150	(70,150)	-	-	-	-	(70,150)
Loudonville	0004-009	4,121	4,121	1,069	2,416	3,485	636	-	-	50,000	50,000	46,515
Shaker High School Pool	0005-007	100,000	93,094	93,094	-	93,094	-	-	-	93,094	93,094	-
Shaker High School	0005-008	970,000	1,662,864	1,872,052	-	1,872,052	(209,188)	-	209,188	1,662,864	1,872,052	-
Shaker High School	0005-010	1,240,000	685,150	1,167,750	398,582	1,566,332	(881,182)	-	-	1,260,150	1,260,150	(306,182)
Shaker High School	0005-011	-	-	263,983	68,071	332,054	(332,054)	-	-	-	-	(332,054)
Shaker High School	0005-012	945,000	945,000	79,890	240,084	319,974	625,026	-	-	745,000	745,000	425,026
Shaker High School	0005-013	23,489	23,489	6,095	13,426	19,521	3,968	-	-	285,000	285,000	265,479
Shaker High School	0005-014				2,360,428	2,360,428	(2,360,428)	-	-	-	-	(2,360,428)
Southgate	0006-005	15,500	17,922	17,922	-	17,922	-	-	-	17,922	17,922	-
Southgate	0006-006	-	-	72,697	331,352	404,049	(404,049)	-	-	-	-	(404,049)
Southgate	0006-007	100,000	100,000	41,096	40,002	81,098	18,902	-	-	100,000	100,000	18,902
Southgate	0006-008	30,907	30,907	8,020	18,119	26,139	4,768	-	-	375,000	375,000	348,861
Boght Hills	0007-003	28,500	25,061	25,061	-	25,061	-	-	-	25,061	25,061	-
Boght Hills	0007-004	-	-	62,515	258,445	320,960	(320,960)	-	-	-	-	(320,960)
Boght Hills	0007-005	290,000	290,000	87,171	151,560	238,731	51,269	-	-	290,000	290,000	51,269
Boght Hills	0007-006	12,775	12,775	3,315	6,599	9,914	2,861	-	-	155,000	155,000	145,086
Forts Ferry	0008-004	50,500	52,614	52,614	-	52,614	-	-	-	52,614	52,614	-
Forts Ferry	0008-005	35,000	106,623	107,626	-	107,626	(1,003)	-	-	131,622	131,622	23,996
Forts Ferry	0008-006	-	-	27,029	97,055	124,084	(124,084)	-	-	-	-	(124,084)
Forts Ferry	0008-007	75,000	75,000	15,303	203,793	219,096	(144,096)	-	-	75,000	75,000	(144,096)
Forts Ferry	0008-008	21,016	21,016	5,454	10,856	16,310	4,706	-	-	255,000	255,000	238,690
Shaker Junior High	0009-004	114,500	442,738	434,269	-	434,269	8,469	-	-	442,738	442,738	8,469
Shaker Junior High	0009-006	-	-	889,432	2,769,728	3,659,160	(3,659,160)	-	-	-	-	(3,659,160)
Shaker Junior High SSBA	0009-007	30,000	30,000	1,886	9,000	10,886	19,114	-	-	10,886	10,886	-
Shaker Junior High	0009-008	40,000	40,000	4,029	14,924	18,953	21,047	-	-	40,000	40,000	21,047
Shaker Junior High	0009-009	33,791	33,791	8,769	17,656	26,425	7,366	-	-	410,000	410,000	383,575
Latham Ridge	0011-004	80,500	65,871	65,871	-	65,871	-	-	-	65,871	65,871	-
Latham Ridge	0011-005	750,000	709,476	708,855	-	708,855	621	-	-	709,477	709,477	622
Latham Ridge	0011-006	-	-	26,813	62,486	89,299	(89,299)	-	-	-	-	(89,299)
Latham Ridge	0011-007	15,000	15,000	2,697	1,220	3,917	11,083	-	-	115,000	115,000	111,083
Latham Ridge	0011-008	131,456	131,456	34,113	67,902	102,015	29,441	-	-	1,495,000	1,495,000	1,392,985
Goodrich	1002-002	20,604	20,604	5,347	12,079	17,426	3,178	-	-	250,000	250,000	232,574
Goodrich	1002-003	52,736	52,736	4,388	51,670	56,058	(3,322)	-	-	52,736	52,736	(3,322)
Storage Building	2034-001	-	-	-	12,829	12,829	(12,829)	-	-	-	-	(12,829)
Bus Garage	5015-003	145,000	45,813	45,813	-	45,813	-	-	-	45,813	45,813	-
Bus Garage	5015-004	-	-	49,056	132,980	182,036	(182,036)	-	-	-	-	(182,036)
Bus Garage	5015-005	500,000	500,000	164,484	296,121	460,605	39,395	-	-	500,000	500,000	39,395
Bus Garage	5015-006	6,181	6,181	1,604	3,624	5,228	953	-	-	75,000	75,000	69,772
Pressbox	7033-001	-	-	-	70,585	70,585	(70,585)	-	-	-	-	(70,585)
Concession Building	7035-001	-	-	-	48,823	48,823	(48,823)	-	-	-	-	(48,823)
Girls Dugout	7036-001	-	-	-	11,837	11,837	(11,837)	-	-	-	-	(11,837)
Boys Dugout	7037-001	-	-	-	11,837	11,837	(11,837)	-	-	-	-	(11,837)
District Wide Telephone	7999-001	385,000	385,000	-	-	-	385,000	-	-	-	-	-
District Wide Telephone	7999-002	-	-	22,835	384,709	407,544	(407,544)	-	-	385,000	385,000	(22,544)
District Wide SSBA	7999-BA1	447,703	447,703	405,261	84,917	490,178	(42,475)	-	-	490,178	490,178	-
District Wide SSBA	7999-EQU	358,211	358,211	292,983	472,470	765,453	(407,242)	-	-	763,567	763,567	(1,886)
Installment Purchase Debt	N/A	859,995	859,995	859,995	-	859,995	-	859,995	-	-	859,995	-
Totals		$ 9,202,985	$ 10,422,068	$ 10,093,024	$ 8,960,305	$ 19,053,329	$ (8,631,261)	$ 859,995	$ 209,188	$ 13,556,450	$ 14,625,633	$ (4,427,696)

NORTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2018

Capital Assets, Net			$	76,712,787
Add:				
Cash balance	$	5,926		
Deferred loss		652,472		658,398
Deduct:				
Short-term portion of bonds payable		2,555,000		
Long-term portion of bonds payable		9,875,000		
Premium on bonds		694,713		
Total Deductions				13,124,713
Net Investment in Capital Assets			$	64,246,472

MARVIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
A History of Shaping Futures

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

To the President and Members of the Board of Education of
North Colonie Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the North Colonie Central School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2018.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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Compliance and Other Matters

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

Purpose of this Report

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

Marvin and Company, P.C.

Latham, NY
October 12, 2018

MARVIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
A History of Shaping Futures

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

To the President and Members of the Board of Education of
North Colonie Central School District

Report on Compliance for Each Major Federal Program

We have audited the North Colonie Central School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, North Colonie Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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Report on Internal Control over Compliance

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

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

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

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

Marvin and Company, P.C.

Latham, NY
October 12, 2018

NORTH COLONIE CENTRAL SCHOOL DISRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Cluster or Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through To Subrecipient	Total Federal Expenditures
U.S. Department of Education				
Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-18-0833		$ 1,189,044
Special Education - Grants to States	84.027	0032-17-0833		10,174
Special Education Preschool Grants	84.173	0032-18-0833		25,558
Total Special Education Cluster				1,224,776
Title I Grants to Local Educational Agencies	84.010	0021-18-0035		616,874
Title I Grants to Local Educational Agencies	84.010	0021-17-0035		1,107
Improving Teacher Quality State Grants	84.367	0147-18-0035		98,597
Improving Teacher Quality State Grants	84.367	0147-17-0035		2,072
English Language Acquisition State Grants	84.365	0293-18-0035		21,768
English Language Acquisition State Grants	84.365	0149-18-0035		16,683
English Language Acquisition State Grants	84.365	0293-17-0035		8,416
Total U.S. Department of Education				1,990,293
U.S. Department of Agriculture				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
National School Lunch Program	10.555	Not Applicable		625,083
National School Breakfast Program	10.553	Not Applicable		156,680
Food Distribution	10.555	Not Applicable		134,450
Total Child Nutrition Cluster				916,213
Total U.S. Department of Agriculture				916,213
Total Expenditures of Federal Awards				$ 2,906,506

See accompanying notes to Schedule of Expenditures of Federal Awards
and accompanying independent report on the financial statements.

1. BASIS OF PRESENTATION

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

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

3. SCOPE OF AUDIT

The North Colonie Central School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

4. NON-CASH ASSISTANCE

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2018, the District received food commodities totaling $134,450.

5. INDIRECT COST RATE

The North Colonie Central School District did not elect to use the 10% de minimus cost rate, because the major programs (10.553 and 10.555) are exempt from the provisions of the OMB cost principles.

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

NORTH COLONIE CENTRAL SCHOOL DISTRICT
LATHAM, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of auditors' report issued: unmodified
2. Internal control over financial reporting:
   a. Material weakness(es) identified? ___Yes _X_No
   b. Significant deficiency(ies) identified? ___Yes _X_None reported
3. Noncompliance material to financial statements noted? __Yes _X_No

Federal Awards

1. Internal control over major programs:
   a. Material weakness(es) identified? ___Yes _X_No
   b. Significant deficiency(ies) identified? __Yes _X_None reported
2. Type of auditors' report issued on compliance for major programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR-200.516(a)? _Yes _X_No
4. Identification of major programs:

Name of Federal Program	CFDA Number
National School Lunch Program/Food Distribution	10.555*
National School Breakfast Program	10.553*

*Child Nutrition Cluster

5. Dollar threshold used to distinguish between type A and B programs: $750,000.
6. Auditee qualified as low-risk auditee? _X_Yes ___No

SECTION II: FINDINGS – BASIC FINANCIAL STATEMENT FINDINGS

Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards:*

None noted

SECTION III: FEDERAL FINDINGS AND QUESTIONED COSTS

Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):

None noted

NORTH COLONIE CENTRAL SCHOOL DISTRICT
LATHAM, NEW YORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

2017-001 Compliance with New York State Real Property Tax Law

Condition: The unassigned fund equity of the General Fund exceeds 4% of the 2017-18 General Fund budget.

Current Status: The District's unassigned fund equity balance as of June 30, 2018 was below 4% of the 2018-2019 General Fund budget, therefore finding not required to be repeated.

2017-002 IDEA 611 and 619 – Special Education Cluster

Condition: During our testing of expenditures charged to this program it was noted that special education teachers, teacher aides and therapists are being paid through local sources, then the portion of their pay related to when they are providing services under the Federal Program are being allocated to the Federal Program through a journal entry. We also noted no time and effort reports or payroll certifications are being completed or signed by those individuals acknowledging their pay is being allocated to the Federal Program.

Current Status: The District has implemented their corrective action plan for the above finding, therefore finding not required to be repeated.

FORM OF BOND COUNSEL'S OPINION

July 18, 2019

North Colonie Central School District,
County of Albany,
State of New York

Re: North Colonie Central School District, Albany County, New York
$80,000,000 Bond Anticipation Notes, 2019

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $80,000,000 Bond Anticipation Notes, 2019 (the "Obligations"), of the North Colonie Central School District, County of Albany, State of New York (the "Obligor"), dated July 18, 2019 in the denomination of $_________, bearing interest at the rate of _______________% per annum, payable at maturity, and maturing July 17, 2020.

We have examined:

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

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

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

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

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

In our opinion:

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

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

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

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

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

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP