OFFICIAL STATEMENT

NEW/RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel to the School District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance by the School District 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. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum taxes. Bond Counsel is also of the opinion that interest on the Notes is excluded from adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual of interest on the Notes. See "TAX EXEMPTION" herein.

The Notes will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

$36,145,000
CITY SCHOOL DISTRICT OF THE CITY OF GLOVERSVILLE
FULTON COUNTY, NEW YORK
GENERAL OBLIGATIONS
$36,145,000 Bond Anticipation Notes, 2018

At an Interest Rate of 3.0% to Yield 2.19%
CUSIP #: 379874 HJ2

Dated: October 18, 2018 **Due: October 18, 2019**

The Notes are general obligations of the City School District of the City of Gloversville, Fulton County, New York, 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 the Obligation" and "Tax Levy Limitation Law" herein. The Notes will be issued without the option of prepayment, with interest payable at maturity.

The Notes will be issued in book-entry-only form 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. Registered noteholders will not receive certificates representing their ownership interest in the Notes purchased. Individual purchase of beneficial ownership interests in the Notes may only be made through book entries made on the books and records of DTC and its participants, in denominations of $5,000 or integral multiples thereof. 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. Payment will be the responsibility of such DTC Direct or Indirect Participants, subject to any statutory and regulatory requirements as may be in effect from time to time.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an unqualified legal opinion as to the validity of the Notes of Barclay Damon LLP, Albany, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey on or about October 18, 2018.

Jefferies

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE SCHOOL DISTRICT DATED OCTOBER 2, 2018 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORANCE WITH SERCURITIES AND EXCHANGE COMMISSION RULE 15C2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER, THE REVISONS TO THE SECTIONS "PURPOSE AND AUTHORIZATION" AND "CASH FLOW BORROWINGS", AND THE DATED DATE ON PAGE 38, THERE HAVE BEEN NO OTHER REVISIONS TO SAID OFFICIAL STATEMENT

DATED: October 9, 2018

CITY SCHOOL DISTRICT OF THE CITY OF GLOVERSVILLE
FULTON COUNTY, NEW YORK

School District Officials

2018-19 BOARD OF EDUCATION

Robert Curtis - President
Paula Brown-Weinstock- Vice President

Kelli DeMaio
Kevin Kucel
John Lott
Sharon P. Poling
Jennifer Pomeroy
Vincent Salvione
Ed Sturgess

David Halloran. - Superintendent of Schools
Cathy Meher – School District Treasurer
Elizabeth Fliegel – District Clerk

School District Attorney

Wood, Seward & McGuire, LLP

BOND COUNSEL

Barclay Damon LLP

MUNICIPAL ADVISOR

RGT
R.G. TIMBS INC.

R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:

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OFFICIAL STATEMENT

of the

CITY SCHOOL DISTRICT OF THE CITY OF GLOVERSVILLE

FULTON COUNTY, NEW YORK

Relating To

$36,145,000 Bond Anticipation Notes, 2018

This Official Statement, which includes the cover page, has been prepared by the City School District of the City of Gloversville, Fulton County, New York (the "District", "County" and "State," respectively) in connection with the sale by the School District of $36,145,000 Bond Anticipation Notes, 2018 (the "Notes).

The Notes are general obligations of the District and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (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 the rate or amount.

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 form of the Notes and such proceedings.

Description of the Notes

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

The Notes are dated October 18, 2018 and mature, without option of prior redemption, on October 18, 2019. 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 payable to the purchaser; provided, however, if the Notes are eligible for issuance through the book-entry-only system for note issues through the Depository Trust Company ("DTC") in New York, New York, the successful bidder may request with its bid that the Notes be issued in "book-entry-only" form, in which case the Notes will be registered and payable to "Cede & Co." as nominee of DTC.

If the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds by the District at the District offices or, at the option of the purchaser, at a corporate trust office of a bank or trust company located and authorized to do business in the State of New York. The purchaser shall be responsible for the cost of such corporate trust office or bank.

Nature of the Obligation

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

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

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

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

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

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

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

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

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40

N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

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

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

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

Purpose and Authorization

The Notes are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law, the Local Finance Law, and pursuant to a bond resolution adopted by the Board of Education on September 14, 2015 and approved by the District votes on November 17, 2015, authorizing the issuance of obligations of the District in the amount of $37,800,000 for the financing of the construction of additions and reconstruction of various buildings.

The proceeds of the Notes along with $155,000 available funds will redeem the $13,500,000 bond anticipation notes maturing October 19, 2018 and provide $22,800,000 in new monies for the aforementioned purpose.

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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 Notes 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, only if requested by the purchaser prior to the initial issuance of Notes. One fully-registered note certificate will be issued for each of the notes 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, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found 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 of them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults and proposed amendments to the Notes 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 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-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

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

In the event the purchaser does not request the DTC book-entry-only system apply to the Notes on the date of initial issuance thereof, or in the event that book-entry only system is requested but subsequently discontinued by either DTC or the District, the following provisions will apply:

The Notes will be issued registered in the name of the purchaser in denominations of $5,000 each or integral multiples thereof, except for any necessary odd denomination. Principal of and interest on the Notes will be payable at the District's offices or, at the option of the holder of the notes, 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 a fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

The District

The District is situated in upstate New York in the south central portion of Fulton County (the "County"), about 35 miles northwest of the City of Albany. It encompasses approximately 90 square miles, and is located primarily within the City of Gloversville (the "City'). Additionally, the District encompasses various portions of the Towns of Johnstown, Bleecker, Caroga and Mayfield (the "Towns").

The City, together with its twin, the City of Johnstown less than 1 mile away, produces about forty percent of the fine leather gloves made in the United States. Other industries include leather tanning, knitwear, sporting goods, machines and tools, chemicals, furs, shoes, wool blankets, jackets and dyeing, lithographing, and dry cleaning. Residents not employed in the industries located in the District find employment in industrial and governmental operations in the Cities of Johnstown, Schenectady, Canajoharie and Albany.

Passenger rail service by Amtrak is available in nearby Amsterdam; The Barge Canal, located just to the south, provides direct water transportation to the Port of New York and the Great Lakes at Buffalo.

Bus transportation is provided by Greyhound and Trailways Bus Lines and air transportation is available at Albany International Airport. The New York State Thruway has an interchange just South of the District at Fultonville. Other major highways include New York State Routes 29, 30A and 67.

Electricity and natural gas are supplied throughout the District by National Grid. The City and Towns maintain water supply and distribution systems, entirely supported from user charges, and they provide sanitary sewage collection and treatment facilities. These services are supported from user charges and special benefit assessments.

Police protection is provided by the New York State Police, the Gloversville Police Department, the County Sheriff's Office, and by police departments of the respective Towns; fire protection service is provided by the Gloversville Fire Department and by local volunteer units; ambulance service is provided by private companies.

Source: District Officials

District Facilities

Name	Grades	Year Built	Date of Last Addition or Alteration
Meco Elementary School [1]	Pre K-1	1971	2017
Boulevard Elementary School	K-5	1969	2017
Kingsborough Elementary School	K-5	1972	2017
McNab Elementary School [1]	2-5	1935	2017
Gloversville High School	9-12	1961	2017
Gloversville Middle School	Administration/6-8	1998	2017
Park Terrace Elementary	K-5	1952	2017
Transportation and Maintenance Facility	N/A	2006	2018

Note 1. Due to declining enrollment and unpredictable state funding, The Board of Education voted to reconfigure the District's elementary schools. This resulted in the closure of the Meco Elementary School and the rental of the McNab Elementary School to HFM BOCES, Head Start and the Whispering Pines Pre-School. The District now has two elementary schools that house pre-kindergarten through grade 2 students and one elementary school that houses students in grades 3 through 5

Source: District Officials

District Employees

The School District employs 445 full-time employees. The number of members, the collective bargaining units which represent them and their current contract expiration dates are as follows:

Employees	Bargaining Unit	Expiration Date
280	Gloversville Teachers' Association	07/01/2019
64	Teachers' Aide Association	06/30/2020
36	Buildings and Grounds Association	06/30/2022
32	Cafeteria Employees Association	06/30/2020
20	Office Personnel Association	06/30/2022
31	Teaching Assistants	06/30/2020
13	Gloversville Administrative Supervisory Staff Association	06/30/2020
3	Gloversville Administrative Support Staff Association	06/30/2021

Source: District Officials

Historical and Projected Enrollment

Fiscal Year	Actual	Fiscal Year	Projected
2014-15	2731	2019-20	2598
2015-16	2789	2020-21	2600
2016-17	2760	2021-22	2600
2017-18	2734	2022-23	2600
2018-19	2590	2023-24	2600

Source: District Officials

Employee Pension Benefits

All non-teaching and non-certified administrative employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York and Local Employees' Retirement -System ("ERS"). In the District's 2018-19 Budget, the appropriation for payments to ERS is $572,011.

Teachers and certified administrators are members of the New York State Teachers' Retirement System ("TRS"). Payments to TRS are deducted from the School District's State aid payments. In the District's 2018-19 Budget, the appropriation for payments to TRS is $2,513,033.

Both the ERS and the TRS (together, the "Retirement Systems") are non-contributory with respect to members hired prior to July 27, 1976. Other than those in Tier V and Tier VI, all members hired on or after July 27, 1976 with less than 10 years of service must contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, pension reform legislation was signed into law that created a new Tier V pension level. 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 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.

Members of the TRS have a separate Tier V benefit structure that will achieve equivalent savings as other civilian public employees. It includes:

• Raising the minimum age an individual can retire without penalty from 55 to 57 years.
• Contributing 3.5% of their annual wages to pension costs rather than 3% and continuing this increased contribution so long as they accumulate additional pension credits.
• Increasing the 2% multiplier threshold for final pension calculations from 20 to 25 years.

In accordance with constitutional requirements, Tier V applies only to public employees hired after December 31, 2009 and before April 2, 2012.

On March 16, 2012, legislation was signed into law that created a new Tier VI pension program. The Tier VI plan only applies to those employees hired on or after April 1, 2012. The new pension tier has progressive contribution rates between 3% to 6% of salary; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under previous tiers, there was no limit to the number of public employers a public employee worked for from which retirement benefits could be calculated. Tier VI permits only two salaries to be included in the calculation. The pension multiplier for Tier VI is 1.75% for the first 20 years of service and 2% thereafter; Vesting will occur after 10 years of service. The final average salary is based on a five-year average instead of the previous Tiers' three-year average. Pension eligible overtime for civilian and non-uniformed employees will be capped at $15,000, indexed for inflation. For uniformed employees outside of New York City, the cap is set at 15% of base pay. The number of sick and leave days that can be applied toward retirement service credit is reduced from 200 to 100. The legislation includes an optional defined contribution plan for new non-union employees with annual salaries of $75,000 or more. The State is required to fund any pension enhancements on an ongoing basis. This is a potential future cost savings for local governments.

The average contribution rate for the ERS for the 2017-18 fiscal year was 15.3%. The average contribution rate for the TRS for the 2018-19 fiscal year is 9.8%

The average contribution rate for the ERS for 2018-19 fiscal year is 14.9% and the estimated average contribution rate for the TRS for 2018-19 fiscal year is 10.63%

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use. The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount.

<u>Stable Rate Pension Contribution Option:</u> 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 12.5% 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.

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits 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.

There is now an accounting rule that will require governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), described below, requires such accounting.

GASB 45 and 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. Prior to GASB 45, 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 45 requires municipalities and school districts to account for OPEB liabilities much like they already account 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 covers accounting for pensions, GASB 45 does 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") will be 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 does not require that the unfunded liabilities actually be funded, only that the District account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

The following table shows the components of the District’s annual OPEB cost for the year 2017, the amount contributed to the plan and changes in the District’s net OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation	FYE June 30:
Annual required contribution (ARC)	$ 4,622,911
Interest on net OPEB obligation	1,782,453
Adjustments to ARC	(1,335,221)
Annual OPEB cost (expense)	5,070,143
Contributions Made	(3,191,867)
Increase in net OPEB Obligation	1,878,276
Net OPEB obligation-beginning of year	35,649,061
Net OPEB obligation-end of year	$ 37,527,337

Funding Status	
Actuarial Accrued Liability (AAL)	$ 65,753,619
Actuarial Value of Assets	-0
Unfunded Actuarial Accrued Liability (UAAL)	$ 65,753,619
Funded Ratio (Assets as a Percentage of AAL)	0%

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2017 and the two preceding years are as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed (%)	Net OPEB Obligation
June 30, 2017	$ 5,070,143	63.0%	$ 37,527,337
June 30, 2016	4,795,649	39.2%	35,649,061
June 30, 2015	4,840,126	43.9%	33,349,758

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

There is no authority in current State law to establish a trust account or reserve fund for this liability. While State Comptroller Thomas P. DiNapoli proposed a bill in April of 2015 that would create an optional investment pool to help local governments fund their OPEB liabilities, such legislation has not advanced past the committee stage.

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

In June 2015, the Governmental Accounting Standards Board issued GASB Statement 75 ("GASB 75"), which when implemented will supersede and eliminate GASB 45. GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. GASB 75 is required to be implemented for all municipalities and school districts in the fiscal year beginning after June 2017. Actuarial valuation will be required every two years for GASB 75.

Major Employers

Name	Nature of Business	Estimated Number of Employees
Lexington Center (Fulton Co. ARC)	Residential & Day Treatment	1,350
Nathan Littauer Hospital	Health Care	880
Gloversville School District	Education	550
Frontier	Phone Co.	481
Taylor Made Custom Products	Manufacturing	400

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 Fulton County. The data set forth below with respect to the County is included for information purposes only. It should not be inferred from the inclusion of such data in this Statement that the School District is necessarily representative of the County or vice versa.

Year	Fulton County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2013	9.4%	7.7%	7.4%
2014	7.6%	6.3%	6.2%
2015	6.6%	5.3%	5.3%
2016	5.7%	4.8%	4.9%
2017	5.8%	4.7%	4.4%

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

Investment Policy

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

The District's investment policies comply with the State statues as detailed above. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificate of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies.

The District is not authorized to invest in reverse repurchase agreements or derivative type investments.

Form of School Government

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

The administrative officers of the District, who are appointed by the Board, include the Superintendent of Schools, the Assistant Superintendents, the District Clerk, the School District Treasurer, the Tax Collector and the School District Counsel.

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

Budgetary Procedures

Pursuant to the Education Law, the Board of Education of the School District annually prepares a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven 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 School District must mail a school budget notice to all qualified voters which contains the total budgeted 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 budget 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 School District residents are eligible to participate.

Pursuant to Chapter 97 of the Laws of 2011 of the State of New York ("Chapter 97"), beginning with the 2012-13 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% (plus certain adjustments, if applicable) or the rate of inflation (the " Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy increase that exceeds the 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 also 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 third 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.

The budget for the 2017-18 fiscal year was adopted by the qualified voters on May 16, 2017 by a vote of 431 to 144. The budget called for a total tax levy increase of 1.51%, which was equal to the District Tax Cap of 1.51%

The budget for the 2018-19 fiscal year was adopted by the qualified voters on May 15, 2018 by a vote of 261 to 117. The budget called for a total tax levy increase of 2.14% which is equal to the District Tax Cap of 2.14%

State Aid

The School District receives financial assistance from the State. In its adopted budget for the 2018-19 fiscal year, approximately 71.27% of the revenues of the School District are estimated to be received in the form of State aid. If the State should experience difficulty borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, should the State budget not be adopted in a timely manner, municipalities and school districts in the State, including the School 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 School 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.

The State's 2012-13 Budget provided for school aid of approximately $20 billion, which represented an increase of approximately $751 million in State aid for school districts.

The State's 2013-14 Budget provided for school aid of approximately $21.1 billion, which represented an increase of approximately $936.6 million, or 4.4% in total school aid spending from the 2012-13 school year.

The State's 2014-15 Budget included a $1.1 billion or 5.3% increase in state aid for the 2014-15 school year. High-needs school districts received approximately 70% of the 2014-15 allocated increase. The 2014-2015 State budget restored $602 million of Gap Elimination Adjustment ("GEA") reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The 2014-2015 State budget invested $1.5 billion over five years to support the phase-in of a statewide universal full-day pre-kindergarten program.

The State's 2015-16 Budget contained a school aid increase of $1.4 billion that is tied to changes in the teacher evaluation and tenure process. School districts must obtain approval of their revised teacher evaluation plans by November 15, 2015 in order to receive their allotted increase in State aid.

The State's 2016-17 Budget provided for a 5.9%, or $1.35 billion, increase in State aid to school districts for school year 2016-17, not including grants. The State's 2016-17 Budget included an increase in Foundation Aid of $627 million, eliminated the Gap Elimination Adjustment and funded expense-based aids at $342 million. Certain school districts were required to set aside a collective total of $100 million to fund community school districts. These funds may be used only for certain purposes such as providing health, mental health and nutritional services to students and their families.

The State's 2017-18 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's 2017-18 Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

The State's 2017-18 Budget allows the Governor to reduce expenditures (including aid to school districts) mid year if revenues (including, but not limited to, funding from the federal government) are less than what was expected. If federal support is reduced by $850 million or more, the Governor will develop a plan to make uniform spending reductions. Such plan would take effect automatically unless the Legislature passes its own plan within 90 days.

The State's 2018-19 Budget includes nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at $26.03 billion statewide, a 3.4% increase over the last year. The State's 2018-19 Budget includes an increase of $618 million in Foundation Aid for school districts. Foundation Aid now totals nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation

Aid increase will be distributed using a one year, off formula methodology. The State's 2018-19 Budget guarantees that all school districts receive an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase will be "set aside" for certain school districts to fund community schools. The State's 2018-19 Budget fully funds all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-19. While the increases in State aid in prior years have been targeted to high-needs schools, other schools have shared in the overall increase in State aid. The School District is unable to predict whether this pattern of distribution will continue beyond that which is included in the legislation dealing with foundation aid. Increased State aid for New York City schools and other high-needs schools may result in reductions in the future of State aid to certain school districts, including the School District.

While the School District has received State aid in recent years, both the determination of the amount of State aid and the apportionment of State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to the School District. The current or future financial condition of the State may affect the amount of State aid appropriated by the State Legislature and the timing of receipt of that aid by the School District.

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

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.

Fiscal Stress Monitoring

The New York State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent information to School District officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's diverse school districts are operating.

The fiscal stress scores are based on financial information submitted as part of each School District's ST-3 report filed yearly with the State Education Department. Using financial indicators that include June 30, 2017 year-end fund balance, cash position and patterns of operating deficits, the OSC system creates an overall fiscal stress score which classifies whether a district is in "significant fiscal stress", in "moderate fiscal stress", as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation". This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of OSC designates the District as “No Designation” (Fiscal Score: 15.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

Note: See the official website of the New York State Comptroller for more information on FSMS. Reference to websites implies no warranty of accuracy of information therein.

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 released an audit report of the District on September 20, 2013. The purpose of the audit was to assess the District’s oversight of financial operations and information technology (IT) for the period July 1, 2011 to March 31, 2013.

Key Findings

- District officials stated there was no audit committee active at the District.
- The District has not received an internal audit report since 2010-11 and the District has not appointed an internal auditor for the 2012-13 school year.
- None of the 50 claims we tested, totaling $967,570, had been audited. One claim, totaling $48,998, was for a truck that had no documentation to show the purchase was subject to competition, and five claims, totaling $3,317, were for credit card charges where the credit card company electronically debited the payments directly from the District’s bank account.
- The District does not have a written disaster recovery plan.
- The Treasurer has administrative rights in the financial software that allow access to all aspects of the system and District officials do not produce or review activity logs.

Key Recommendations

- Annually appoint an audit committee and enumerate its responsibilities in a charter.
- Ensure the internal audit function is performed and documented.
- Audit all claims against the District prior to payment or appoint a claims auditor to do so.
- Adopt a formal written disaster recovery plan.
- Assign the Treasurer only those user permissions that are essential for her job duties. Periodically produce and review activity logs for all users in the financial management system.

The District provided a complete response to the State Comptroller's office on September 11, 2013. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no State Comptroller's audits of the District that are currently in progress or pending release.

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

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes were 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 School District is past due.

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

Other than "Estimated Calculation of Overlapping Indebtedness", this Official Statement does not include the financial data of any other political subdivisions of the State having power to levy taxes within the School District

Financial Statements

The School District retains an independent Certified Public Accountant, whose most recent report covers the period ended June 30, 2017 and may be found attached hereto as Appendix B.

The audit report covering the period ended June 30, 2018 is unavailable as of the date of this Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York 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 National Committee on Government Accounting.

Tax Information

Assessed and Full Valuations

Fiscal Year Ended June 30:

	2015	2016	2017	2018	2019
Assessed Valuations:					
Gloversville	$ 357,570,280	$ 357,957,198	$ 360,044,390	$ 361,384,759	$ 362,836,275
Johnstown	145,875,716	144,311,193	146,423,458	145,878,843	143,045,598
Bleecker	95,834,087	96,422,008	96,683,224	99,011,318	99,677,020
Caroga	696,566	709,468	696,828	698,539	702,144
Mayfield	735,600	736,825	737,255	736,244	736,032
Total	$ 600,712,249	$ 600,136,692	$ 604,585,155	$ 607,709,703	$ 606,997,069
Equalization Rates:					
Gloversville	100.00%	100.00%	100.00%	100.00%	100.00%
Johnstown	77.00%	75.70%	75.00%	70.00%	67.00%
Bleecker	100.00%	100.00%	100.00%	100.00%	100.00%
Caroga	47.50%	60.42%	63.50%	63.00%	61.00%
Mayfield	71.00%	71.00%	71.00%	68.00%	68.00%
Full Valuations:					
Gloversville	$ 357,570,280	$ 357,957,198	$ 360,044,390	$ 361,384,759	$ 362,836,275
Johnstown	189,448,982	190,635,658	195,231,277	208,398,347	213,500,893
Bleecker	95,834,087	96,422,008	96,683,224	99,011,318	99,677,020
Caroga	1,466,455	1,174,227	1,097,367	1,108,792	1,151,056
Mayfield	1,036,056	1,037,782	1,038,387	1,082,712	1,082,400
Total	$ 645,355,860	$ 647,226,873	$ 654,094,646	$ 670,985,928	$ 678,247,643

Equalized values shown here are those used by the School District for tax levy purposes as provided in the Real Property Tax Law. In some cases, equalization rates established specifically for school tax apportionment may have been used, as is also provided in the Real Property Tax Law.

Tax Rate per $1,000 Assessed Value

	Fiscal Year Ending June 30:				
	2015	2016	2017	2018	2019
Gloversville	$ 21.66	$ 21.93	$ 21.71	$ 21.48	$ 21.71
Johnstown	28.12	28.98	28.95	30.69	32.40
Bleecker	21.65	21.94	21.71	21.48	21.71
Caroga	45.59	26.31	34.19	34.10	35.58
Mayfield	30.50	30.70	30.58	31.59	31.92

Tax Collection Procedure

Taxes are collected by the City School District Tax Collector. Delinquent taxes are collected by the County Tax Enforcement Officer.

School taxes are issued September 1, payable without penalty during the month of September. If paid during the month of October a 2% penalty is added. After October, unpaid taxes are turned over to the respective enforcement officers for collection and additional penalties of 1% per month or fraction thereof are imposed.

Section 1332 of the Real Property Tax Law states that the City and County tax officers shall proceed to enforce such unpaid taxes in the same manner as though they were unpaid City and County taxes, with 5% of principal and interest added thereto. The respective tax enforcement officers will pay to the District all monies realized from the collection of unpaid taxes including interest. Less the amount of 5% added thereto. If the City or County bids on any property, the District shall receive the amount of unpaid taxes due, plus interest, less the 5% added thereto.

Tax Collection Record

Fiscal Year Ended June 30:

	2015	2016	2017	2018	2019
General Fund Tax Levy	$13,975,252	$14,199,834	$14,199,834	$14,413,802	$14,722,462
Less STAR Reimbursement	3,192,354	3,244,029	3,126,439	2,978,038	2,896,253
Total Taxes to be Collected [1]	10,782,898	10,955,805	11,073,395	11,435,764	11,826,209
Amount Uncollected	1,359,754	1,288,043	1,260,838	1,273,731	N/A
% Uncollected	12.61%	11.76%	11.39%	11.14%	N/A

As of October 2, 2018

Major Taxpayers 2018

For 2018-19 Tax Roll

Name	Type	Full Value
Niagara Mohawk	Utility	$28,725,556
State of New York	Government	14,160,720
Gloversville Partners Albany	Commercial	3,745,000
Clark Trading Corp.	Commercial	3,600,000
City of Gloversville	Government	3,241,804
Martins Food of South	Retail	3,035,700
Frontier Communications	Utility	2,488,531
Fulton Land Associates, LLC.	Commercial	2,400,000
Taylor Made Group LLC	Commercial	1,999,300
Erie Blvd Hydropower, LP	Utility	1,685,190
Total		$65,081,801

1. The above taxpayers above have a total full value of $678,247,643 which represents 9.60% of the tax base of the School District. The District currently has $167,000 in pending or outstanding tax certioraris, which are not believed to have a material impact on the District.

General Fund Operations

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A statement of such revenues and expenditures for the five-year period ending June 30, 2017 is contained in the Appendices). As reflected in the Appendices, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

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 receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $86,000 or less, increased annually according to a cost-of-living adjustment, are eligible for a "full value" exemption of the first $65,500 for the 2017-18 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross Income not in excess of $500,000 are eligible for a $30,000 "full value" exemption on their primary residence.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-16 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-16 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The State 2017-18 Budget also included changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year's amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year's STAR credit check or taxpayers may also account for those changes in their State income taxes.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor. The Tax Levy Limit Law modifies current law by imposing a limit on the amount of real property taxes that a school district may levy. The Law will affect school district tax levies for the school district fiscal year beginning July 1, 2012. The Law expires on June 15, 2020 unless extended.

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

The Tax Levy Limit Law requires that a school district hereafter submit its proposed tax levy (not its proposed budget) to the voters each year, and imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI, as described in the Law. Tax levies that do not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a tax levy in excess of the limit. In the event the voters reject the tax levy, the school district's tax levy for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year, without any stated exceptions.

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

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

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court 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 State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. After the ruling, NYSUT amended its complaint to include a challenge to the Real Property Tax Rebate, also on Federal and State constitutional grounds. On March 16, 2015, all causes of action contained in the amended complaint were dismissed. On May 5, 2016, the dismissal was upheld by the New York Supreme Court, Appellate Division, Third Judicial Department to dismiss the complaint. An additional appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the grounds that no substantial constitutional question was directly involved, and thereafter, leave to appeal was denied on January 14, 2017 by the Court of Appeals.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59") included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts in 2014 and 2015 and certain municipal units of government in 2015 and 2016. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction's compliance with the provisions of the Tax Credit Limitation Law. For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a State approved "government efficiency plan" which demonstrated three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies.

Chapter 20 of the Laws of 2015 ("Chapter 20") introduced a new real property tax rebate program that provides state financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") received $130, and eligible taxpayers who resided outside the MCTD received $185. Credits in 2017-2019 will vary based on a taxpayer's personal income level and STAR tax savings. Similar to the Chapter 59 real property tax credit, under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district's compliance with the provisions of the Tax Levy Limitation Law. Unlike Chapter 59, however, for taxpayers other than those living in one of the "Big 4" cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law.

While the provisions of Chapter 59 did not, and the provisions of Chapter 20 do not, directly further restrict the taxing power of the affected municipalities, school districts and special districts, Chapter 59 did, and Chapter 20 does, provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law.

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 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.

Debt Limit. The School District has the power to contract indebtedness for any School District purpose provided that the aggregate principal amount thereof shall not exceed five per centum of the average full valuation of the taxable real estate of the School District as required by the Local Finance Law. The statutory method for determining average full valuation is by dividing the assessed valuation of taxable real estate for the last completed and the four preceding assessment rolls by the equalization rates established by the State Office of Real Property Services in accordance with applicable State law.

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. With respect to certain school building construction projects, the District is not permitted to spend in excess of $100,000 for construction costs until the plans and specifications for such project have been approved by the Commissioner of Education of the State. The District has obtained such approval with respect to the project to be financed by the Notes.

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

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

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

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

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

The 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.

Statutory law in the State permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than 2 years from the date of the first issuance of such notes and provided that such renewal issues do not exceed 5 years beyond the original date of borrowing.

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short term general obligation indebtedness including revenue, tax anticipation, budget and capital notes.

Status of Indebtedness

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2014	2015	2016	2017	2018
Serial Bonds	$ 55,625,000	$ 50,500,000	$ 44,520,000	$ 39,080,000	$ 33,470,000
Bond Anticipation Notes	5,600,000	2,800,000	-	9,000,000	13,500,000
Total Debt Outstanding	$ 61,225,000	$ 53,300,000	$ 44,520,000	$ 48,080,000	$ 46,970,000

Status of Outstanding Bond Issues

Year of Issue:	2005		2009*	
Purpose/Instrument:	Reconstruction/Serial Bond		Reconstruction -DASNY Bonds	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2019	$ 135,000	$ 8,500	$ 630,000	$ 214,250
2020	145,000	2,900	660,000	182,750
2021			695,000	149,750
2022			730,000	115,000
2023			765,000	78,500
2024			805,000	40,250
Totals:	$ 280,000	$ 11,400	$ 4,285,000	$ 780,500

Year of Issue:	2012		2012	
Purpose/Instrument:	Reconstruction - QSCB		Refunding /DASNY RSB	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2019	$ 375,000	$ 128,925	$ 455,000	$ 154,250
2020	385,000	114,863	480,000	131,500
2021	405,000	99,463	500,000	107,500
2022	420,000	82,250	525,000	82,500
2023	440,000	63,875	550,000	56,250
2024	460,000	44,075	575,000	28,750
2025	480,000	22,800		
Totals:	$ 2,965,000	$ 556,250	$ 3,085,000	$ 560,750

* The 2020-2024 maturities were advanced refunded by the 2016 Series D DASNY Bonds. These bonds will be called and paid in full on October 1, 2020

Year of Issue:	2015		2015	
Purpose/Instrument:	Refunding /DASNY RSB		Refunding /DASNY RSB	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2019	$ 2,425,000	$ 632,225	$ 1,780,000	$ 437,600
2020	2,555,000	510,975	1,865,000	355,375
2021	2,675,000	383,225	1,955,000	259,875
2022	285,000	249,475	2,055,000	159,625
2023	300,000	235,225	2,165,000	54,125
2024	310,000	220,225		
2025	330,000	204,725		
2026	340,000	188,725		
2027	365,000	171,725		
2028	375,000	153,475		
2029	400,000	134,725		
2030	415,000	114,725		
2031	435,000	101,238		
2032	440,000	87,100		
2033	455,000	72,250		
2034	480,000	49,500		
2035	510,000	25,500		
Totals:	$ 13,095,000	$ 3,535,038	$ 9,820,000	$ 1,266,600

Year of Issue:	2016	
Purpose/Instrument:	Refunding /DASNY RSB	
Fiscal Year Ending June 30:	Principal	Interest
2019	$ 5,000	$ 159,450
2020	665,000	159,350
2021	685,000	139,400
2022	710,000	112,000
2023	745,000	76,500
2024	785,000	39,250
Totals:	$ 3,595,000	$ 685,950

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	Principal	Interest	Total Debt Service	%Paid
2019	$ 5,805,000	$ 1,735,200	$ 7,540,200	16.94%
2020	6,755,000	1,457,713	8,212,713	35.38%
2021	6,915,000	1,139,213	8,054,213	53.47%
2022	4,725,000	800,850	5,525,850	65.88%
2023	4,965,000	564,475	5,529,475	78.30%
2024	2,935,000	372,550	3,307,550	85.73%
2025	810,000	227,525	1,037,525	88.06%
2026	340,000	188,725	528,725	89.25%
2027	365,000	171,725	536,725	90.46%
2028	375,000	153,475	528,475	91.64%
2029	400,000	134,725	534,725	92.85%
2030	415,000	114,725	529,725	94.04%
2031	435,000	101,238	536,238	95.24%
2032	440,000	87,100	527,100	96.42%
2033	455,000	72,250	527,250	97.61%
2034	480,000	49,500	529,500	98.80%
2035	510,000	25,500	535,500	100.00%
Totals:	$ 37,125,000	$ 7,396,488	$ 44,521,488	

Cash Flow Borrowings

The School District has not found it necessary to issue revenue anticipation notes since the 2008-09 fiscal year and does not expect to issue such notes for the District in the current fiscal year. The Gloversville Public Library (the "Library") has requested that the District issue revenue anticipation notes in anticipation of a grant (the "Library RAN") that has been awarded to the Library by the State of New York. The Board o Education has not determined whether it will issue the Library RAN. The District historically does not issue tax anticipation notes.

Status of Short-Term Indebtedness

Type	Dated Date	Maturity Date	Amount Outstanding
BAN	10/20/2017	10/19/2018	$ 13,500,000 [1]

Note: 1. To be redeemed with $155,000 and proceeds from this Bond Anticipation Note issue.

Capital Project Plans

On November 17, 2015, qualified voters of the District approved a $37,800,000 capital project to address health, safety, wellness and infrastructure issues within Gloversville schools. The vast majority of the construction costs are for work to address issues with aging infrastructure. Many of these issues are in and around Gloversville Middle School, which opened in 1997. These issues were identified through the state-mandated development of a District-wide building condition survey and five-year facilities plan. Construction began in the summer of 2017. The District has issued $13,500,000 against this authorization. This issue will provide $22,800,000 in new monies for the aforementioned project that will mature on October 18, 2018

There are presently no other capital projects authorized nor are any contemplated.

Building Aid Estimate

Although a school district in a city is prohibited from excluding estimated building aid when computing their debt limits, a school district in a city does receive building aid. School District officials estimate that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 95.0%.

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.

A fundamental reform of building aid was enacted as Chapter 383 of the Laws of 2001. The provisions legislated, among other things, a new “assumed amortization” payout schedule for future State building aid payments based on an annual ‘average interest rate” and mandatory periods of probable usefulness with respect to the allocation of building aid. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates; however, no assurance can be given as to when and how much building aid the School District will receive in relation to its outstanding debt. See “State Aid” herein

Debt Statement Summary

As of October 2, 2018

Assessment Roll Year	Assessed Valuation	Equalization Rates [1]	Equalized Value
2012	$ 600,742,897	Various	$ 639,628,879
2013	600,712,249	Various	644,400,480
2014	599,872,412	Various	647,006,759
2015	604,585,155	Various	661,790,275
2016	607,709,703	Various	671,048,223
Total:			$ 3,263,874,616

Five-Year Average Equalized Value	$ 652,774,923
Debt Limit: 5% of Full Valuation	$ 32,638,746
Inclusions:	
Serial Bonds	$ 33,470,000
Bond Anticipation Notes	13,500,000
Total Inclusions:	$ 46,970,000
Exclusions:	
Building Aid Estimate	$ - [2]
Appropriations	5,805,000 [3]
Total Exclusions:	$ 5,805,000
Total Net Indebtedness	$ 41,165,000
Net Debt Contracting Margin	$ (8,526,254)
Percentage of Debt-Contracting Power Exhausted	126.12%

Notes: 1. Special equalization rates used for computation of the constitutional debt limit for city school districts are established each year by the New York State Department of Equalization and Assessment, and may vary from year to year. Therefore, the equalized values shown here may not agree with those shown under the section "Financial Information".

2. Although city school districts are prohibited from excluding estimated building aid when computing their debt limits, city school districts do receive building aid.

3. Budgeted Appropriations, Refunded Bonds and Revenue Anticipation Notes are automatically excluded pursuant to provisions to the New York State Constitution and section 136.00 of Local Finance Law.

4. The Issuance of the Notes will increase indebtedness by $22,800,000

5. The District has received the consent of the Board of Regents and the Office of the State Comptrollers to exceed its debt limit

Estimated Overlapping Indebtedness

Overlapping Unit	Applicable Equalized Value	Percent	Gross Indebtedness [1]	Exclusions	Net Indebtedness	Estimated Applicable Overlapping Indebtedness
Fulton	$ 675,585,411					
County	$ 3,232,050,424	20.90%	$ 1,339,189	N/A	$ 1,339,189	$ 279,926
Town of	$ 97,014,788					
Bleecker	$ 97,014,788	100.00%	$ -	N/A	$ -	$ -
Town of	$ 1,151,056					
Caroga	$ 258,159,225	0.45%	$ 18,400	N/A	$ 18,400	$ 82
Town of	$ 213,500,893					
Johnstown	$ 415,269,886	51.41%	$ 190,875	N/A	$ 190,875	$ 98,134
Town of	$ 1,082,400					
Mayfield	$ 464,083,311	0.23%	$ -	N/A	$ -	$ -
City of	$ 362,836,275				$ -	
Gloversville	$ 366,530,586	98.99%	$ 5,709,000	N/A	$ 5,709,000	$ 5,651,458
Total						$ 6,029,600

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

Notes: Bonds and Bond Anticipation notes as of 2016 fiscal year. Not adjusted to include subsequent bond and note sales

N/A Information not available from source document

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of October 2, 2018:

		Amount	Per Capita (a)	Percentage of Full Value (b)
Net Indebtedness	$	41,165,000	$ 2,207.71	6.306%
Net Indebtedness Plus Net Overlapping Indebtedness	$	47,194,600	$ 2,531.08	7.230%

(a) The District's estimated population is 18,646 (Source: 2016 U.S. Census Bureau estimate)

(b) The District's five year full valuation of taxable real estate using Special Equalization rates is $652,774,923

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

In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for the 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 requited 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, 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 Bond when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgement or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centrum 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 judgement, although judicial mandates have been issued to officials to appropriate and pay judgements out of certain funds or the District may not be enforced to levy and execution against property owned by the School District.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization or 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 VII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal and of 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.

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 continuations of essential public services prior to the payment of debt service.

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

Market And Risk Factors

The financial and economic 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 and 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 other jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriations for State aid to school districts will be continued in futures years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timelines of such payments may also be affected by a delay in the adoption of the State budget and other circumstances, including state fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore.

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 reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

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 tax status of interest on the Notes.

Tax Exemption

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

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

The Tax Increase Prevention and Reconciliation Act of 2005, enacted on May 17, 2006, contains a provision under which interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although the new reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Notes to be subject to backup withholding if such interest is paid to registered owners who either (a) fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner or (b) have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

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

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

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

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

Approval of Legal Proceedings

The validity of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, Bond Counsel to the School District, such opinion to be delivered with the Notes. The proposed form of such opinion is attached hereto as Appendix C

Continuing Disclosure Compliance

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, the School District will enter into an Undertaking to provide Material Event Notices, the description of which is attached hereto as "Appendix D".

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.

Litigation

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School 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 School District.

Claim of Hill: The District's attorney represents the District as assigned insurance defense counsel with respect to a Notice of Claim dated March 18, 2015, and filed on behalf of a mother of a female middle school student who committed suicide on December 25, 2014. The Notice alleges that the student was a victim of bullying and harassment, that the District failed to take steps to address the bullying and harassment despite notice thereof, and that the alleged bullying and harassment was a proximate cause of the student's suicide. No lawsuit against the District has commenced at this time. If the claim is placed in suit, the District and its insurance carrier intend to vigorously defend the case. The District's investigation of the claim is ongoing, and it is therefore premature to offer an opinion as to the likelihood of an unfavorable outcome in the event the claim is placed in suit, or an estimate of the potential loss.

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 or the Notes or the levy collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of Notes or any proceedings or authority of the District taken with respect to any authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the District.

Bond Rating

The School District has not applied for a rating for this issue.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their underlying rating of "A" with a stable outlook to the School District's outstanding serial bonds. The rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such ratings will not be revised or withdrawn, if in the judgment of the agency circumstances so warrant.

Municipal Advisor

R.G. Timbs, Inc.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.

Miscellaneous

The execution and delivery of this Official Statement have been duly authorized by the Board of Education of the School District. Concurrently with the delivery of the Notes, the School 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 therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the School District is not guaranteed as to accuracy, completeness or fairness, the School District has no reason to believe and does not believe that such information is materially inaccurate or misleading, and to the knowledge of the School District, since the date of the Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the School District and no material adverse changes in the general affairs of the School District or in its financial condition as shown in the Official Statement other than as disclosed in or contemplated by the Official Statement. Certain information contained in the Official Statement has been obtained from sources other than the School District. All quotations from and summaries and explanations of provisions of laws herein do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

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

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.

R.G. Timbs, Inc. may place a copy of this Official Statement on its website at www.RGTimbsInc.net. 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. R.G. Timbs, 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 School District nor R.G. Timbs, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, R.G. Timbs, Inc. and the School 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

The School District contact information is as follows: Cathy Meher, School District Treasurer, City School District of the City of Gloversville, Administration Building -234 Lincoln Street, Gloversville, New York 12078, telephone number 518-775-5706, email: cmeher@gesdk12.org

Additional copies of the Notice of Sale and the Official Statement may be obtained from the offices of R.G. Timbs, Inc., telephone number (585) 747-8111 or at www.RGTimbsInc.net.

CITY SCHOOL DISTRICT OF THE CITY OF GLOVERSVILLE

Dated: October 9, 2018

ROBERT CURTIS
President of Board of Education
And Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	2013	2014	2015	2016	2017	Budget 2018	
Beginning Fund Balance - July 1	$5,997,224	$5,719,849	$6,388,986	$4,256,085	$3,850,110	$5,258,671	E
Revenues:							
Real Property Taxes	$13,457,554	$14,092,793	$13,963,935	$14,285,716	$14,824,313	$14,413,802	
Non-Property Taxes	507,058	592,226	607,441	535,236	0	575,000	
Charges for Services	94,435	71,014	129,629	97,651	105,779	67,500	
Use of Money & Property	237,980	257,843	303,406	313,588	366,207	246,000	
Sale of Property/Comp. for Loss	5,289	15,912	10,185	34,529	12,640	0	
Miscellaneous	537,953	637,335	1,249,741	1,181,052	1,951,042	723,740	
State Aid	36,881,159	39,128,125	40,190,089	41,218,598	41,827,777	44,095,697	
Federal Aid	534,356	235,999	211,754	138,122	176,440	150,000	
Interfund Revenues	0	0	0	0	0	800,000	
Interfund Transfer	1,464,606	1,500,000	1,500,000	1,091,000	0	0	
Total Revenues	$53,720,390	$56,531,247	$58,166,180	$58,895,492	$59,264,198	$61,071,739	
Expenditures:							
General Support	$6,314,860	$6,241,365	$7,971,837	$6,797,712	$6,580,457	$6,462,858	
Instruction	24,775,149	25,534,194	27,788,788	27,916,493	28,332,899	29,701,905	
Transportation	1,549,154	2,223,852	2,040,506	2,110,817	2,178,326	2,355,484	
Community Services	0	0	0	0	0	0	
Employee Benefits	12,030,396	12,116,396	11,869,007	12,270,244	13,290,564	15,414,143	
Debt Service	9,284,822	9,182,546	10,450,649	10,121,110	7,347,534	7,572,222	
Interfund Transfer	43,384	563,757	178,294	85,091	73,016	0	
Total Expenditures	$53,997,765	$55,862,110	$60,299,081	$59,301,467	$57,802,796	$61,506,612	
Adjustments	-	0	0	0	-52841	0	
Year End Fund Balance	$5,719,849	$6,388,986	$4,256,085	$3,850,110	$5,258,671	$4,823,798	E
Excess (Deficit) Revenues Over Expenditures	($277,375)	$669,137	($2,132,901)	($405,975)	$1,461,402	($434,873)	1

Source: Audited Annual Financial Reports and Annual Budget. This table is NOT audited.

Note: 1. Appropriated Fund Balance is planned to be used

E. Estimated

General Fund – Budget Summary

	2018-19 Adopted Budget
Revenues:	
Real Property Taxes	$14,722,462
Other Tax Items	575,000
Charges for Services	67,500
Use of Money & Property	270,000
Sale of Property/Comp. for Loss	0
Miscellaneous	1,250,000
State Aid	45,060,003
Federal Aid	150,000
Interfund Transfers	1,129,767
Appropriation of Fund Balance	1,269,402
Total Revenues	$64,494,134
Expenditures:	
General Support	$6,555,323
Instruction	31,976,743
Transportation	3,058,863
Employee Benefits	15,087,847
Debt Service	7,815,358
Interfund Transfer	0
Total Expenditures	$64,494,134

Source: Adopted Budget of the School District. This table is NOT audited

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	2013	2014	2015	2016	2017
Assets:					
Unrestricted Cash	$6,019,709	$7,018,726	$4,029,232	$1,516,109	$484,773
Restricted Cash	500,864	751,014	751,172	751,342	918,152
Investments	0	0	0	0	4,341,232
Taxes Receivable	738,777	621,064	704,613	736,995	776,428
Due from Other Funds	1,893,529	2,870,299	5,578,628	8,050,464	8,499,164
Due from Other Governments	0	0	0	0	0
State and Federal Aid Receivable	3,294,780	3,754,642	4,004,949	5,470,388	4,238,495
Other Receivables	116,006	89,172	211,431	123,069	195,757
Due to Fiduciary Funds	0	0	79,408	79,407	0
Total Assets	$12,563,665	$15,104,917	$15,359,433	$16,727,774	$19,454,001
Liabilities:					
Accounts Payable	$772,056	$166,627	$498,537	$244,310	$150,139
Accrued Liabilities	65,233	55,965	105,003	84,181	100,910
Due to Other Funds	2,808,677	4,548,435	6,079,910	8,921,376	10,534,282
Due to Other Governments	0	0	0	0	0
Due to Teachers' Retirement System	2,243,996	3,111,844	3,544,324	2,760,660	2,500,006
Due to Employees' Retirement System	215,047	211,996	170,961	130,142	133,565
Other Liabilities	0	0	0	0	0
Notes Payable	0	0	0	0	0
Deferred Revenues	738,777	621,064	704,613	736,995	776,428
Total Liabilities:	$6,843,786	$8,715,931	$11,103,348	$12,877,664	$14,195,330
Fund Balances:					
Nonspendable	$0	$0	$0	$0	$0
Restricted	750,864	1,251,014	1,251,134	751,342	918,152
Committed	0	0	0	0	0
Assigned	1,849,580	2,803,644	1,999,869	664,721	450,446
Unassigned	3,119,405	2,334,328	1,005,082	2,434,047	3,890,073
Total Fund Balance	$5,719,849	$6,388,986	$4,256,085	$3,850,110	$5,258,671
Total Liabilities and Fund Balance	$12,563,635	$15,104,917	$15,359,433	$16,727,774	$19,454,001

Source: Audited Financial Reports. This table is NOT audited.

<u>APPENDIX B</u>

Audited Financial Statements

For The Fiscal Year Ended June 30, 2017

Note: Such Financial Reports and opinions were prepared as of the date thereof and have not been reviewed and/or updated by the District's Auditors in connection with the preparation and dissemination of this official statement. Consent of the Auditors for inclusion of the Audited Financial Reports in this Official Statement has neither been requested nor obtained

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2017

GLOVERSVILLE ENLARGED SCHOOL DISTRICT

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GLOVERSVILLE ENLARGED SCHOOL DISTRICT

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

To the President and Members
of the Board of Education of the
Gloversville Enlarged School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Gloversville Enlarged School District (the District), as of and for the year ended June 30, 2017, 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 Gloversville Enlarged School District, as of June 30, 2017, and the respective changes in financial position for the

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Other Matters

Correction of Errors

As discussed in Note 8 to the financial statements, management discovered that amounts reported as deferred outflows of resources were understated and amounts reported as bonds payable and other post employment benefits liability were overstated on the entity-wide financial statements in the prior year. Additionally, amounts reported as expenditures in the general fund were understated in prior years. Accordingly an adjustment has been made to net position and fund equity at July 1, 2016. Our opinion is not modified with respect to that matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 – A9, budgetary comparison information on pages C1 and C2, schedule of funding progress for the retiree health plan on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of District contributions on page C5 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gloversville Enlarged School District's basic financial statements. The supplemental information on pages D1 – D3 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

These supplemental schedules and 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 schedule of expenditures of federal awards are fairly stated, in all material, 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, 2017, 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, 2017

GLOVERSVILLE ENLARGED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The following is a discussion and analysis of the Gloversville Enlarged School District's financial performance for the fiscal year ended June 30, 2017. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- For 2016-2017, total district-wide revenues were $65,462,433 and total district-wide expenditures were $63,171,511, resulting in an increase in net position of $2,290,922.
- In 2016-2017, the District received several federal grants, including Title I, Title IIA and Title I School Improvement. These grants are used to fund programs that enhance literacy and provide opportunities for staff development. Grant funding is also utilized to offset teacher salaries so that Gloversville can continue to provide smaller classrooms and focus on at risk students to help them achieve their goals and improve graduation rates.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *Government-wide* financial statements, the Statement of Net Position and the Statement of Activities and Changes in Net Position. These provide both *short-term* and *long-term* information about the District's *overall* financial status.

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

- The *governmental funds statements* tell how basic services, such as special education, were financed in the *short-term*.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-1 shows how the various sections of this annual report are arranged and related to one another. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the Government-wide and Fund Financial Statements

		Fund Financial Statements	
	Government-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balance	• Statement of net position • Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.
Type of asset & deferred outflow/liability & deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue 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.

Government-wide Statements

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

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

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

- For assessment of the overall health of the District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities, and the performance of students should be considered.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-wide Statements (continued)

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

Net position of the governmental activities differ from governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources, (dollars), are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

Government-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the Statement of Net Position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position as follows:
    - Investment in capital assets, net of related debt.
    - Restricted net position has constraints placed on use by external sources or imposed by law.
    - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, capital projects fund, and the debt service fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Figure A-2 Condensed Statement of Net position

	Fiscal Year 2017	(Restated) Fiscal Year 2016	Percent Change
Current and other assets	$ 19,568,208	$ 11,435,854	71.1%
Noncurrent assets	89,210,918	102,695,002	(13.1%)
Total assets	$ 108,779,126	$ 114,130,856	(4.7%)
Deferred outflows of resources	14,122,290	4,344,879	225.1%
Current liabilities	$ $ 18,716,107	$ 9,316,673	50.2%
Long-term liabilities	74,645,219	77,667,310	(3.9%)
Total liabilities	$ $ 93,361,326	$ 86,983,983	7.3%
Deferred inflows of resources	803,236	5,045,820	(84.1%)
Net position			
Net investment in capital assets	$ $ 47,429,285	$ $ 44,031,759	7.2%
Restricted	4,517,968	3,593,443	20.5%
Unrestricted	(23,210,399)	(21,179,270)	9.5%
Total net position	$ $ 28,736,854	$ 26,445,932	8.6%

Most of the District's net position is invested in capital assets (buildings, land and equipment). The remaining unrestricted net position is a combination of assigned, unassigned, and nonspendable amounts. The restricted balances are amounts set aside to fund future purchases, debt payments, tax certioraris, retirement contributions, unemployment insurance benefits, workers compensation benefits, or capital projects planned by the district.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Figure A-3 Changes in Net position from Operating Results

	Fiscal Year 2017	(Restated) Fiscal Year 2016	Percent Change
Revenue			
Charges for services	$ 210,005	$ 193,422	7.9%
Operating grants	6,018,889	5,510,218	8.5%
General revenue			
Property taxes	14,863,746	15,022,711	(1.1%)
State aid	41,827,777	41,218,598	1.5%
Investment earnings	368,772	348,680	5.4%
Other	2,173,244	2,569,667	(15.4%)
Total revenue	65,462,433	64,863,296	1.1%
Expenses			
General support	6,501,444	6,916,887	(6.0%)
Instruction	32,235,738	31,612,165	1.9%
Transportation	2,033,033	2,168,689	(6.3%)
Employee benefits	15,616,925	11,410,653	26.9%
Depreciation expense	3,080,990	3,091,327	(0.3%)
Debt service - Interest	2,056,235	2,030,139	1.3%
Food services	1,647,146	1,560,945	5.2%
Other expenses	-	515,971	(100%)
Total expenses	63,171,511	59,306,776	6.5%
Increase in net positon	$ 2,290,922	$ 5,556,520	(58.7%)

The District's fiscal year 2016-2017 revenues totaled $65,462,433. Property taxes and state aid accounted for most of the District's revenue by contributing 22.7% and 63.9%, respectively. The remainder came from fees charged for services, operating grants, federal sources, school lunch sales, and other miscellaneous sources.

The total cost of all programs and services totaled $63,171,511 for the fiscal year 2016-2017. These expenses are predominantly related to general support, instruction, and pupil transportation. The District's administration, business, and operations and maintenance accounted for $6,501,444, or approximately 10.3% of the total costs.

The increase in net position for governmental activities was $2,290,922 in the 2016-2017 fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Figure A-4: Revenue Sources for 2017

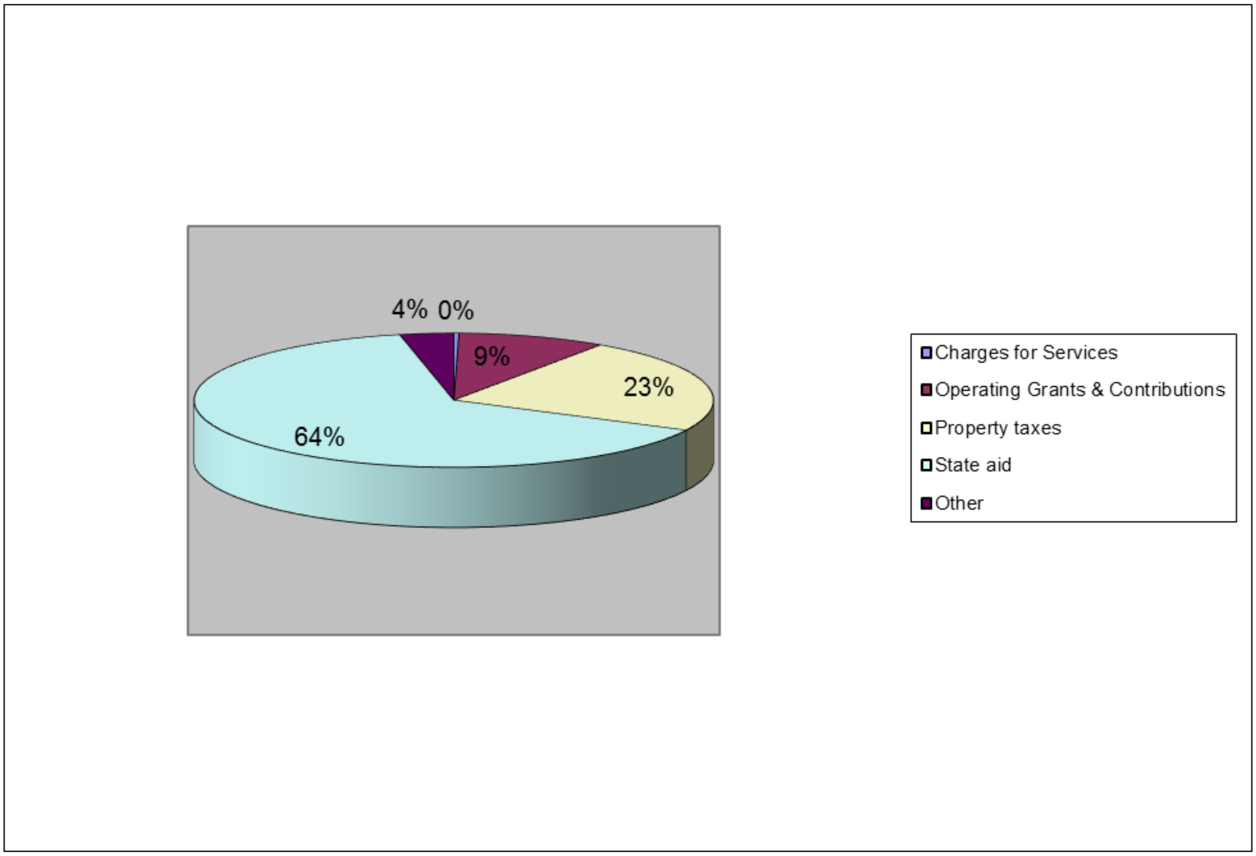
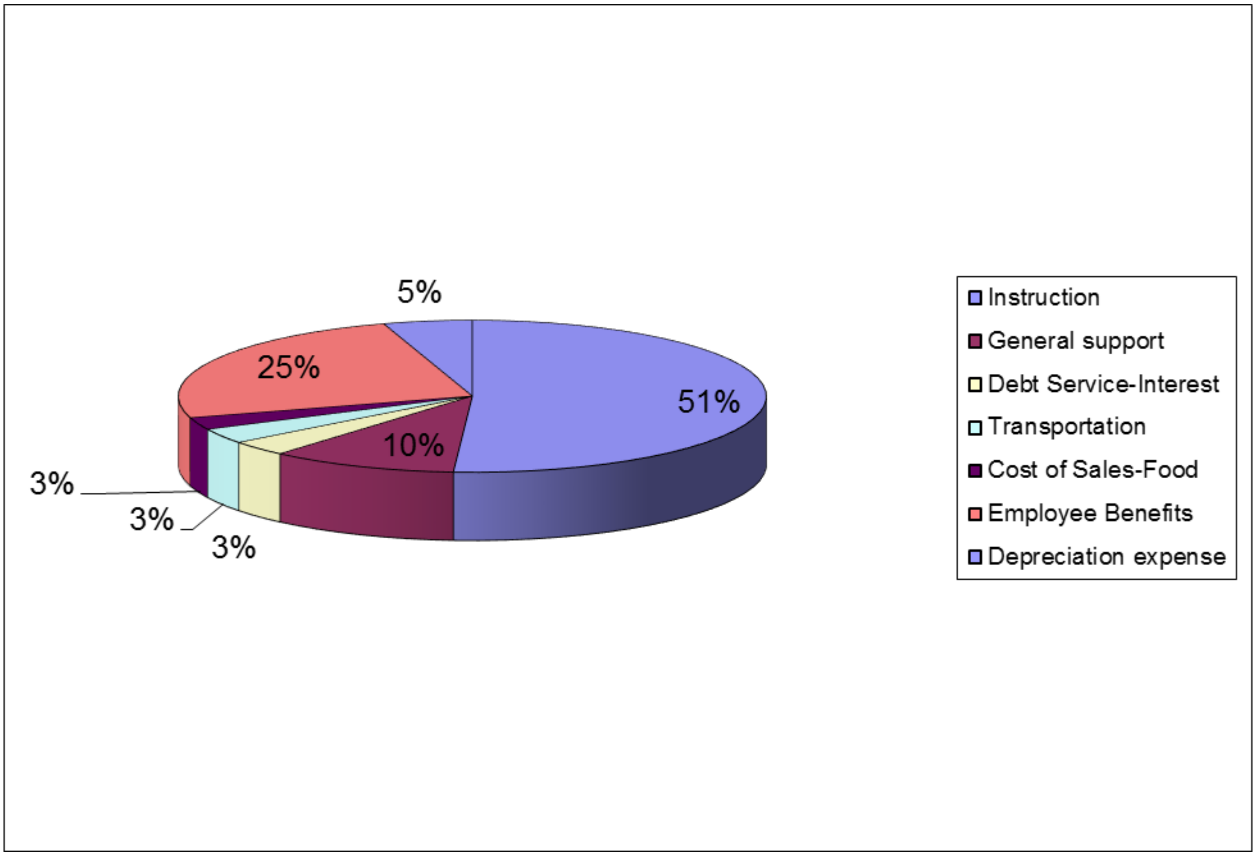


Figure A-5: Expense Sources for 2017



Governmental Activities

Figure A-6 presents the cost of several of the District's major activities. The figure also shows each activity's net cost (total cost 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 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
General support	$ 6,501,444	$ 6,501,444	$ 6,916,887	$ 6,916,887
Instruction	32,235,738	27,762,095	31,559,324	27,903,933
Pupil transportation	2,033,033	2,033,033	2,168,689	2,110,817
Employee benefits	15,616,925	15,616,925	11,410,653	11,064,297
Depreciation	3,080,990	3,080,990	3,091,327	3,091,327
Debt service - Interest	2,056,235	2,056,235	2,030,139	2,030,139
Food service	1,647,146	(108,105)	1,560,945	(83,076)
Other expenses	-	-	515,971	515,971
Decrease in net positon	$ 63,171,511	$ 56,942,617	$ 59,253,935	$ 53,550,295

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

- The cost of all governmental activities for the year was $63,171,511.
- The users of the District's programs financed $210,005 of the costs.
- The federal and state government financed $6,018,889 of the costs.
- The majority of costs were financed by the District's taxpayers and unallocated NYS aid.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

General Fund Budgetary Highlights

During the year, final revenues were under the revised budgetary estimates by $1,587,037, primarily due to the general aid received by the state was $1,000,000 less than budgeted. Expenditures and encumbrances were under the revised budgetary estimates by $3,262,714, that majority of which was due to employee benefits and instruction.

The District has pursued a conservative program of maintaining as close as possible to a 4% unrestricted General Fund balance as allowed by law. The District remained within budget. Budgets have been adjusted as and when authorized by law.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2017, the District had $89,210,918 invested in buildings, computers, and other educational equipment.

Figure A-7 Capital Assets, net of accumulated depreciation

	Fiscal Year 2017	Fiscal Year 2016
Land	$ 724,073	$ 724,073
Buildings and improvements	78,890,780	86,614,864
Idle capital asset	4,939,007	
Construction in progress	3,372,976	649,454
Furniture, equipment, and vehicles	1,284,082	1,313,368
Total	$ 89,210,918	$ 89,301,759

Long-Term Debt

As of June 30, 2017, the District had $39,080,000 in long-term debt. Detailed information about the District's long-term debt is included in the notes to the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Figure A-8 Outstanding Long-Term Liabilities

	Fiscal Year 2017	**Fiscal Year 2016**
Other postemployment benefits	$ 37,527,337	$ 36,265,054
Compensated absences	1,240,032	1,099,954
Net pension liability - ERS	2,407,850	1,833,295
Total	$ 41,175,219	$ 39,198,303

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Gloversville Enlarged School District continues to be confronted with multi-year flat or small increases in New York State foundation-aid revenues and the struggle to maintain adequate educational programs for children. The District continues to take significant measures leveraging technology and innovative programs to reduce costs for energy consumption, transportation, staff and health care in an effort to maintain educational programs. The Board of Education continues its conservative, structurally balanced approach to budgeting to maintain the District fund balance while maintaining reasonable tax rates within the NYS Tax Cap guidelines.

The 2017-18 budget was passed by a majority of the voters. The District continues reaching out to voters through multiple venues, communicating the budget message. The new spending plan decreased the true value property tax rate per thousand of assessed value from $21.71 to $21.48. The district school buses were also included in this year's budget, with the State reimbursing the District 90% of the cost associated with bus purchases.

The New York State legislature has imposed a 2% tax levy cap for 2017-18 and the foreseeable future without mandated relief, which represents a large fiscal challenge for school districts across the state. The District will also deal with the unfunded state mandates of the Common Core Curriculum and the Annual Professional Performance Reviews (APPR) of our educators. Despite the economic challenges of maintaining a reasonable level of fund balance with increasing costs, the Board of Education continues its conservative, structurally balanced approach to budgeting nad maintaining financial stability. Continuing to prioritize educational needs, utilizing minimal State and Federal aid increases, along with renegotiating labor agreements and fixed cost reductions, District officials still find it difficult to continue with modest tax to no tax increase while meeting the State Education Department standards of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Gloversville Enlarged School District
Attn: Steven Schloicka, Assistant Superintendent, CPA, MBA
234 Lincoln Street
Gloversville, NY 12078-1935
Office: (518) 775-5703

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS		
Current Assets		
Cash - Unrestricted	$	580,299
Cash - Restricted		7,484,368
Investment in Securities - Unrestricted		4,386,133
Accounts Receivable		195,850
Taxes Receivable		776,428
Due From Fiduciary Funds		79,408
State and Federal Aid Receivable		6,037,596
Inventories		28,126
Capital Assets, net		84,271,911
Idle Capital Asset		4,939,007
Total Assets		108,779,126
Deferred Outflows of Resources		
Pensions		14,122,290
Total Deferred Outflows of Resources		14,122,290
Total Assets and Deferred Outflows of Resources	$	122,901,416
LIABILITIES		
Current Liabilities		
Accounts Payable	$	635,688
Accrued Liabilities		136,221
Retainage Payable		54,741
Due to Other Governments		286
Bond Interest Accrued		617,966
Due to Teachers' Retirement System		2,500,006
Due to Employees' Retirement System		133,565
Refundable Advances		27,634
Bond Anticipation Notes		9,000,000
Long-Term Liabilities - Due and Payable Within One Year		
Bonds		5,610,000
Long-Term Liabilities - Due and Payable After One Year		
Bonds		33,470,000
Compensated Absences		1,240,032
Other Post Employment Benefits Payable		37,527,337
Net Pension Liability, Proportionate Share		2,407,850
Total Liabilities		93,361,326
Deferred Inflows of Resources		
Pensions		803,236
Total Deferred Inflows of Resources		803,236
NET POSITION		
Net Investment in Capital Assets		47,429,285
Restricted		4,517,968
Unrestricted		(23,210,399)
Total Net Position		28,736,854
Total Liabilities, Deferred Inflows of Resources and Net Position	$	122,901,416

See accompanying notes to financial statements.

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General Support	$ 6,501,444	$ -	$ -	$ (6,501,444)
Instruction	32,235,738	105,779	4,367,864	(27,762,095)
Pupil transportation	2,033,033	-	-	(2,033,033)
Employee benefits	15,616,925	-	-	(15,616,925)
Debt service - interest	2,056,235	-	-	(2,056,235)
Depreciation - unallocated	3,080,990	-	-	(3,080,990)
School lunch program	1,647,146	137,347	1,651,025	141,226
Total Functions and Programs	$ 63,171,511	$ 243,126	$ 6,018,889	(56,909,496)
GENERAL REVENUES				
Real property taxes				14,863,746
Investment earnings				21,325
Use of money and property				347,447
Sale of property and compensation for loss				12,640
State sources				41,827,777
Federal sources				176,440
Miscellaneous				1,951,043
Total General Revenues				59,200,418
Change in Net Position				2,290,922
Total Net Position - Beginning of Year As Originally Reported				22,373,661
Prior Period Adjustment				4,072,271
Total Net Position - Beginning of Year As Restated				26,445,932
Total Net Position - End of Year				$ 28,736,854

See accompanying notes to financial statements.

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets						
Cash - Unrestricted	$ 484,773	$ 80,874	$ 14,652	$ -	$ -	$ 580,299
Cash - Restricted	918,152	-	-	6,298,367	267,849	7,484,368
Investments	4,341,232	489	14,018	-	30,394	4,386,133
State and Federal Receivable	4,238,495	1,492,667	306,434	-	-	6,037,596
Due From Other Governments	-	-	-	-	-	-
Due From Other Funds	8,499,164	3,596,778	1,173,072	1,078,139	3,301,573	17,648,726
Accounts Receivable	195,757	-	93	-	-	195,850
Taxes Receivable	776,428	-	-	-	-	776,428
Inventories	-	-	28,126	-	-	28,126
Total Assets	$ 19,454,001	$ 5,170,808	$ 1,536,395	$ 7,376,506	$ 3,599,816	$ 37,137,526
Liabilities						
Accounts Payable	$ 150,139	$ 4,902	$ 622	$ 480,025	$ -	$ 635,688
Accrued Liabilities	100,910	33,951	1,360	-	-	136,221
Due to Other Funds	10,534,282	5,109,869	1,229,427	695,740	-	17,569,318
Due to Other Governments	-	-	286	-	-	286
Due to Teachers' Retirement System	2,500,006	-	-	-	-	2,500,006
Due to Employees' Retirement System	133,565	-	-	-	-	133,565
Refundable Advances	-	22,086	5,548	-	-	27,634
Bond Anticipation Notes	-	-	-	9,000,000	-	9,000,000
Total Liabilities	13,418,902	5,170,808	1,237,243	10,175,765	-	30,002,718
Deferred Inflows of Resources	776,428	-	-	-	-	776,428
Fund Equity (Deficiency)						
Fund Equity (Deficiency):						
Non-spendable	-	-	28,126	-	-	28,126
Restricted	918,152	-	-	-	3,599,816	4,517,968
Assigned	450,446	-	271,026	-	-	721,472
Unassigned	3,890,073	-	-	(2,799,259)	-	1,090,814
Total Fund Equity (Deficiency)	5,258,671	-	299,152	(2,799,259)	3,599,816	6,358,380
Total Liabilities, Deferred Inflows of Resources, and Fund Equity (Deficiency)	$ 19,454,001	$ 5,170,808	$ 1,536,395	$ 7,376,506	$ 3,599,816	$ 37,137,526

Amounts reported for governmental activities in the statement of net position are different due to the following:

Fund equity of the governmental funds	$ 6,358,380
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	89,210,918
Accrued interest expense is reported under the accrual basis	(617,966)
Receivables expected to be collected after the 60 day availability period are reported as deferred inflows in the governmental funds but as revenue in the entity-wide statements	776,428
Retainage payable is reported under the accrual basis	(54,741)
Net pension liability	(2,407,850)
Net Deferred (inflows)/outflows related to net pension asset/liability adjustments	13,319,054
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(77,847,369)
Net Position of Governmental Activities	$ 28,736,854

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues						
Real Property Taxes and Tax Items	$ 14,824,313	$ -	$ -	$ -	$ -	$ 14,824,313
Charges for Services	105,779	-	-	-	-	105,779
Use of Money and Property	366,207	-	74	-	2,491	368,772
Sale of Property and Compensation for Loss	12,640	-	-	-	-	12,640
Miscellaneous	1,951,042	-	-	1	-	1,951,043
State Sources	41,827,777	1,410,629	37,149	-	-	43,275,555
Federal Sources	176,440	2,957,235	1,613,876	-	-	4,747,551
Sales	-	-	137,347	-	-	137,347
Total Revenues	59,264,198	4,367,864	1,788,446	1	2,491	65,423,000
Expenditures						
General Support	6,580,457	-	-	-	-	6,580,457
Instruction	28,332,899	3,982,629	-	-	-	32,315,528
Pupil Transportation	2,178,326	98,047	-	-	-	2,276,373
Employee Benefits	13,290,564	360,204	251,680	-	-	13,902,448
Debt Service	7,347,534	-	-	-	-	7,347,534
Cost of Sales	-	-	1,395,466	-	-	1,395,466
Capital Outlay	-	-	-	2,533,265	-	2,533,265
Total Expenditures	57,729,780	4,440,880	1,647,146	2,533,265	-	66,351,071
Excess (Deficiency) of Revenues Over Expenditures	1,534,418	(73,016)	141,300	(2,533,264)	2,491	(928,071)
Other Sources And (Uses)						
Interfund Transfers, net	(73,016)	73,016	-	(755,224)	755,224	-
Total Other Sources (Uses)	(73,016)	73,016	-	(755,224)	755,224	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	1,461,402	-	141,300	(3,288,488)	757,715	(928,071)
Fund Equity, Beginning of Year as originally reported	3,850,110	-	157,852	489,229	2,842,101	7,339,292
Prior Period Adjustment	(52,841)	-	-	-	-	(52,841)
Fund Equity, Beginning of Year as Restated	3,797,269	-	157,852	489,229	2,842,101	7,286,451
Fund Equity, End of Year	$ 5,258,671	$ -	$ 299,152	$ (2,799,259)	$ 3,599,816	$ 6,358,380

See accompanying notes to financial statements.

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND EQUITY OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

Net changes in fund balance - total governmental funds			$	(928,071)
Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.				
Depreciation expense	$	(3,080,990)		
Capital outlays		2,990,149		(90,841)
Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The increase in accrued interest during 2016/17 results in more expense.				(148,701)
Retainage cost does not meet the criteria to be recorded as expenditures in the government funds.				(54,741)
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.				5,440,000
Property taxes are reported as revenue in governmental funds when available. Property taxes that are levided but not considered available are reported as deferred inflows of resources. However, for governmental activities, property tax revenues are recognized when levied.				39,433
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.				
Other Post Employment Benefits				(1,878,276)
Compensated Absences				(140,078)
Adjustments for net pension liability - ERS				(55,026)
Adjustments for net pension liability - TRS				107,223
Change in net position - governmental activities			$	2,290,922

See accompanying notes to financial statements.

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	Agency	Private Purpose Trusts
ASSETS		
Cash - unrestricted	$ 512,260	$ -
Cash - restricted	105,378	310,508
Total Assets	$ 617,638	$ 310,508
LIABILITIES		
Extraclassroom activity balances	$ 105,378	$ -
Due to other funds	79,408	-
Other liabilities	432,852	-
Total Liabilities	$ 617,638	$ -
NET POSITION		
Reserved for scholarships		$ 310,508

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	$ 64,413
Total Additions	64,413
DEDUCTIONS	
Scholarships and awards	50,392
Change in Net Position	14,021
Net Position - Beginning of year	296,487
Net Position - End of year	$ 310,508

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Gloversville Enlarged School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Gloversville Enlarged 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 and its component unit. 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 an entity included in the District's reporting entity within its Fiduciary funds:

The Extraclassroom Activity Fund

The extraclassroom activity funds of the District represents 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 fund can be found at the District's business office, located at 234 Lincoln Street, Gloversville, New York 12078-1935.

B. Joint Venture

The Gloversville Enlarged School District is a component district in Hamilton, Fulton, and Montgomery Counties Board of Cooperative Education Services. A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

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

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

During the year ended June 30, 2017, the District was billed $12,101,188 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to $3,258,712. Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

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 direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to the 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund Financial Statements

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

I. *Governmental Funds*

The following are the District's governmental funds:

General Fund

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

Special Aid Fund

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

School Lunch Fund

Used to account for transactions in the District's lunch and breakfast programs.

Capital Projects Fund

This fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

Debt Service Fund

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

II. *Fiduciary Funds*

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee and 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

II. *Fiduciary Funds*

There are two classes of fiduciary funds:

Private Purpose Trust Funds

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

Agency Funds

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

D. Basis of Accounting/Measurement Focus

General Information

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

General Information

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

E. Refundable Advances

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

F. Property Taxes

I. *Calendar*

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 29, 2016. Taxes are collected during the period September 1 to November 1, 2016.

II. *Enforcement*

The County in which the District is located enforces uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the County to the District within two years from the return of the unpaid taxes to the county. Real property tax receivables expected to be collected within sixty days of year-end, less similar amounts collected during this period in the preceding year, are recognized as revenue. Otherwise, deferred revenues offset real property taxes receivable.

G. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

The budget policies are as follows:

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

b. The proposed appropriation budget for the General Fund is approved by the voters within the District.

c. Appropriations are adopted at the line item level.

d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located 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 which exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the year.

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

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

g. As noted on the schedule of revenues, expenditures and changes in fund balance – budget and actual-general fund, certain line items were over budget by insignificant amounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

II. Encumbrances

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

III. Budget Basis of Accounting

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

I. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The District investment policies are governed by State statutes. District monies must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts. Investments are stated at fair value.

J. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. Accounts receivable in the General Fund represent amounts owed to the District for use of facilities and tuition.

K. Inventories and Prepaid Items

Inventories of food and supplies in the school lunch fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventorial items in other funds are recorded as expenditures at the time of purchase.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Inventories and Prepaid Items

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 portion of the fund balance in the amount of these non-liquid asset (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

L. 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 4.A.II. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

M. 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 - 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Unrestricted - 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.

Fund statements:

In the governmental funds statements there are five classifications of fund equity.

Non-spendable fund equity - 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 equity includes the inventory recorded in the School Lunch Fund of $28,126.

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund equity:

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

Insurance

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

Tax Certiorari Reserve

According to General Municipal Law §3651.a, this reserve must be used to establish a reserve fund for tax certiorari to be expended 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Debt Service

Used to account for the unspent proceeds of debt restricted for debt service.

Restricted fund equity includes the following:

General Fund:	
Employee Retirement System	$ 250,238
Insurance	500,914
Tax Certiorari	167,000
Debt Service Fund	3,599,816
Total Restricted Funds	$ 4,517,968

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund equity as of June 30, 2017.

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 equity. Assigned fund equity 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 Equity in the General Fund. Encumbrances reported in the General Fund amounted to $450,446 and those in the School Lunch Fund amounted to $49,345.

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.

Purpose of Encumbrances

General Fund	
General support	$ 116,889
Instruction	328,829
Pupil Transportation	3,000
Employee Benefits	1,728
	$ 450,446
School Lunch Fund	
Cost of Sales	$ 49,345

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Unassigned – Includes all other General Fund net assets 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 equity 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 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 equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Equity:

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

N. Post Employment Benefits

In addition to providing the retirement benefits described in Note 4.B.I, the District provides post employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these 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.

O. Capital Assets

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O. Capital Assets

	Capitalization Threshold	Depreciation Method	Estimated Useful Life In Years
Buildings	$ 5,000	SL	40
Building Improvements	5,000	SL	40
Site Improvements	5,000	SL	20
Furniture and equipment	5,000	SL	5-10

P. Short-term debt

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

Q. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund 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 and payable after one year in the Statement of Net Position.

R. Use of Estimates

The preparation of financial statements in conformity with GAAP 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post-employment benefits, potential contingent liabilities, net pension asset/liability, deferred outflows/inflows, and useful lives of long-term assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

S. Vested Employee Benefits

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

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

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 method and an accrual for that liability is included in the District-wide financial statements at year-end. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

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

T. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first 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. Second is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

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 one item that qualifies for reporting in this category. The item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportionate share of the collective net pension liability and difference during the measurement periods between the District's contributions and it proportionate share of total contributions to the pension systems not included in pension expense.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. 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, 2017, the District implemented the following new standards issued by GASB:

GASB has issued Statement 77, *Tax Abatement Disclosures*, effective for the year ending June 30, 2017. See note 7 for the disclosure related to implementation of this standard.

GASB has issued Statement 82, *Pensions Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73*, effective for the year ending June 30, 2017.

V. Future Changes in Accounting Standards

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.

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending June 30, 2018.

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

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

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

GASB has issued Statement 85, *Omnibus 2017*, effective for the year ending June 30, 2018.

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

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

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

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

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

a. Total fund balances of governmental fund vs. net position of governmental activities:

   Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, 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 governmental funds statement of revenues, expenditures, and changes in fund equity and the statement of activities and changes in net position fall into one of four broad categories. The differences represent:

<u>Long-Term Revenue and Expense Differences</u>

Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities and changes in net position reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used in the statement of activities and changes in net position.

<u>Capital Related Differences</u>

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

<u>Long-Term Debt Transaction Differences</u>

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities and changes in net position as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

<u>Pension Differences</u>

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

3. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. Deficit Fund Balances

There was a deficit fund balance in the capital projects fund of $2,799,259. This deficit is caused by financing the project with bond anticipation notes. When the bond anticipation notes are refinanced with bonds, this deficit will be removed.

B. Unassigned Fund Balance

The District's unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year, by $1,429,809.

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2017 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investments

Investments are stated at fair value and are categorized as either (1) insured or registered, or investments are held by the District or the District's agent in the District's name, (2) uninsured and unregistered, with the investments held by the financial institutions trust department in the District's name, (3) uninsured and unregistered, with investments held by the financial institution or its trust department but not in the District's name.

The District participates in CLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2017, the District held $4,386,133 in investments consisting of various investments in securities issued by the United States and its agencies. The following valuation inputs are included as investments.

Investments in Securities at Value	Level 1	Valuation Inputs Level 2	Level 3	Total
General Fund	$ -	$ 4,341,232	$ -	$ 4,341,232
Special Aid Fund	-	$ 489	$ -	$ 489
School Lunch Fund	-	$ 14,018	$ -	$ 14,018
Debt Service Fund	-	$ 30,394	$ -	$ 30,394
Total	$ -	$ 4,386,133	$ -	$ 4,386,133

4. DETAIL NOTES ON ALL FUNDS

A. Assets

Investments

The above amounts represent the fair value of the investment pool shares. For the year ended June 30, 2017, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

Restricted Cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at year-end consists of the following:

Fund	**Amount**	**Restriction**
General Fund	$ 250,238	Retirement Contributions Reserve
	500,914	Insurance Reserve
	167,000	Tax Certiorari Reserve
Total General Fund	$ 918,152	
Capital Projects Fund	$ 6,298,367	Specific capital projects
Debt Service Fund	$ 267,849	Debt
Trust and Agency	$ 105,378	Extraclassroom Activity Funds
Private Purpose Trust Fund	310,508	Scholarships and Memorials
Total Fiduciary	$ 415,886	

II. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

4. DETAIL NOTES ON ALL FUNDS

A. *Assets*

II. Interfund Transactions

Interfund transactions and balances at June 30, 2017 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	$ 8,499,164	$ 10,534,282	$ -	$ 73,016
Special Aid Fund	3,596,778	5,109,869	73,016	-
School Lunch Fund	1,173,072	1,229,427	-	-
Debt Service Fund	3,301,573	-	755,224	-
Capital Projects Fund	1,078,139	695,740	-	755,224
Total Governmental Activities	17,648,726	17,569,318	828,240	828,240
Fiduciary Fund	-	79,408	-	-
Totals	$ 17,648,726	$ 17,648,726	$ 828,240	$ 828,240

III. Capital Assets

Capital asset balances and activity for the year ended June 30, 2017 are as follows:

	Balance July 1	Additions	Deletions	Balance June 30
Governmental Activities				
Capital assets that are not depreciated:				
Construction in progress	$ 649,454	$ 2,723,522	$ -	$ 3,372,976
Land	724,073	-	-	724,073
Total Non-depreciable Capital Assets	1,373,527	2,723,522	-	4,097,049
Capital assets that are depreciated:				
Buildings and improvements	135,898,964	-	-	135,898,964
Furniture and equipment	3,031,128	266,627	79,936	3,217,819
Total Depreciable Capital Assets	138,930,092	266,627	79,936	139,116,783
Less accumulated depreciation:				
Buildings and improvements	49,284,100	2,785,077	-	52,069,177
Furniture and equipment	1,717,760	295,913	79,936	1,933,737
Total Accumulated Depreciation	51,001,860	3,080,990	79,936	54,002,914
Total Depreciable Cost, Net	$ 89,301,759	$ (90,841)	$ -	$ 89,210,918

4. DETAIL NOTES ON ALL FUNDS

A. Assets

III. Capital Assets

The District's Meco Elementary building is not used as a school building at June 30, 2017 due to lack of enrollment. The financing arrangement on the building prevents the District from being able to sell the building until the corresponding debt is paid off. As a result, the building will remain vacant until that time and is reported as an idle capital asset on the statement of net position.

The District also closed the McNabb building due to lack of enrollment. The District will be renting the building for the 2017-2018 school year to BOCES. The building will be used by BOCES, Headstart, and Whispering Pines for educational purposes.

B. Liabilities

I. Pension Plans

General Information

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

Plan Descriptions

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. 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. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in the New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The 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.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Employees' Retirement System

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. This is a cost-sharing multiple-employer retirement system. 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. Obligations of employers and employees to contribute and benefits to employees are governed by 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244 or found at www.osc.state.ny.us/retire/publications/index.php.

Contributions

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

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	ERS	TRS
2016-17	$ 534,262	$ 2,621,402
2015-16	449,056	3,395,428
2014-15	536,690	3,297,195

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

At June 30, 2017, 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, 2017 for ERS and June 30, 2016 for TRS. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of 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, 2016	June 30, 2015
Net pension asset/(liability)	$(1,035,698)	$(1,372,152)
District's portion of the Plan's total net pension asset/(liability)	0.0110%	0.1281%

Pension Expense (Credit)

For the year ended June 30, 2017, the District recognized its proportionate share of pension expense of $593,099 for ERS and $2,269,613 for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	**TRS**	**ERS**	**TRS**
Differences between expected and actual experiences	$ 25,954	$ -	$ 157,277	$ 445,752
Changes of assumptions	353,832	7,816,653	-	-
Net difference between projected and actual earnings on pension plan investments	206,871	3,085,320	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	79,124	56,340	57,230	142,977
Contributions subsequent to the measurement date	133,565	2,364,631	-	-
Total	$ 799,346	$ 13,322,944	$ 214,507	$ 588,729

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, 2018 for ERS and June 30, 2017 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:

Deferred Outflows and Inflows of Resources Related to Pensions

	ERS	**TRS**
Year ended:		
2017	$ -	$ 942,625
2018	195,475	942,625
2019	195,475	3,338,770
2020	182,862	2,593,260
2021	(122,538)	1,182,990
Thereafter	-	1,369,314

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:

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

	ERS	TRS
Measurement date	March 31, 2017	June 30, 2016
Actuarial valuation date	April 1, 2016	June 30, 2015
Interest Rate	7.0%	7.5%
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

Actuarial Assumptions

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.

For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. 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:

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

ERS	Target Allocation 2016	Long-term expected real rate of return* 2016
Asset Class:		
Domestic equities	36%	4.55%
International equities	14	6.35
Private equity	10	7.75
Real estate	10	5.80
Absolute return strategies (1)	2	4.00
Opportunistic portfolio	3	5.89
Real assets	3	5.54
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-Indexed bonds	4	1.50
Total	100%	

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2016.
(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

TRS	Target Allocation 2015	Long-term expected real rate of return* 2015
Asset Class:		
Domestic equities	37%	6.1%
International equities	18	7.3
Real estate	10	5.4
Private equities	7	9.2
Total equities	72	
Domestic fixed income securities	17	1.0
Global fixed income securities	2	0.8
Mortgages	8	3.1
Short-term	1	0.1
Total fixed income	28	
Total	100%	

* Real rates of return are net of the long-term inflation assumption of 2.1% for 2015.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Discount rate

The discount rate used to calculate the total pension liability/(asset) was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset)).

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

The following presents the District's proportionate share of the net pension liability/(asset) as of June 30, 2017 calculated using the discount rate of 7% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6% for ERS and 6.5% for TRS) or 1-percentage-point higher (8% for ERS and 8.5% for TRS) than the current rate:

ERS	**1% Decrease (6.0%)**	**Current Assumption (7.0%)**	**1% Increase (8.0%)**
Employer's proportionate share of the net pension liability/(asset)	$ 3,307,813	$ 1,035,698	$ (885,372)

TRS	**1% Decrease (6.5%)**	**Current Assumption (7.5%)**	**1% Increase (8.5%)**
Employer's proportionate share of the net pension liability/(asset)	$17,902,846	$ 1,372,152	$(12,492,927)

Changes in assumptions

Changes in 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.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Collective pension expense

Collective pension expenses includes certain current period changes in the collective net pension liability/(asset) 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, 2017 is $392,709 for ERS and $2,257,935 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, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to $133,565.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 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, 2017 amounted to $2,500,006.

Other Benefits

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

II. Indebtedness

1. Short-Term Debt

Bond Anticipation Notes

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

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

1. Short-Term Debt

Bond Anticipation Notes

Transactions in short-term debt are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN Maturing 10/20/2017 at 1.24%	$ -	$9,000,000	$ -	$ 9,000,000

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

Interest paid	$ -
Less interest accrued in the prior year	-
Plus interest accrued in the current year	55,800
Total Expense	$ 55,800

2. Long-Term Debt

a. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

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

Interest paid	$ 1,907,534
Less interest accrued in the prior year	(469,265)
Plus current year accrued interest	562,166
Total Expense	$ 2,000,435

The District has authorized to issue $37,800,000 of which $28,800,000 remains unissued and $9,000,000 was issued as a BAN.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

2. Long-Term Debt

b. Other Long-Term Debt

In addition to the above long-term debt, the District had the following noncurrent liabilities:

Compensated Absences - Represent the value of the earned and unused portion of the liability for employees' vacation and sick pay which has not been accrued in the General Fund.

Other Post-Employment Benefits - Represents the net liability for other post-employment benefits calculated in accordance with GASB 45 (See Note 6).

3. Changes

The changes in the District's indebtedness during the year ended June 30, 2017, are summarized as follows:

Fund/Type	**(Restated) Balance July 1**	**Additions**	**Deletions**	**Balance June 30**
Government activities:				
Bonds	$ 44,520,000	$ -	$ 5,440,000	39,080,000
Other Post Employment Benefits	$ 35,649,061	$ 5,070,143	$ 3,191,867	$ 37,527,337
Compensated Absences	1,099,954	140,078	-	1,240,032
Pension Liability	1,833,295	574,555	-	2,407,850
Total long-term liabilities	$ 38,582,310	$ 5,784,776	$ 3,191,867	$ 41,175,219

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

The above liabilities are liquidated by the general fund.

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

4. Maturity

The following is a summary of maturity of indebtedness:

Description of Issue	Original Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2017
Serial Bonds				
Advanced Refunding	2012	2024	3-5%	$ 3,520,000
Advanced Refunding	2016	2019	5.00%	1,230,000
Advanced Refunding	2016	2024	2-5%	3,600,000
Renovations	2005	2020	3.5-4%	415,000
Renovations	2007	2023	3-5%	9,820,000
Renovations	2007	2035	3-5%	5,500,000
Renovations	2007	2035	3-5%	9,920,000
Renovations	2007	2023	3-5%	1,750,000
Renovations	2012	2025	1.4-4.75%	3,325,000
				$ 39,080,000

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. $25,995,000 of bonds outstanding are considered defeased.

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

Year	Principal	Interest	Total
2018	$ 5,610,000	$ 1,794,121	$ 7,404,121
2019	5,805,000	1,552,450	7,357,450
2020	6,095,000	1,274,963	7,369,963
2021	6,220,000	989,463	7,209,463
2022	3,995,000	685,850	4,680,850
2023 & thereafter	11,355,000	2,114,763	13,469,763
Total	$ 39,080,000	$ 8,411,610	$ 47,491,610

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

5. 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 do not exceed 5% of the average full valuation of taxable real estate within such District. At June 30, 2017 the District has exhausted 151% of its constitutional debt limit.

III. Deferred Inflows of Resources

Deferred inflows of resources on the balance sheet - governmental funds, if any, arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period.

5. COMMITMENTS AND CONTINGENCIES

A. Litigation

The District has been named as defendant in various actions. A review of these actions by District management indicates that they are either fully covered by insurance or not substantial enough to materially affect the financial position of the District.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

B. Federal and State Grants

The District receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies or expenditures disallowed under the terms of the grant.

C. Risk Financing and Related Insurance

General Information

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

5. COMMITMENTS AND CONTINGENCIES

C. Risk Financing and Related Insurance

General Information

The District participates in a risk sharing pool, the Fulmont Worker's Compensation Plan, to insure workers' compensation claims. This public entity risk pool was created under Article 5, Workers' Compensation Law, to finance liability and risk related to workers' compensation claims. Workers' Compensation benefits are provided by the plan and administered under contract with the plan's consultant.

The plan also has specific excess workers' compensation and employers' liability indemnity coverage. Under the policies, the limit for workers' compensation coverage is $5,000,000, employers' liability $2,000,000 per occurrence, and specific excess coverage provided for paid workers' compensation claims in excess of $300,000 per individual or in excess of $90,000 per occurrence with a twelve-month period beginning on the date of anniversary of the occurrence.

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Plan Description

The District administers the post-employment benefits as a single-employer defined benefit plan (the Plan), through which retirees and their spouses receive benefits. The Plan provides for continuation of medical and prescription drug benefits for certain retirees and their survivors and can be amended by action of the District subject to applicable collective bargaining and employment agreements. 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.

Funding Policy

The obligations of the Plan members, employers and other contributing entities 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 eligible for the retiree health benefits upon meeting the following requirements: 1) retire from the District, 2) age 55 with 5 years of services and 3) enrolled in District provided health care at time of retirement. The District currently funds the plan to satisfy current obligations on a pay-as-you-go basis. The cost of providing this benefit for 490 retirees was approximately $3,192,000.

The contribution requirements of Plan members and the District are established by the Board of Education. Until changes are made in the NYS law to permit funding, there is no legal authority to fund OPEB, other than "pay as you go".

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Actuarial Methods and Assumptions

The District obtained an actuarial valuation dated July 1, 2016, which indicated that the net other post employment benefits liability totaled $37,527,337. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates about the future.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes is based on the substantive Plan (the Plan as understood by the District and the Plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and Plan members to that point. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial funding method used to calculate the costs of the Plan is known as the Projected Unit Credit Method. Under this method, the present value of each employee's future retiree health benefit claims costs is allocated over a portion of the employee's employment, the "attribution period." The attribution period for this group begins with the employee's date of employment and ends with the date on which the employee is expected to retire. The accrued liability for active employees is the portion of benefit liability attributed to service years to date. Normal cost is the amount of benefit liability attributed to the current employment year. Normal cost for retired employees is zero. The initial accrued liability is amortized over a 30-year period using the level dollar method. Actuarial gains and losses will be determined annually and amortized over a fixed 30-year period.

The following assumptions were used in the calculation: a) a 5% discount rate, b) health care trend is based on Society of Actuaries' Gretzen model with an initial rate of 5.9% with a final rate of 3.94% c) mortality rates were developed by the Office of the Actuary of the New York Teachers' Retirement System and the Office of the Actuary for the New York State Employees' Retirement System, d) assumed that employees may retire at age 55 and considers that employees may elect to retire at different ages, e) coverage elections – it is assumed 45% of eligible male married employees will elect spousal coverage and 40% of eligible female married employees will elect spousal coverage, f) a payroll growth assumption of 4% and g) termination, retirement and disability assumptions based on a blend of assumptions for all employees under ERS and female employees under TRS.

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) based on a closed 30-year amortization. The following table summarizes the Annual OPEB Cost:

	2017	(Restated) 2016
Annual Required Contribution	$ 4,622,911	$ 4,384,991
Interest on Prior Net OPEB Obligation	1,782,453	1,636,688
Adjustment to ARC	(1,335,221)	(1,226,030)
OPEB Expense	$ 5,070,143	$ 4,795,649
Net OPEB Obligation at the beginning of the year	$ 35,649,061	$ 32,733,765
OPEB Expense	5,070,143	4,795,649
Net OPEB Contributions made during the fiscal year	(3,191,867)	(1,880,353)
Net OPEB Obligation at the end of the year	$ 37,527,337	$ 35,649,061
Percentage of Expense Contributed	63.0%	39.2%

Funded Status

Accrued Liability at end of year	$ 65,753,619
Plan Assets at end of year	-
Unfunded Accrued Liability	$ 65,753,619
Percentage of Funded Accrued Liability	0%

Prior years' comparative data is available and prior year trend information is presented below in accordance with GASB Statement No. 45:

Fiscal Year End	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
06/30/2017	$5,070,143	$3,191,867	63.0%	$ 37,527,337
06/30/2016	$4,795,649	$1,880,353	39.2%	$ 35,649,061
06/30/2015	$4,840,126	$2,431,760	43.9%	$ 32,733,765

7. TAX ABATEMENTS

The County of Fulton enter into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. No abatements were entered during the year ended June 30, 2017.

8. PRIOR PERIOD ADJUSTMENT OF THE STATEMENT OF NET POSITION

For the fiscal year ended June 30, 2016 the District should have implemented GASB Statement No, 71*, Pension Transition for Contributions made Subsequent to the Measurement Date.* The implementation of the Statement would have resulted in the reporting of deferred outflows of resources related to the District's participation in the New York State Teachers' and Employees' Retirement Systems. Additionally, the opening other postemployment benefits liability and bonds payable were overstated for the year ended June 30, 2016. Also, the amounts recorded as receivables and refundable advances in the special aid fund in the prior years were overstated. The related revenues and expenditures were also overstated for the summer 4408 program. The excess expenditures should have been moved back to the general fund and the related revenue and receivables removed from the special aid fund. While this has no impact on fund equity of the special aid fund it does reduce the beginning general fund fund equity. As a result of not implementing GASB 71 in prior years and the errors in beginning balances the District's net position was incorrect at June 30, 2016. The District's net position was restated as follows:

Net Position beginning of year, as previously stated	$	22,373,661
Correction to beginning deferred outflow of resources for contributions subsequent to the measurement date:		
Teachers' Retirement System		2,628,976
Employees' Retirement System		130,143
Correction to beginning bonds payable		750,000
Correction to beginning special aid fund receivable and refundable advances balances		(52,841)
Correction to beginning other postemployment benefits liability:		615,993
Net position beginning of year, as restated	$	26,445,932

The above prior period adjustment of $(52,841) is also shown as a restatement of the general fund beginning of year fund equity on the statement of revenues, expenditures and changes in fund equity-governmental funds.

9. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 12, 2017, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2017, have been incorporated into these statements herein.

GLOVERSVILLE ENLARGED 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, 2017

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
Revenues				
Local Sources				
Real Property Taxes	$ 14,199,834	$ 14,199,834	$ 11,044,786	$ (3,155,048)
Real Property Tax Items	575,000	575,000	3,779,527	3,204,527
Charges for Services	64,500	64,500	105,779	41,279
Use of Money and Property	253,000	253,000	366,207	113,207
Sale of Property and Compensation for Loss	-	0	12,640	12,640
Miscellaneous	625,000	625,000	1,951,042	1,326,042
Total Local Sources	15,717,334	15,717,334	17,259,981	1,542,647
State Sources	43,532,382	43,532,382	41,827,777	(1,704,605)
Federal Sources	150,000	150,000	176,440	26,440
Other Sources				
Interfund Transfers	1,451,519	1,451,519	-	(1,451,519)
Total Revenue and Other Sources	60,851,235	60,851,235	59,264,198	$ (1,587,037)
Prior Year's Encumbrances	664,721	664,721	-	
Total Revenues, Other Sources and Appropriated Fund Balance	$ 61,515,956	$ 61,515,956	$ 59,264,198	

GLOVERSVILLE ENLARGED 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, 2017

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
Expenditures					
General Support					
Board of Education	$ 40,770	$ 40,406	$ 22,482	$ 2,944	$ 14,980
Central Administration	256,797	262,777	262,158	618	1
Finance	467,794	463,511	462,040	893	578
Staff	219,408	225,252	204,879	-	20,373
Central Services	4,663,273	5,137,941	4,727,561	112,434	297,946
Special Items	1,133,138	1,105,738	901,337	-	204,401
Total General Support	6,781,180	7,235,625	6,580,457	116,889	538,279
Instruction					
Instruction, Administration & Improvement	1,584,050	1,652,399	1,606,299	-	46,100
Teaching - Regular School	14,481,416	14,329,140	13,832,501	203,635	293,004
Programs for Students with Disabilities	10,180,386	9,803,002	9,549,010	90,477	163,515
Occupational Education	1,133,059	1,097,314	994,678	-	102,636
Teaching - Special Schools	26,586	26,586	11,528	-	15,058
Instructional Media	773,607	819,762	536,988	32,706	250,068
Pupil Services	1,844,982	1,889,242	1,801,895	2,011	85,336
Total Instruction	30,024,086	29,617,445	28,332,899	328,829	955,717
Pupil Transportation	2,456,053	2,491,852	2,178,326	3,000	310,526
Employee Benefits	14,653,569	14,525,443	13,290,564	1,728	1,233,151
Debt Service					
Debt Service Principal	5,430,000	5,430,000	5,440,000	-	(10,000)
Debt Service Interest	2,171,068	2,171,068	1,907,534	-	263,534
Total other	24,710,690	24,618,363	22,816,424	4,728	1,797,211
Total Expenditures	61,515,956	61,471,433	57,729,780	450,446	3,291,207
Other Uses					
Interfund Transfer	-	44,523	73,016	-	(28,493)
Total Expenditures and Other Uses	$ 61,515,956	$ 61,515,956	57,802,796	$ 450,446	$ 3,262,714
Net Change in Fund Balance			$ 1,461,402		
Fund balance - beginning as restated			3,797,269		
Fund balance - ending			$ 5,258,671		

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
JUNE 30, 2017

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
7/1/2016	$ -	$65,756,919	$65,753,619	0%	$24,100,680	272.8%
7/1/2015	$ -	$62,408,064	$62,408,064	0%	$22,878,741	272.8%
7/1/2014	$ -	$62,063,857	$62,063,857	0%	$22,878,741	271.3%

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2017

ERS Pension Plan
Last 10 Fiscal Years

	2017	2016	2015
Proportion of the net pension liability (asset)	0.0110%	0.0114%	0.0133%
Proportionate share of the net pension liability (asset)	$ 1,035,698	$ 1,833,295	$ 447,616
Covered-employee payroll	$ 3,347,129	$ 3,471,677	$ 3,527,064
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	0.309428767	0.52807188	0.126908953
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%

TRS Pension Plan
Last 10 Fiscal Years

	2017	2016	2015
Proportion of the net pension liability (asset)	0.1281%	0.1289%	0.1242%
Proportionate share of the net pension liability (asset)	$ 1,372,152	$ (13,393,243)	$ (13,839,896)
Covered-employee payroll	$ 19,662,242	$ 19,823,822	$ 18,399,756
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	7%	-68%	-75%
Plan fiduciary net position as a percentage of the total pension liability	99.01%	110.46%	111.48%

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.

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

ERS Pension Plan
Last 10 Fiscal Years

	2017	2016	2015
Contractually required contribution	$ 534,262	$ 449,056	$ 536,690
Contributions in relation to the contractually required contribution	534,262	449,056	536,690
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 3,347,129	$ 3,471,677	$ 3,527,064
Contributions as a percentage of covered-employee payroll	15.96%	12.93%	15.22%

TRS Pension Plan
Last 10 Fiscal Years

	2017	2016	2015
Contractually required contribution	$ 2,621,402	$ 3,395,428	$ 3,297,195
Contributions in relation to the contractually required contribution	2,621,402	3,395,428	3,297,195
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 19,662,242	$19,823,822	$18,399,756
Contributions as a percentage of covered-employee payroll	13.33%	17.13%	17.92%

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.

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2017

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$	60,851,235
Add: Prior year's encumbrances		664,721
Original Budget		61,515,956
Additions:		
Budget Amendments		-
Final Budget	$	61,515,956

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2017-18 [subsequent year's] voter-approved expenditure budget			$	61,506,612
Maximum allowed (4% of 2017-18 [subsequent year's] budget)				2,460,264
General Fund Fund Equity Subject to Section 1318 of Real Property Tax Law*:				
Unrestricted Fund Equity:				
Committed Fund Equity	$	-		
Assigned Fund Equity		450,446		
Unassigned Fund Equity		3,890,073		
Total Unrestricted Fund Equity		4,340,519		
Less:				
Appropriated Fund Equity		-		
Encumbrances included in Committed and Assigned Fund Equity		450,446		
Total Adjustments		450,446		
General Fund Fund Equity Subject to Section 1318 of Real Property Tax Law			$	3,890,073
Actual percentage				6.32%

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

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017

		Expenditures and Transfers to Date				Methods of Financing				Fund
Project	Authori-zation	Prior Years	Current Year	Totals	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Totals	Balance (Deficit) at June 30, 2017
Central Office Relocation - Project #0019-003	$ 1,820,000	$ 1,820,000	$ -	$ 1,820,000	$ -	$ 1,583,400	$ -	$ 244,308	$ 1,827,708	$ 7,708
District Wide Renovations - Project #'s 0004-007, 0007-006, 0009-007, 0010-013, 0014-006, 7027-001, 0010-014, 7020-002, 0014-007, 7028-001, 0010-015, 5025-001, 799-001, 0009-008, 0010-016, 0015-009, 0020-002, 0015-008, 0019-005, 0004-008, 0007-007	85,195,800	85,195,800	755,223	85,951,023	(755,223)	82,874,606	2,415,594	1,036,574	86,326,774	375,751
Building Renovations	37,800,000	649,453	2,533,265	3,182,718	34,617,282	-	-	-	-	(3,182,718)
Totals	$ 124,815,800	$ 87,665,253	$ 3,288,488	$ 90,953,741	$ 33,862,059	$ 84,458,006	$ 2,415,594	$ 1,280,882	$ 88,154,482	$ (2,799,259)

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2017

Capital Assets, Net			$	89,210,918
Add:				
Unamortized deferred loss	$	-		
Capital projects fund - cash and investments		6,298,367		
				6,298,367
Deduct:				
Bond anticipation notes payable	$	(9,000,000)		
Short-term portion of bonds payable		(5,610,000)		
Long-term portion of bonds payable		(33,470,000)		
Unamortized bond premium		-		
Short-term portion of installment purchase debt		-		(48,080,000)
Net Investment in Capital Assets			$	47,429,285

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

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
Gloversville Enlarged 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 Gloversville Enlarged School District (the District), as of and for the year ended June 30, 2017, 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, 2017.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-002 to be a material weakness.

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. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2017-003 to be a significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-001.

District's Response to the Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, 2017

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
SINGLE AUDIT
SUPPLEMENTARY FINANCIAL REPORT
JUNE 30, 2017

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

To the President and Members
of the Board of Education of
Gloversville Enlarged School District

Report on Compliance for Each Major Federal Program

We have audited the Gloversville Enlarged 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, 2017. 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 Gloversville Enlarged School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Gloversville Enlarged 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-004. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the Gloversville Enlarged 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 identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-004, which we consider to be a material weakness.

Gloversville Enlarged School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Gloversville Enlarged School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2017

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through To Subrecipient	Total Federal Expenditures
U.S. Department of Education				
Indirect Awards - Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-16-0268	-	$ 926
Special Education - Grants to States	84.027	0032-17-0268	-	774,305
Special Education Preschool Grants	84.173	0033-17-0268	-	52,883
Total Special Education Cluster				828,114
Title I Cluster				
Title I Grants to Local Educational Agencies- A&D	84.010	0021-16-0960	-	(14,388)
Title I Grants to Local Educational Agencies- A&D	84.010	0021-17-0960	-	1,185,873
Title I Grants to Local Educational Agencies- Sch Imp	84.010	0011-16-2062	-	149,922
Title I Grants to Local Educational Agencies- Sch Imp	84.010	0011-17-2062	-	162,641
Total Title I Cluster				1,484,048
Title VI B Rural Education	84.358	006-17-9060	-	670
Improving Teacher Quality State Grants	84.367	147-17-0960	-	208,810
Pathways in Tech Education	84.048	8039-16-0004	-	336,385
Pathways in Tech Education	84.048	8039-17-0004	-	99,208
Total U.S. Department of Education				2,957,235
U.S. Department of Agriculture				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
National School Lunch Program	10.555	Not Applicable	-	1,153,970
School Breakfast Program	10.553	Not Applicable	-	293,741
Summer Food Service Program	10.559	Not Applicable	-	28,612
Food Distribution	10.555	Not Applicable	-	137,553
Total Child Nutrition Cluster				1,613,876
Total U.S. Department of Agriculture				1,613,876
Total Expenditures of Federal Awards				$ 4,571,111

See accompanying notes to Schedule of Expenditures of Federal Awards.

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. 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 Gloversville Enlarged 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, 2017, the District received food commodities totaling $137,553.

5. INDIRECT COST RATE

The Gloversville Enlarged School District did not elect to use the 10% de minimus cost rate, because the major programs (84.367, 10.553, 10.555, and 10.559) 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.

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	__X__yes	____no
• Significant deficiency(ies) identified?	__X__yes	____none reported
Noncompliance material to financial statements noted?	__X__yes	____no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	__X__yes	____no
• Significant deficiency(ies) identified?	_____yes	__X__none reported
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	__X__yes	____no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.367	Improving Teacher Quality

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? __X__yes ____no

Section II: Financial Statement Findings

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

Noncompliance Material to the Financial Statements

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

Statement of Condition: The unassigned fund balance of the general fund exceeds 4% of the 17/18 general fund budget.

Criteria: NYS Real Property Tax Law 1318 limits the amount of unassigned fund balance a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

Cause: The cumulative effect of expenditures being significantly under budget.

Effect of Condition: The District was not in compliance with Real Property Tax Law.

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section II: Financial Statement Findings

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

Context: As part of audit procedures the compliance the NYS Real Property Tax Law 1318 limits is reviewed.

Recommendation: The District should develop a plan regarding how to address and use the excess in future years.

Views of responsible officials and planned corrective actions: The District has established reserves and will fund these in the future to comply with the Real Property Tax Law.

Material Weakness

2017-002 Adjustments

Condition: A prior period adjustment of $2,759,119 was required to implement GASB 71 *Pension Transition for Contributions Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. GASB 71 was in effect for 6/30/15 year end. An additional prior period adjustment in the amount of $52,841 was required to correct the special aid fund, a third prior period adjustment in the amount of $750,000 was required to correct the outstanding debt of the District, and a fourth prior period adjustment in the amount of $615,993. In addition, adjusting journal entries were proposed as part of the audit process to reflect actual year end balances of expenditures, revenues, interfund revenues and expenditures, due to/from other funds, refundable advances, debt service expenditures, fund balance, reserves, inventory, and accounts receivable.

Context: GASB 71 should have been implemented with the 6/30/15 financial statements. The other adjustments were identified as part of our auditing procedures.

Effect: As it relates to the first prior period adjustment, the amount recorded as a deferred outflow of resources was understated on the government-wide financial statements and pension expense included in employee benefits was overstated. As it relates to the second prior period adjustment, the special aid fund $52,841 should have been expenditures of the general fund resulting in an overstatement of revenues and expenditures as well as deferred and accounts receivable in the special aid fund and an understatement of expenditures and due from other funds in the general fund. As it relates to the third prior period adjustment, the outstanding debt of the District was overstated by $750,000 as of June 30, 2016. As it relates to the fourth prior period adjustment, the beginning balance of the other post employment benefit liability was overstated by $615,993 at June 30, 2016. As it relates to the adjusting journal entries proposed as part of the audit process the following accounts were over or understated by the respective approximate amounts: inventory understated $12,000 in the school lunch fund, debt service principal payments understated and debt service interest overstated $195,000 in general fund, special education expenditures understated $101,000 in the general fund, accounts receivable overstated $153,000 in special aid fund, refundable advances overstated $78,000 in special aid fund, revenue understated $46,000 in special aid fund, expenditures overstated $108,000 in special aid fund, revenue under stated $63,000 in expendable trust, expenditures understated $49,000 in

Section II: Financial Statement Findings

2017-002 Adjustments

expendable trust, the due to/from other funds accounts did not net to zero as required, the interfund revenue and expenditure accounts also did not net to zero as required.

Cause: See the context above for the cause of the prior period adjustments. The adjusting journal entries identified during the audit appear to be caused by transactions being inaccurately recorded during the year.

Recommendation: As it relates to the prior period adjustment for GASB 71, the District has implemented the standard therefore nothing further is required. The other prior period adjustments beginning balance are now corrected. As it relates to preventing future audit adjustments, general ledger accounts should be reconciled by management throughout the year or at a minimum at the end of the year to ensure the balances accurately reflect the activity that occurred. Periodically a report should be run to ensure interfund revenue and expenditures balances net to zero and due to/from balances net to zero.

Views of Responsible Officials and Planned Corrective Actions: The District has discussed this with staff and has put procedures in place to correct this.

Significant Deficiency

2017-003 Review of Transactions

Statement of Condition: Throughout our audit procedures, we noted that there was no review of bank reconciliations, journal entries, or payroll by an individual segregated from each process.

Cause: Inadequate review of transactions by someone independent of these processes.

Effect of Condition: Potential for improper transactions or misappropriation of assets, or incorrect balances not being identified and corrected.

Context: As part of audit procedures the controls surrounding bank reconciliations, journal entries, and payroll were reviewed.

Recommendation: The District should develop policies and procedures to ensure proper review of transactions is performed.

Views of responsible officials and planned corrective actions: Due to the size of the business office, it is difficult to segregate some of these duties. Bank reconciliations for some of the funds are done by the payroll staff and reviewed by the treasurer. A procedure has been implemented to provide another layer of review for payroll, journal entries and those bank statements reconciled by the treasurer.

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section III: Federal Award 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):

Material Weakness:

2017-004 Child Nutrition Claims

Statement of Condition: The District under claimed 6,313 breakfast and over claimed 13,938 lunch meals for reimbursement.

Criteria: At a minimum, a claim must include the number of reimbursable meals/milk served by category and type during the period (generally a month) covered by the claim. All meals claimed for reimbursement must (a) be of types authorized by the SFAs, institution's, or sponsor's administering agency; (b) be served to eligible children; and (c) be supported by accurate meal counts and records indicating the number of meals served by category and type (7 CFR sections 210.7(c), 210.8(c), and 225.9(d)).

Cause: Inadequate review of the claims entered into the claiming software prior to submission.

Effect of Condition: The District received reimbursement for more meals than the number served for lunch and did not receive all reimbursement they were entitled to for the number served for breakfast.

Perspective Information: As part of our audit procedures, we reviewed the monthly claim submission for two months. Those procedures include comparing the meals served as noted within the NutriKids software to the meals submitted for reimbursement to the Child Nutrition Management System for agreement. One of those two months tested meals served were not in agreement between NutriKids and the Child Nutrition Management System, therefore testing was expanded to include all months during the year.

Questioned Costs: $32,391 this represents the net amount of the meals under claimed for breakfast and those over claimed for lunches. The District under claimed breakfast by $13,489 and over claimed lunch by $45,880. The reimbursement rates for the meals was multiplied by the number of meals over/under claimed to determine the net amount of questioned costs.

Recommendation: The District should implement procedures to have a review of meals claimed for reimbursement on the Child Nutrition Management System to those within the NutriKids software. Any discrepancies should be thoroughly investigated and appropriate follow up should be completed. This review should be evidenced by a signoff and date. In addition, we recommend ensure that claims are properly entered and reviewed prior to submission into the claiming software.

Views of responsible officials and planned corrective actions: The District has an agreement with an outside contractor to provide management services to the district for the food service program. The director assigned to Gloversville was inexperienced and made an error in claiming meals for September and October. This resulted in an overstatement of meals being submitted to NYS for reimbursement. A procedure has been developed whereby a district staff member will review the claims monthly for accuracy.

GLOVERSVILLE ENLARGED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Summary Schedule of Prior Audit Findings

None

APPENDIX C

Form of Legal Opinion

October 19, 2018

Board of Education of the
City School District of the City of Gloversville in the
County of Fulton, New York

Re: City School District of the City of Gloversville
$36,145,000 Bond Anticipation Notes, 2018

Dear Board Members:

We have examined a record of proceedings relating to the issuance of $36,145,000 aggregate principal amount of Bond Anticipation Notes, 2018 (the "Note") of the City School District of the City of Gloversville (the "Issuer"), a school district of the State of New York, situate in the County of Fulton. The Note is dated October 18, 2018, matures October 18, 2019, bears interest at a rate of [_____]% per annum payable at maturity and is issued pursuant to the Local Finance Law of the State of New York, a bond resolution authorizing the issuance of bonds in the maximum aggregate principal amount of $37,800,000 and a certificate of the President of the Board of Education authorizing the issuance of the Note.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that under existing law:

1. The Note is a valid and binding general obligation of the Issuer.

2. All taxable property in the territory of the Issuer is subject to ad valorem taxation, without limitation as to rate or amount to pay the Note. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Note to the extent the necessary funds are not provided from other sources.

3. Interest on the Note is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Note in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. We express no opinion regarding other federal tax consequences arising with respect to the Note.

4. In our opinion, interest on the Note is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York.

Except as expressly stated above, we express no opinion as to any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Note. Owners of the Note should consult their tax advisors as to the applicability of any collateral tax consequences of ownership of the Note, which may include original issuance discount, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

It is to be understood that the rights of the owners of the Note and the enforceability of the Note may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Note.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D

Material Event Notices

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

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 (1) 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.

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 upon review of nationally recognized bond counsel.

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