OFFICIAL STATEMENT DATED APRIL 11, 2019

RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Bartlett, Pontiff, Stewart & Rhodes, P.C., 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 and corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating federal corporate alternative minimum taxable income. 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.

$5,020,000
QUEENSBURY UNION FREE SCHOOL DISTRICT
WARREN COUNTY, NEW YORK
GENERAL OBLIGATIONS
$5,020,000 Bond Anticipation Notes, 2019 (Renewals)

At an Interest Rate of 2.50% to Yield 1.75%
CUSIP #: 748267 SW2

Dated: April 25, 2019 **Due: April 24, 2020**

The Notes are general obligations of the Queensbury Union Free School District, Warren 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, subject to applicable statutory limitations. 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 Bartlett, Pontiff, Stewart & Rhodes, P.C., Bond Counsel, of Glens Falls, New York. It is anticipated that the Notes will be available for delivery in New York, New York on or about April 25, 2019.

Jefferies

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE SCHOOL DISTRICT DATED MARCH 28, 2019 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 AND THE DATED DATE ON PAGE 37, THERE HAVE BEEN NO OTHER REVISIONS TO SAID OFFICIAL STATEMENT

DATED: April 11, 2019

QUEENSBURY UNION FREE SCHOOL DISTRICT
WARREN COUNTY, NEW YORK

School District Officials

2018-19 BOARD OF EDUCATION

Jill Borgos, Ph.D. - President
Kathleen Holser- Vice President

Patricia Beldon
Stacy Flaherty
Daniel J. Mannix, Esq.
Amy Molly
Joseph F. Scriver
Michael E. Shea, Ph.D.
Timothy J. Weaver

Douglas W. Huntley, Ed.D. - Superintendent of Schools
Scott Whittemore – Assistant Superintendent for Business/District Clerk
Nicole Arcuri – School District Treasurer

School District Attorney

Bartlett, Pontiff, Stewart & Rhodes, P.C.

BOND COUNSEL

Bartlett, Pontiff, Stewart & Rhodes, P.C.

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 Continuing Disclosure Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Continuing Disclosure Statement, 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:

R. G. Timbs, Inc

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OFFICIAL STATEMENT

of the

QUEENSBURY UNION FREE SCHOOL DISTRICT
WARREN COUNTY, NEW YORK
Relating To
$5,020,000 Bond Anticipation Notes, 2019 (Renewals)

This Official Statement, which includes the cover page, has been prepared by the Queensbury Union Free School District, Warren County, New York (the "District", "County" and "State," respectively) in connection with the sale by the School District of $5,020,000 Bond Anticipation Notes, 2019 (Renewals) (the "Notes").

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

All quotations from and summaries and explanations of provisions of the Constitution and Laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive 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 April 25, 2019 and mature, without option of prior redemption, on April 24, 2020. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued as registered notes and, at the option of the purchaser, may be registered to the Depository Trust Company ("DTC") or may be registered in the name of the purchaser.

The Notes will be issued as registered notes at the option of the Purchaser(s) either (i) requested in the name of the purchaser. In certificated denominations of $5,000 or integral multiples thereof; or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "Book-Entry-Only System" herein.

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 dated June 17, 2014, authorizing the issuance of obligations of the District in the amount of $8,921,000 for the financing of the construction, reconstruction and alterations to the School District's Elementary School building, William H. Barton Intermediate School building, Queensbury Transportation building, and the Queensbury Administration building.

The proceeds of the Notes together with $1,258,000 available funds of the District will pay in full the $6,278,000 bond anticipation notes maturing April 26, 2019 and issued 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 not 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 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

General Information

The Queensbury School District, with an area of about 34 square miles, is located in east-central New York State about 50 miles north of Albany. The District is entirely within the Town of Queensbury and surrounds the City of Glens Falls, a commercial, manufacturing and shipping center of the Adirondack Mountains. Situated both in the metropolitan area of Glens Falls and in the heart of the year-round recreational region of the Adirondacks (such as Lake George, 6 miles north), Queensbury derives benefits from both economies.

Residential development consists primarily of single-family homes, garden apartment complexes and estate farms. Several shopping centers serve as a basis of commercial activity and draw shoppers from the surrounding communities and the City of Glens Falls in addition to residents in the immediate area. Industrial operations include the Glens Falls Lehigh Cement Company, a cement manufacturer; and a hydroelectric plant of the National Grid Power Corp.

Residents find employment at in-district industrial and commercial enterprises, as well as in Glens Falls. The service industries catering to sportsmen and tourists in the Adirondack and Lake George regions offer additional career opportunities. A wide variety of recreational activities is available to residents; skiing, ice skating, hunting, fishing, sailing, boating, swimming, hiking, golf, tennis, etc. are all readily accessible during the appropriate seasons of the year.

Rail transportation is provided by the Delaware & Hudson Railroad. Air transportation is available at the Warren County Airport, located in the District. A network of roads and highways serve this area, including Interstate #87 (the Northway), which connects with the New York State Thruway and Canada, and U.S. Route #9.

Economic Development

School District local economy is stable with active construction. Construction and building permits have increased. Newly constructed student housing at SUNY Adirondack is complete and housing students. Additional construction plans and activity include condos, apartment buildings, and added senior housing. Queensbury continues to be one of the top communities in the greater Albany area for commercial alteration and new construction growth.

District Facilities

Name	Grades	Year Built	Current Maximum Capacity	Date of Last Addition or Alteration
Elementary School	K-3	1968	1833	2016
Intermediate School	4-5	1998	824	2016
Middle School	6-8	1950	1020	2016
High School	9-12	1963	1462	2018

Source: District Officials

District Employees

The School District employs 496 full-time and 417 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
281	Teachers OFA	6/30/2022
Varies	Southern Adirondack Substitute Teacher Alliance	6/30/2019
96	Queensbury Educational Support Staff	6/30/2022
14	Queensbury Administrators and Supervisors	6/30/2020
1	Queensbury OT/PT Association	6/30/2022
49	Queensbury Transportation Employees	6/30/2019
42	Queensbury Buildings and Grounds Employees	6/30/2019
6	Queensbury Supervisors of Maintenance & Custodial	6/30/2019
7	Queensbury School Nurses Association	6/30/2022

Source: District Officials

Historical and Projected Enrollment

Fiscal Year	Actual	Fiscal Year	Projected
2014-15	3428	2019-20	3206
2015-16	3361	2020-21	3114
2016-17	3353	2021-22	3046
2017-18	3294	2022-23	3001
2018-19	3254	2023-24	2965

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 $900,001.

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 $2,400,000.

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 2018-19 fiscal year is 14.8%. The average contribution rate for the TRS for the 2018-19 fiscal year is 10.6%

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.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 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.

GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB") requires governmental entities, such as the School District, to account for the cost of certain non-pension post-employment benefits as it accounts for vested pension benefits.

GASB 75 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 75, OPEB costs were generally accounted for and managed as current expenses in the year paid and were not reported as a liability on governmental financial statements.

GASB 75 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. However, GASB 75 also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity and requires: (a) explanations of how and why the OPEB liability changed from year to year (b) amortization and reporting of deferred inflows and outflows due to assumption changes, (c) use of a discount rate that takes into account resources of an OPEB plan and how they will be invested to maximize coverage of the liability (d) a single actual cost method and (e) immediate recognition of OPEB expense and effects of changes to benefit terms.

Under GASB 75, a total OPEB liability is determined for each municipality or school district. A net change in the total OPEB Liability is calculated as the sum of changes for the year including service cost, interest, difference between expected and actual experience, changes in benefit terms, changes in assumptions or other inputs, less the benefit payments made by the School District for the year.

Based on the most recent actuarial valuation dated June 30, 2018 and financial data as of June 30, 2018, the School District's beginning year total OPEB liability was $99,617,266, the net change for the year was ($4,201,679), resulting in a total OPEB liability of $95,415,587 for a fiscal year ending June 30, 2018. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2018 financial statements.

The total OPEB liability• is required to be determined through an actuarial valuation every two years, at a minimum. However, OPEB plans with fewer than 100 members may use an alternative measurement method in place of an actuarial valuation. Additional information about GASB 75 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

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 total OPEB liability is expected to increase. As is the case with most municipalities, this is being handled by the School District on a "pay-as-you-go" bases. Substantial future increases 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

Major Employers

	Nature of Business	Estimated Number of Employees
Wal-Mart (two separate retail locations)	Retail	576
Queensbury Union Free School District	Education	503
Tribune Media	Entertainment/News Products	400
Warren Washington ARC	Service	357
SUNY Adirondack	Higher Education	230
Super K-Mart Center	Retail	219
Town of Queensbury	Governmental	135[1]
Home Depot	Retail	106
Glens Falls LeHigh Cement Co.	Cement Manufacturer	98

Note 1. Employs 250 seasonal employees as well

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 Warren 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	Warren County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2013	8.2%	7.7%	7.4%
2014	6.6%	6.3%	6.2%
2015	5.5%	5.3%	5.3%
2016	5.2%	4.8%	4.9%
2017	5.3%	4.7%	4.1%

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.

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

Form of School Government

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

The legislative power of the School District is vested in the Board of Education (the "Board"). Each year an election is held within the School District to elect one or more members to the Board. The Board consists of nine members with overlapping five-year terms. Therefore, as nearly as practicable, an equal number of members is elected to the Board each year.

During the first week in July of each year the Board meets for the purpose of reorganization. At that time an election is held within the Board to elect a President and Vice President and to appoint other School District officials.

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the School District. However, certain of the financial management functions of the School District are the responsibility of the Superintendent of Schools and the Assistant Superintendent for Business.

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 831 to 246. The School District's 2017-18 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2018-19 fiscal year was adopted by the qualified voters on May 15, 2018 by a vote of 779 to 241. The School District's 2018-19 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

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

State Aid

The School District receives financial assistance from the State. In its adopted budget for the 2018-19 fiscal year, approximately 37.76% 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 2011-12 Budget included school aid of $19.6 billion. This reflected a reduction of $1.3 billion or 6.1% from the State's 2010-11 Budget.

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 Enacted 2016-2017 State Budget included a school aid increase of $991 million over 2015-2016, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the Enacted 2016-2017 State Budget included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment (the "GEA"). The majority of the remaining increase ($100 million) related to Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. Such funds may only be used 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 2018-19 Enacted 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 Enacted 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 Enacted Budget guarantees that all school districts receive an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase will be "set aside" for certain school districts to fund community schools. The State's 2018-19 Enacted 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.

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.

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.

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, 2018 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: 13.3%). 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.

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 January 19, 2018. The purpose of our audit was to determine whether extra-classroom activity (ECA) clubs and the central treasurer properly accounted for extraclassroom collections and disbursements for the period July 1, 2015 through March 31, 2017.

Key Findings:

- The student treasurers and faculty advisors of five ECA clubs did not maintain adequate supporting documentation for 28 remittances totaling $36,079.
- Eight collections for prom tickets totaling $360 and three collections for yearbook sales totaling $165 were not remitted to the central treasurer.

Key Recommendations:

- Ensure student treasurers and advisors maintain adequate supporting documentation for collections.
- Ensure student treasurers and advisors properly account for all ECA collections and appoint a faculty auditor to oversee management of ECA funds and records.

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 Bonds were issued is the Education Law and 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, 2018 and may be found attached hereto as Appendix B

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:					
Queensbury	$ 1,616,501,634	$ 2,056,107,836	$ 2,078,456,284	$ 2,097,048,335	$ 2,172,884,618
City of Glens Falls	2,025,000	2,025,000	2,117,738	2,136,990	2,218,473
Total	$ 1,618,526,634	$ 2,058,132,836	$ 2,080,574,022	$ 2,099,185,325	$ 2,175,103,091
Equalization Rates:					
Queensbury	82.00%	100.00%[1]	100.00%	100.00%	100.00%
City of Glens Falls	81.31%	77.00%	77.00%	77.00%	77.00%
Full Valuations:					
Queensbury	$ 1,971,343,456	$ 2,056,107,836	$ 2,078,456,284	$ 2,097,048,335	$ 2,172,884,618
City of Glens Falls	2,490,469	2,629,870	2,750,309	2,775,312	2,881,134
Total	$ 1,973,833,925	$ 2,058,737,706	$ 2,081,206,593	$ 2,099,823,647	$ 2,175,765,752

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.

Note (1) Significant change due to revaluation

Tax Rate per $1,000 Assessed Value

Fiscal Year Ending June 30:

	2015	2016	2017	2018	2019
Queensbury	$ 18.75	$ 15.24	$ 15.52	$ 15.83	$ 15.72
City of Glens Falls	19.22	19.80	20.15	20.55	20.41

Tax Collection Procedure

Taxes are due and payable without penalty during the month of September. Taxes paid during the month of October are subject to a 2% penalty. Penalties if paid during the period of November 2 through November 5 are 3%. Unpaid school taxes are returned to the County Treasurer after November 5. Taxes unpaid after November 6 are re-levied at an additional 7% penalty with the State and County taxes, which are due on January 1st. The County Treasurer reimburses the District in full before the end of the District's fiscal year.

Tax Collection Record

Fiscal Year Ended June 30:	2015	2016	2017	2018	2019
Total Tax Levy	$30,479,991	$31,383,495	$32,296,801	$33,230,179	$34,196,708
Amount Uncollected	1,726,012	1,486,887	2,421,485	1,442,054	1,426,502
% Uncollected When Due	5.65%	4.74%	7.50%	4.34%	4.17%

Major Taxpayers 2018

For 2018-19 Tax Roll

Name	Type	Full Value
Erie Boulevard	Utility	$53,419,600
Niagara Mohawk/National Grid	Utility	49,815,771
Schermerhorn Warren I	Residential	19,159,200
Aviation Mall Newco, LLC	Shopping Mall	15,449,000
Wal-Mart Property Tax	Retail	14,300,000
SCH Cottage Hill, LLC	Residential	13,870,000
NMM G.F. Assoc. LLC	Apartment Complex	12,682,900
Upper Glen Street Assoc.	Rental Properties	9,032,000
GF LeHigh Cement Co.	Cement Manufacturer	8,691,100
Whispering Pines Assoc.	Apartment Complex	8,626,500
Total		$205,046,071

1. The above taxpayers represent 9.42% of the School District's 2018-19 Full value of $2,175,765,752 .

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, 2018 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 2018-19 Enacted Budget also includes 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

Chapter 97 of the New York Laws of 2011, as amended (herein referred to as the "Tax Levy Limit Law" or "Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget.

Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

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

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of Tax Levy Limitation Law. School districts budgets must comply in their 2014-15 and 2015-16 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

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

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

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

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015. To be eligible for the credit, the taxpayer (or taxpayers filing joint returns) on the personal income tax return filed for the taxable year two years prior, must have (I) been a resident, (ii) owned and primarily resided in real property receiving the STAR exemption, and (iii) had qualified gross income no greater than $250,000. For the 2016 taxable year, the amount of the credit was $185.00. For the 2017 through 2019 taxable year, the amount of the credit will be an amount equal the STAR tax savings associated with the basic STAR exemption, multiplied by a percentage determined by the taxpayer's qualified gross income, the credit is not available to residents of school districts who have adopted a budget in excess of the School District Tax Cap. Additional details of the tax credit program are not available at this time.

While the provisions of Chapter 59 and Chapter 20 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by Chapter 97. The implications of this program on future tax levies and for operations and services of the School District are uncertain at this time.

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 maybe more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit the District has the power to contract indebtedness for any school district purpose so long as the principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions. The constitutional method for determining full valuation by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

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	$ 31,300,000	$ 27,065,000	$ 22,710,000	$ 18,165,000	$ 13,705,000
Bond Anticipation Notes	-	983,550	10,669,850	10,201,314	26,329,235
Total Debt Outstanding	$ 31,300,000	$ 28,048,550	$ 33,379,850	$ 28,366,314	$ 40,034,235

Status of Outstanding Bond Issues

Year of Issue:	2011		2012	
Amount Issued:	$12,485,000		$7,470,000	
Purpose/Instrument:	Refunding/ Refunding Serial Bond		Refunding/Refunding Serial Bond	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2019	$ 750,000*	$ 15,000	$ 1,455,000*	$ 44,631
2020	-	-	35,000	15,181
2021	-	-	35,000	14,459
2022	-	-	35,000	13,694
2023	-	-	35,000	12,863
2024	-	-	35,000	11,966
2025	-	-	35,000	11,025
2026	-	-	35,000	10,019
2027	-	-	35,000	8,947
2028	-	-	40,000	7,775
2029	-	-	40,000	6,500
2030	-	-	40,000	5,175
2031	-	-	40,000	3,825
2032	-	-	45,000	2,363
2033	-	-	45,000	788
Totals:	$ 750,000	$ 15,000	$ 1,985,000	$ 169,211

Year of Issue:	2012		2012	
Amount Issued:	$11,640,000		$5,605,000	
Purpose/Instrument:	Construction/Serial Bond		Refunding /DASNY RSB	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2019	$ 750,000*	$ 353,488	$ 470,000	$ 119,300
2020	780,000	323,488	495,000	95,800
2021	815,000	292,288	520,000	71,050
2022	850,000	259,688	545,000	50,250
2023	890,000	217,188	560,000	33,900
2024	935,000	172,688	570,000	17,100
2025	985,000	125,938	-	-
2026	1,030,000	76,688	-	-
2027	145,000	25,188	-	-
2028	150,000	20,475	-	-
2029	155,000	15,600	-	-
2030	160,000	10,563	-	-
2031	165,000	5,363	-	-
Totals:	$ 7,810,000	$ 1,898,643	$ 3,160,000	$ 387,400

* Principal reduction made prior to date of Debt Statement, March 28, 2019

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	Principal	Interest	Total Debt Service	%Paid
2019	3,425,000	532,419	3,957,419	24.47%
2020	1,310,000	434,469	1,744,469	35.25%
2021	1,370,000	377,797	1,747,797	46.06%
2022	1,430,000	323,632	1,753,632	56.90%
2023	1,485,000	263,951	1,748,951	67.71%
2024	1,540,000	201,754	1,741,754	78.48%
2025	1,020,000	136,963	1,156,963	85.63%
2026	1,065,000	86,707	1,151,707	92.75%
2027	180,000	34,135	214,135	94.07%
2028	190,000	28,250	218,250	95.42%
2029	195,000	22,100	217,100	96.77%
2030	200,000	15,738	215,738	98.10%
2031	205,000	9,188	214,188	99.42%
2032	45,000	2,363	47,363	99.72%
2033	45,000	788	45,788	100.00%
Totals:	$ 13,705,000	$ 2,470,254	$ 16,175,254	

Cash Flow Borrowings

The School District has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the recent past and has no future plans to do so.

Status of Short-Term Indebtedness

Type	Dated Date	Maturity Date	Interest Rate	Amount Outstanding
BAN	7/31/2018	7/31/2019	2.37%	1,994,187
BAN	4/26/2018	4/26/2019	2.75%	6,278,000
BAN	7/12/2018	7/12/2019	3.00%	31,800,000

Capital Project Plans

On May 20, 2014, the School District voters authorized an $8.9 million capital project for the replacement of roofs and to improve health, safety, security and energy efficiency to School District buildings. The State Education Department approved the project on October 20, 2015. To date, the School District issued $8,921,000 bond anticipation notes pursuant to this authorization, of which $6,278,000 bond anticipation notes are currently outstanding and will mature April 26, 2019. The proceeds of the Notes together with $1,258,000 available funds of the District will pay in full the outstanding Note.The District anticipates permanently financing this project with the issuance of bonds in April 2020.

In January 2016, qualified voters in the District approved a tax neutral $39,735,000 capital project proposal for the renovation of Queensbury High School by a vote of 537 to 203. The $39,735,000 capital project is expected to have no additional local tax impact. State building aid will cover approximately $26,550,000 of the cost. The remaining balance of $13,185,000 will be the local share of the project cost, though the project will remain tax neutral due to the retirement of existing District debt. Construction is expected to end by fall 2019. On July 13, 2017, the School District issued $18,000,000 bond anticipation notes as the first borrowing against said authorization. On July 12, 2018, the School District issued $31,800,000 bond anticipation notes.

There are presently no other capital projects authorized and unissued by the School District, nor are any contemplated.

Bus Borrowings

On May 15, 2018, the School District voters authorized a $488,740 school bus borrowing proposition. The School District issued $1,994,187 bond anticipation notes which mature on July 31, 2019. Principal reduction is planned over a five-year period with the annual renewal of bond anticipation notes.

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 70.9%.

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 March 28, 2019

Assessment Roll Year	Assessed Valuation	Equalization Rates [1]	Equalized Value
2013	$1,608,308,448	Various	$1,968,446,499
2014	1,625,365,893	Various	1,996,895,606
2015	2,058,132,836	Various	2,047,071,739
2016	2,080,574,022	Various	2,045,037,542
2017	2,099,185,325	Various	2,038,124,263
Total:			$10,095,575,649

Five-Year Average Equalized Value		$2,019,115,130
Debt Limit: 5% of Full Valuation		$100,955,756
Inclusions:		
Serial Bonds		$10,750,000
Bond Anticipation Notes		40,072,187
Total Inclusions:		$50,822,187
Exclusions:		
Building Aid Estimate		$ - [2]
Appropriations		470,000[3]
Total Exclusions:		$470,000
Total Net Indebtedness Before Giving Effect to This Issue:		$ 50,352,187
This Issue:	$ 5,020,000	
Proceeds to Be Used to Retire Indebtedness Listed Under Inclusions:	5,020,000	$ -
Total Net Indebtedness After Giving Effect to This Issue:		$ 50,352,187
Net Debt Contracting Margin		$ 50,603,569
Percentage of Debt-Contracting Power Exhausted		49.88%

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.

Estimated Overlapping Indebtedness

Overlapping Unit	Applicable Equalized Value	Percent	Gross Indebtedness [1]	Exclusions	Net Indebtedness	Estimated Applicable Overlapping Indebtedness
Warren	$ 2,175,765,752					
County	$ 10,859,887,401	20.03%	$ 46,750,175	N/A	$ 46,750,175	$ 9,366,343
Town of	$ 2,172,884,618					
Queensbury	$ 3,580,893,107	60.68%	$ 10,197,278	N/A	$ 10,197,278	$ 6,187,705
City of	$ 2,881,134				$ -	
Glens Falls	$ 1,006,306,464	0.29%	$ 68,119,123	N/A	$ 68,119,123	$ 195,030
Total						$ 15,749,078

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2017

Notes: Bonds and Bond Anticipation notes as of 2017 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 March 28, 2019:

	Amount	Per Capita (a)	Percentage of Full Value (b)
Net Indebtedness	$ 50,352,187	$ 2,323.59	2.314%
Net Indebtedness Plus Net Overlapping Indebtedness	$ 66,101,265	$ 3,050.36	3.038%

(a) The District's estimated population is 21,670 (Source: 2016 U.S. Census Bureau estimate)

(b) The District's five year full valuation of taxable real estate using Special Equalization rates is $2,175,765,752

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

Special Provisions Affecting Remedies Upon Default

State Aid Intercept for School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for 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 enforces 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 our 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 a 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 of an 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, an 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

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Interest on the Notes owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust (“FASIT”). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in a certificate (the “Tax Certificate”) dated the date of delivery of the Notes pertaining to the use, expenditure, and investment of the proceeds of the Notes and will assume continuing compliance by the District with the provisions of the Tax Certificate subsequent to the issuance of the Notes. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Notes and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Notes are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Notes to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Notes is commenced, under current procedures the IRS is likely to treat the District as the “taxpayer,” and the owners of the Notes would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Notes, the District may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law 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).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Approval of Legal Proceedings

The validity of the Notes will be covered by the unqualified legal opinion of Bartlett, Pontiff, Stewart & Rhodes, P.C., 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, however,

The District failed to file a material event notice relating to a Moody’s rating downgrade. On May 2, 2016, Moody’s had downgraded the District’s underlying general obligation bond rating to “Aa3” from “Aa2”. The District has since filed the event notice and a notice of its failure to file such notice to EMMA on April 5, 2017.

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.

Bond Rating

Moody's Investors Service, Inc. ("Moody's) has assigned its rating of "Aa3" to the School District's outstanding serial bonds. Standard & Poor's Ratings Services ("S&P") has assigned its rating of "AA-" with a stable outlook to the School District's outstanding serial bonds. A 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 Moody's or S&P's 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.

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: Scott Whittemore, Assistant Superintendent for Business Queensbury Union Free School District, 429 Aviation Road, Queensbury, NY 12804, telephone number 518-824-5604, email: swhittemore@queensburyschool.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.

Queensbury Union Free School District

Dated: April 11, 2019
Queensbury, New York

Jill Borgos, PH.D.
President of Board of Education
And Chief Fiscal Officer

<u>APPENDIX A</u>

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	2014	2015	2016	2017	2018	Budget 2019	
Beginning Fund Balance - July 1	$12,589,995	$11,097,383	$9,883,282	$8,167,108	$8,112,403	$7,370,864	E
Revenues:							
Real Property Taxes	$27,048,230	$27,402,804	$28,261,642	$29,262,563	$30,220,463	$34,197,177	
Other Tax Items	3,167,269	3,244,101	3,331,473	3,250,817	3,195,538	0	
Charges for Services	108,850	101,816	101,244	96,834	93,300	51,000	
Use of Money & Property	68,791	58,615	40,676	42,079	51,538	157,793	
Sale of Property/Comp. for Loss	13,131	11,061	9,844	8,560	72,186	15,000	
Miscellaneous	435,966	421,780	312,168	259,944	342,081	571,574	
State Aid	19,900,561	20,763,435	21,519,173	23,369,404	24,396,616	23,906,740	
Federal Aid	185,299	182,649	139,674	246,307	213,028	120,000	
Interfund Transfer	0	312,551	55,718	0	0	184,936	
Total Revenues	$50,928,097	$52,498,812	$53,771,612	$56,536,508	$58,584,750	$59,204,220	
Expenditures:							
General Support	$5,627,803	$5,636,564	$6,195,596	$5,596,209	$6,769,837	$6,807,737	
Instruction	24,916,460	25,486,774	26,631,463	27,278,346	27,874,293	30,220,323	
Transportation	1,817,006	1,979,924	1,986,964	1,892,007	2,012,502	2,302,633	
Employee Benefits	14,515,602	15,076,857	14,871,655	14,707,168	14,718,526	16,993,232	
Debt Service	5,469,490	5,465,069	5,630,406	7,034,995	7,837,138	6,403,412	
Interfund Transfer	74,348	67,725	171,702	82,488	113,993	582,500	
Total Expenditures	$52,420,709	$53,712,913	$55,487,786	$56,591,213	$58,326,289	$63,309,837	
Year End Fund Balance	$11,097,383	$9,883,282	$8,167,108	$8,112,403	$7,370,864	$3,265,247	E
Excess (Deficit) Revenues Over Expenditures	($1,492,612)	($1,214,101)	($1,716,174)	($54,705)	($741,539)	($4,105,617)	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 – Comparative Balance Sheet

Fiscal Year Ending June 30:	2014	2015	2016	2017	2018
Assets:					
Unrestricted Cash	$7,373,043	$6,881,840	$5,720,268	$5,198,319	$6,865,291
Restricted Cash	5,501,235	5,026,480	3,461,779	2,576,953	1,008,187
Other Receivables	88,461	109,620	27,408	88,524	51,417
Due from Other Funds	1,290,891	1,341,573	1,414,628	2,375,000	892,768
Due from Fiduciary Funds	0	0	0	0	368,673
Due from State & Federal	507,286	484,483	701,564	747,102	512,114
Due from Other Governments	489,655	482,669	566,010	564,350	638,126
Prepaid Expenses	0	0	0	0	23,567
Total Assets	$15,250,571	$14,326,665	$11,891,657	$11,550,248	$10,360,143
Liabilities:					
Accounts Payable	$363,473	$335,711	$482,580	$432,977	$353,487
Accrued Liabilities	116,665	127,703	107,831	155,293	158,929
Due to Other Funds	0	12,730	1,056	1,037	0
Due to Other Governments	0	0	0	0	0
Due Retirement System	3,630,555	3,885,008	3,064,005	2,804,642	2,391,347
Compensated Absences	0	0	0	0	0
Overpayments	0	0	0	0	0
Deferred Revene	42,495	82,231	69,077	43,896	85,516
Total Liabilities:	$4,153,188	$4,443,383	$3,724,549	$3,437,845	$2,989,279
Fund Balances:					
Nonspendable - Prepaid Expenses	$0	$0	$0	$0	$23,567
Restricted	5,501,236	$5,026,480	$3,461,779	$2,576,953	$1,008,187
Assigned	3,367,795	2,889,975	2,337,484	3,856,701	4,122,298
Unassigned	2,228,352	1,966,827	2,367,845	1,678,749	2,216,812
Total Fund Balance	$11,097,383	$9,883,282	$8,167,108	$8,112,403	$7,370,864
Total Liabilities and Fund Balance	$15,250,571	$14,326,665	$11,891,657	$11,550,248	$10,360,143

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

APPENDIX B

Audited Financial Statements

For The Fiscal Year Ended June 30, 2018

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

QUEENSBURY UNION FREE SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

JUNE 30, 2018

CONTENTS

WEST & COMPANY
CPAs PC

INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Queensbury Union Free School District
Queensbury, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Queensbury Union Free School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

97 North Main St., PO Box 1219, Gloversville, NY 12078-0354 ▪ 60 Railroad Place, Suite 302, Saratoga Springs, NY 12866
www.westcpapc.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress other post-employment benefits and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 13 and pages 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 53 through 55, as described in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 13, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
November 13, 2018

QUEENSBURY UNION FREE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2018

The following is a narrative overview and analysis of the financial activities of the Queensbury Union Free School District (District) for the fiscal year ended June 30, 2018. This discussion is intended to serve as an introduction to the District's basic financial statements, which immediately follow this section. The basic financial statements have the following components: (1) management's discussion and analysis (MD&A), (2) District-wide financial statements, (3) fund financial statements, and (4) notes to the financial statements.

FINANCIAL HIGHLIGHTS

Financial highlights for fiscal year 2018 are as follows:

- Net position of the District decreased $653,867 over the prior year.
- As of the close of this fiscal year, the District's governmental funds reported combined fund balance (deficit) of ($7,860,347), a decrease of ($6,092,335), in comparison with the prior year.
- The District was able to maintain strong reserves and appropriated $4,105,617 of the fund balance to offset taxes in the 2018-2019 school year.
- The District experienced a reduction in enrollment. The 2017-2018 school year enrollment of 3,275 so a decrease of 61 students from the 2016-2017 school year. Enrollment is expected to stabilize over the next few years.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The remaining statements are *fund* financial statements that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the *District-wide* statements. The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term,* as well as what remains for future spending.

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

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

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

Table A-1 Major Features of the District-wide and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	**Governmental Funds**	**Fiduciary Funds**
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as instruction and special education	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

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

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

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

Net position of the governmental activities differ from the 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.

District-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.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
    - Net investment in capital assets.
    - Restricted net position are those with constraints placed on use by external sources or imposed by law.
    - Unrestricted net position are net position that do not meet any of the above restrictions.

Fund Financial Statements

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

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

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

The District has two kinds of funds:

- Governmental Funds: Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District’s programs.

    Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the Queensbury Union Free School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $35,471,848 at the close of the current fiscal year.

Table A-2

Condensed Statement of Net Position

	Fiscal Year 2018	Fiscal Year 2017	Percentage Change (Incr.;-Decr.)
Assets			
Current and other assets	$ 22,528,446	$ 11,965,409	88.3%
Capital assets - net	79,134,206	73,918,786	7.1%
Total Assets	101,662,652	85,884,195	18.4%
Deferred Outflows of Resources			
Other post-employment benefits	2,473,585	0	100.0%
Pensions	14,949,162	15,036,568	-0.6%
Total Deferred Outflows of Resources	17,422,747	15,036,568	15.9%
Liabilities			
Other liabilities	27,689,532	13,934,233	98.7%
Long-term liabilities	112,254,661	72,189,797	55.5%
Total Liabilities	139,944,193	86,124,030	62.5%
Deferred Inflows of Resources			
Other post-employment benefits	9,853,869	0	100.0%
Pensions	4,759,185	806,202	490.3%
Total Deferred Inflows of Resources	14,613,054	806,202	1712.6%
Net Position			
Net investment in capital assets	47,789,609	45,737,744	4.5%
Restricted	3,258,191	6,933,576	-53.0%
Unrestricted	(86,519,648)	(38,680,789)	-123.7%
Effect of GASB 75 restatement (Footnote 14)	0	(48,808,512)	
Total Net Position (Deficit)	$(35,471,848)	$(34,817,981)	-1.9%

Changes in Net Position

The School District's 2018 revenue was $61,832,659 (see Table A-3). Property taxes and New York State aid accounted for the majority of revenue by contributing 54.1% and 39.8%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled $62,486,526 for 2018. These expenses (79.1%) are predominantly for the education; supervision and transportation of students (see Table A-5). The School District's administrative, occupancy and business activities accounted for 16.9% of total costs.

Net position decreased during the year by $653,867.

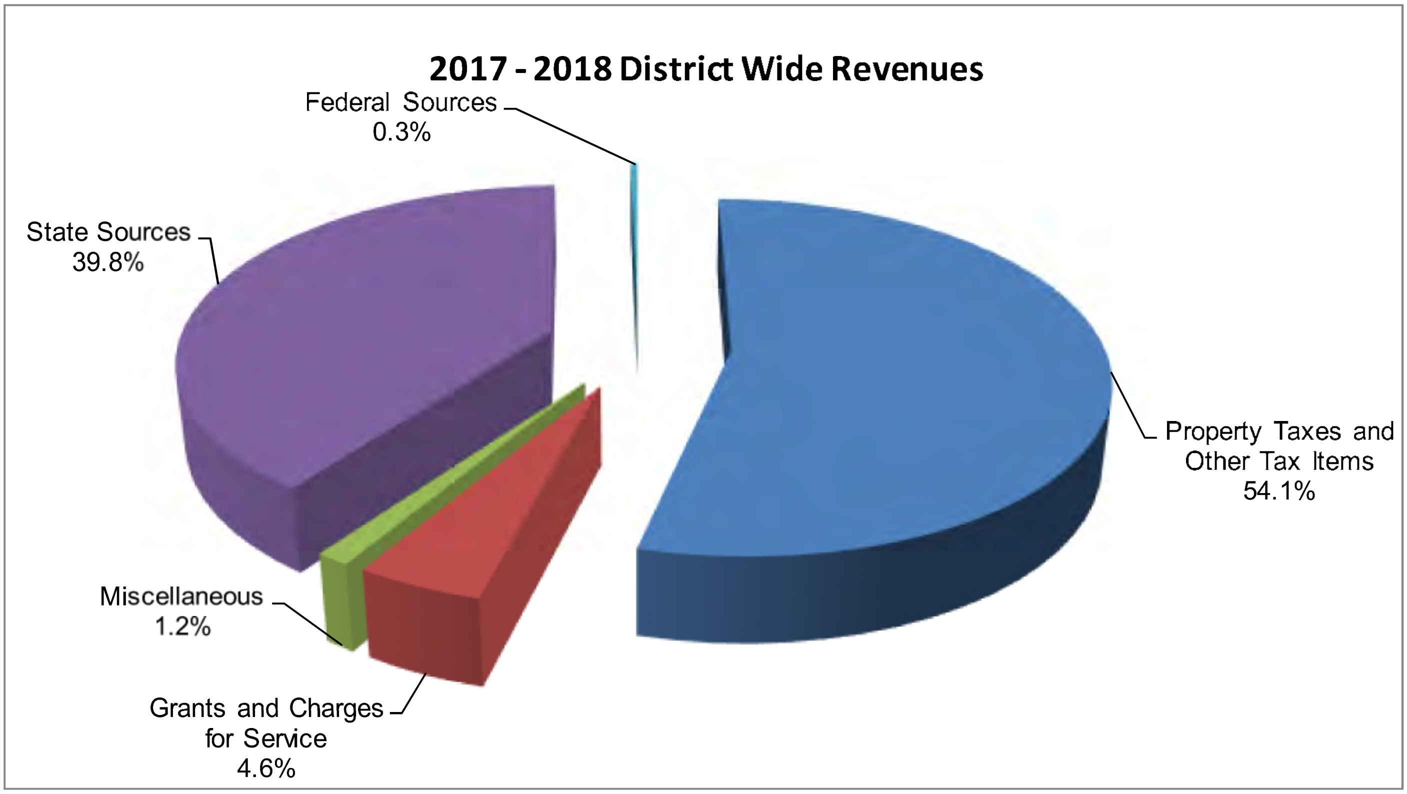
Table A-3

Changes in Net Position from Operating Results

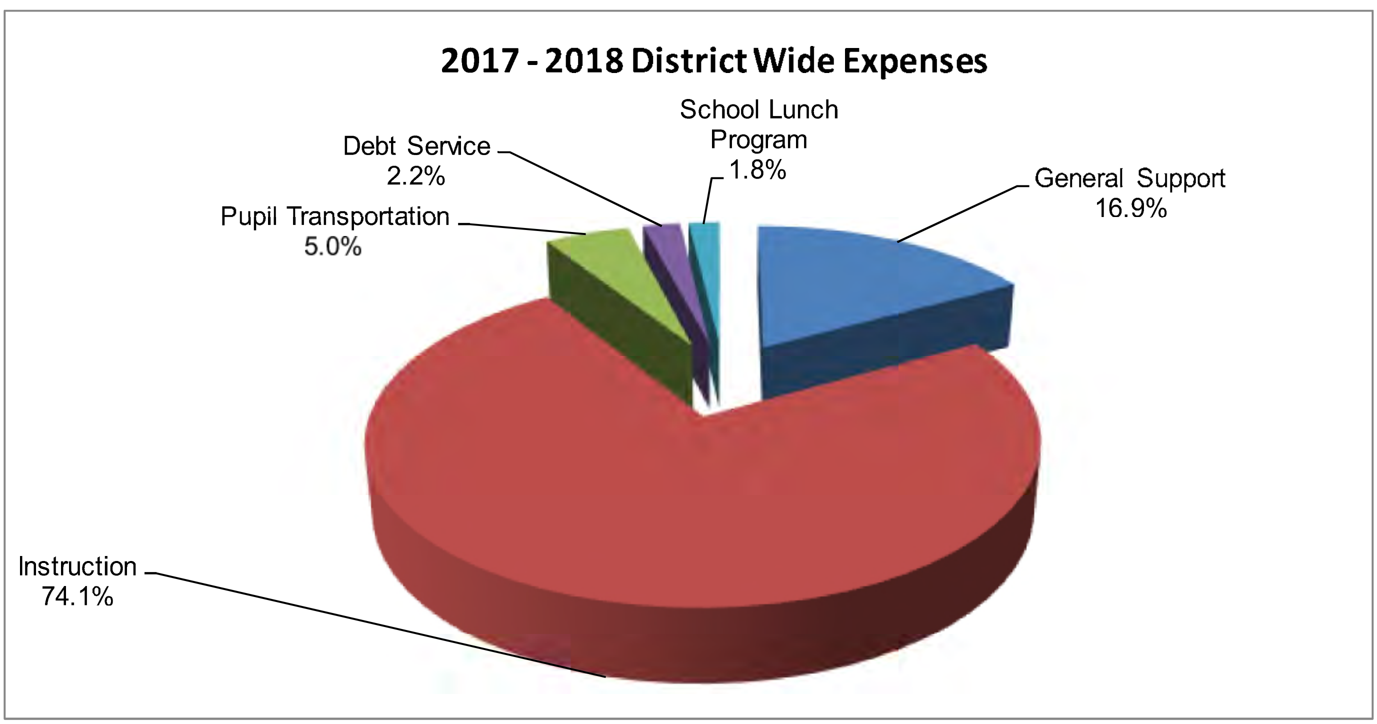
	Fiscal Year 2018	Fiscal Year 2017	Percentage Change (Incr.;-Decr.)
Revenues			
Program Revenues			
Charges for services	$ 566,474	$ 537,572	5.4%
Operating grants and contributions	2,302,698	2,299,140	0.2%
General Revenues			
Property taxes	33,416,001	32,513,380	2.8%
State formula aid	24,569,812	23,916,261	2.7%
Other	977,674	641,968	52.3%
Total Revenues	61,832,659	59,908,321	3.2%
Expenses			
General support	10,573,219	7,991,549	32.3%
Instruction	46,238,463	47,930,038	-3.5%
Transportation	3,143,152	3,313,559	-5.1%
Depreciation *	0	2,283,963	-100.0%
Debt service	1,381,787	1,068,168	29.4%
Cost of sales – Lunch Program	1,149,905	1,003,350	14.6%
Total Expenses	62,486,526	63,590,627	-1.7%
Total Decrease in Net Position (Deficit)	$ (653,867)	$ (3,682,306)	82.2%

* Depreciation has been allocated across programs for the year ended June 30, 2018

DISTRICT WIDE REVENUES – TABLE A–4



DISTRICT WIDE EXPENDITURES – TABLE A–5



Governmental Activities

Revenue for the School District's governmental activities totaled $61,832,659 while total expenses were $62,486,526. Accordingly, net position decreased by $653,867.

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

Table A-6

Net Cost of Governmental Activities

	Total Cost of Services 2018	Total Cost of Services 2017	Percentage Change (Incr.; -Decr.)	Net Cost of Services 2018	Net Cost of Services 2017	Percentage Change (Incr.; -Decr.)
General support	$10,573,219	$ 7,991,549	32.3%	$10,573,219	$ 7,991,549	32.3%
Instruction	46,238,463	47,930,038	-3.5%	44,474,165	46,228,553	-3.8%
Pupil transportation	3,143,152	3,313,559	-5.1%	3,143,152	3,243,105	-3.1%
Debt service	1,381,787	1,068,168	29.4%	1,381,787	1,068,168	29.4%
Depreciation - unallocated *	0	2,283,963	-100.0%	0	2,283,963	-100.0%
Cost of sales - lunch program	1,149,905	1,003,350	14.6%	45,031	(61,423)	-173.3%
Totals	$62,486,526	$63,590,627		$59,617,354	$60,753,915	

* Depreciation has been allocated across programs for the year ended June 30, 2018

- The cost of all governmental activities for the year was $62,486,526.
- The users of the School District's programs financed $566,474 of the costs.
- The federal and state government grants financed $2,302,698.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

The focus of the School District’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District’s financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The District's governmental funds (as presented on the balance sheet) reported a combined fund balance (deficit) of ($7.9) million, which is below last year's total of ($1.8) million. The schedule below indicates the fund balance and the total change in fund balance by type as of June 30, 2018 and 2017.

	Fund Balance 2018	Fund Balance 2017	Variance Increase (Decrease)
General	$ 7,370,864	$ 8,112,403	$ (741,539)
School Lunch	351,200	233,800	117,400
Debt Service	2,250,004	1,849,362	400,642
Capital	(17,832,415)	(11,963,577)	(5,868,838)
Totals	$ (7,860,347)	$ (1,768,012)	$ (6,092,335)

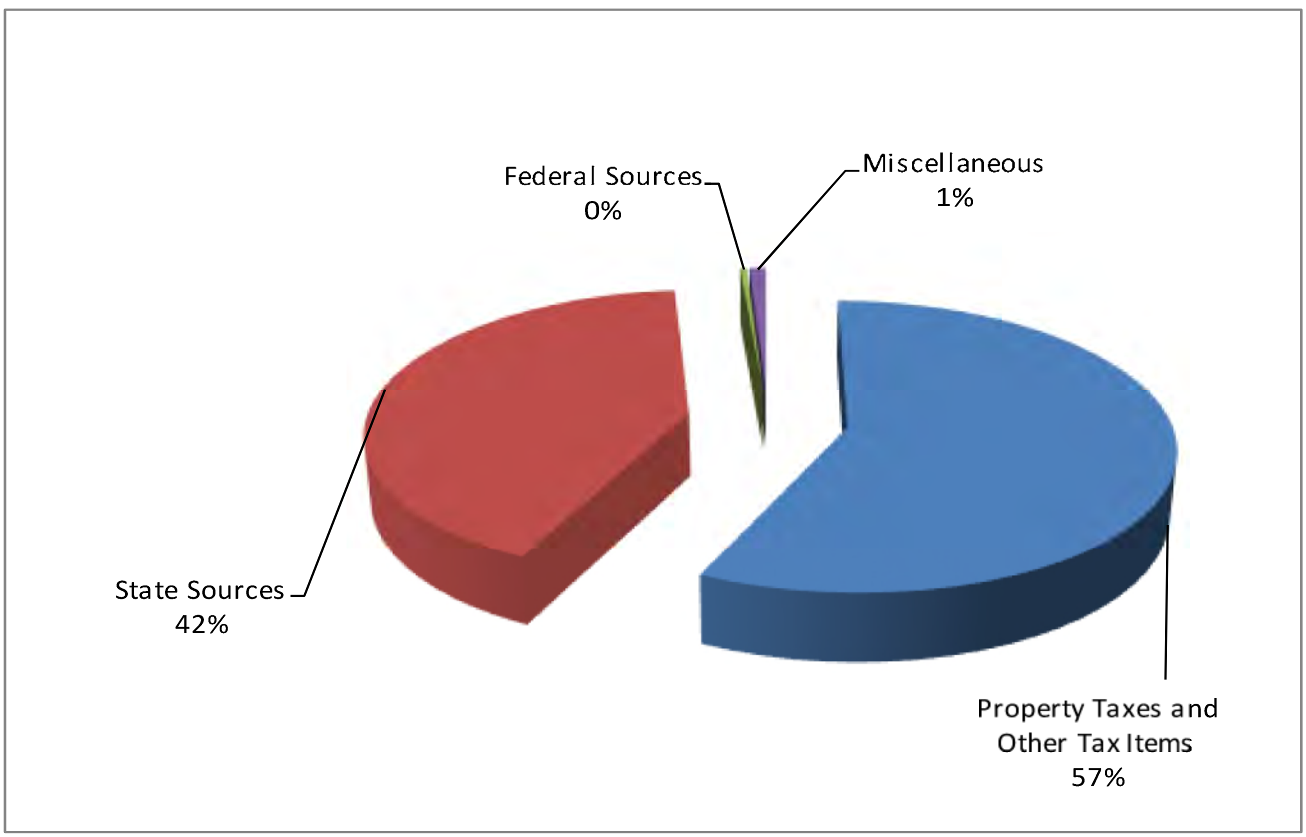
General Fund

The tables that follow assist in illustrating the financial activities and balance of the general fund.

Revenues:

	2018	2017	Variance Increase (Decrease)
Taxes and Other Tax Items	$ 33,416,001	$ 32,513,380	$ 902,621
Use of Money and Property	51,538	42,079	9,459
State/Federal Sources	24,609,644	23,615,711	993,933
Other	507,567	365,413	142,154
Totals	$ 58,584,750	$ 56,536,583	$ 2,048,167

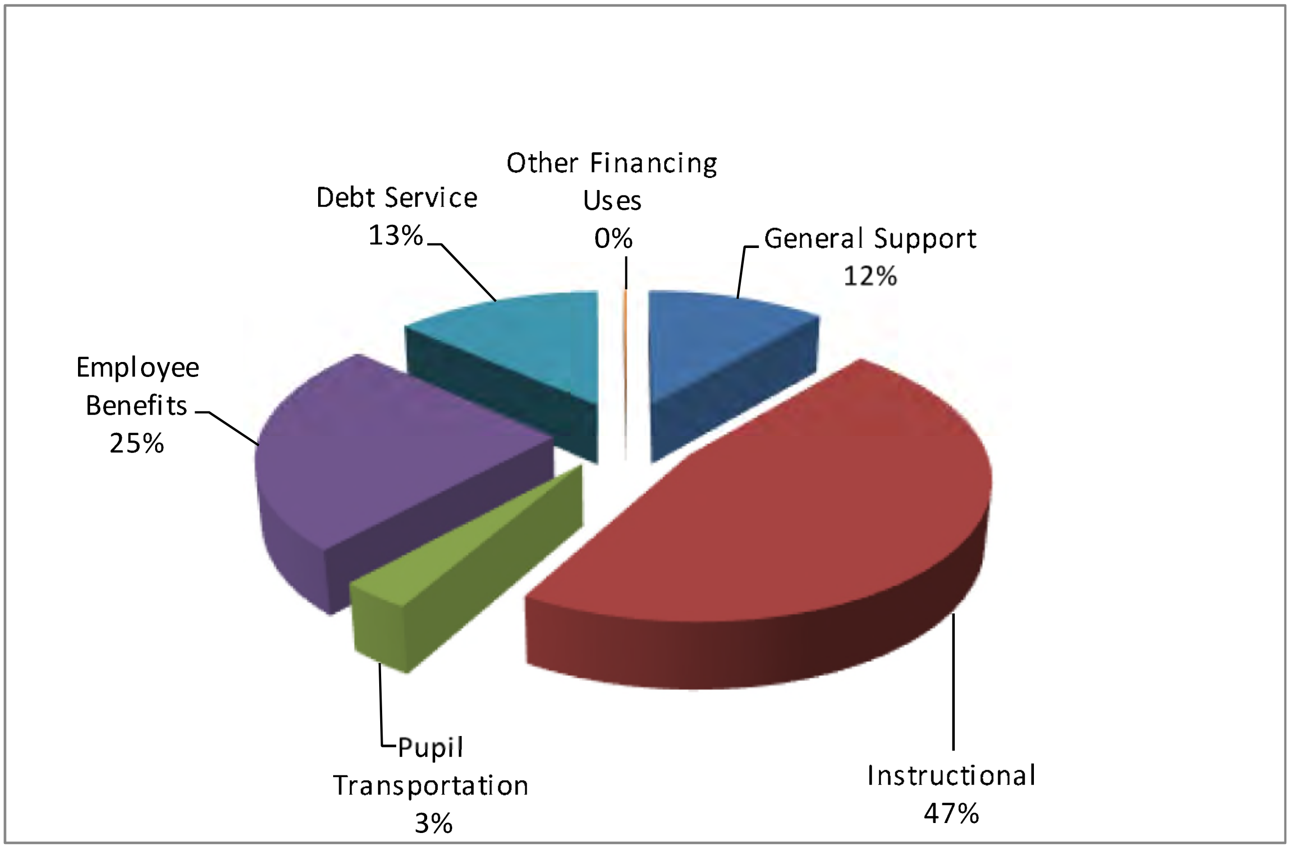
General Fund Revenues



Expenses:

	2018	2017	Variance Increase (Decrease)
General Support	$ 6,769,837	$ 5,596,209	$ 1,173,628
Instruction	27,874,293	27,278,346	595,947
Pupil Transportation	2,012,502	1,892,007	120,495
Employee Benefits	14,718,526	14,707,168	11,358
Debt Service	7,837,138	7,034,995	802,143
Other	113,993	82,493	31,500
Totals	$ 59,326,289	$ 56,591,218	$ 2,735,071

General Fund Expenditures



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

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2018, the School District had $79,134,206 (net of depreciation) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

Capital Assets (Net of Depreciation)

	Fiscal Year 2018	Fiscal Year 2017
Land	$ 1,100,085	$ 1,100,085
Construction in progress	9,532,169	2,495,439
Building, furniture and equipment	68,501,952	70,323,262
Totals	$ 79,134,206	$ 73,918,786

Long-Term Debt

As of June 30, 2018, the School District had $109,244,944 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

	Fiscal Year 2018	Fiscal Year 2017
General obligation bonds (financed with property taxes)	$ 13,705,000	$ 18,165,000
Other liabilities	95,539,944	50,938,161
Totals	$ 109,244,944	$ 69,103,161

During 2018, the School District paid down its debt by retiring $4,460,000 of outstanding bonds. Other debt is comprised of compensated absences, claims payable and other post-employment benefits.

In prior years, the District's general obligation bonded debt issues were subject to a legal limitation based on 10% of the total full value of real property. Due to a newly taxable parcel within the City of Glens Falls, the Queensbury school district now falls under the City School District Debt Limit reporting requirements. The City School Constitutional Debt Limit is 5% of a 5 year average taxable full valuation. At June 30, 2018, the District's general obligation debt was markedly less than its calculated total debt limit.

The District has an insured bond rating of AAA, an underlying Standard & Poor's General Obligation (GO) Bond Rating of "AA-", and a Moody's outstanding bond rating of "Aa3".

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

Queensbury Union Free School District's future outlook remains positive and the District continues to be fiscally sound. The school district is located in the County of Warren and comprises almost 70% of the Town of Queensbury in both parcels and population. There is a stable local economy with active construction.

Warren County's local economy has a vibrant, tourist based component attributable to its proximity to the Adirondack Mountains and Lake George area. Additionally, the District is situated within New York State's Tech Valley, a 19 county section of eastern New York State that is home to more than 1,000 technology companies and research institutions. It also is located within the "first sphere of influence" of the GlobalFoundries semiconductor plant in Malta, New York. GlobalFoundries is spending $10 billion to upgrade its existing plant and on a new manufacturing lab known as Technology Development Center.

The District continues to focus on the educational planning process. The District's strategic plan has been revisited in an effort to reaffirm its core values and to place priority on outcome-based results. Queensbury High School has offered the International Baccalaureate Diploma Programme since the start of the 2014-2015 school year.

The District continues the evaluation of its facilities and operations. Queensbury Union Free School District is realizing energy cost savings through a Power Purchase Agreement with New York Light Energy from a rooftop solar panel project. In May, 2014, voters authorized an $8.9 million capital project that focused on High School infrastructure improvements and on energy efficiencies. Construction finalized in the fall of 2016. In January, 2016, voters authorized a $39.7 million capital project focused on an extensive reimaging of the 52 year old high school. The District is embarking on long range-educational visioning with the goal of aligning its school facilities with its educational mission.

The budget outlook for all New York State school districts continues to be challenging due to underfunding of state aid and tax levy constraints. The Queensbury Union Free School District anticipates a leveling of retirement system contributions. Health insurance premium increases continue to be a concern. The District strives to create short and long-term budget plans to prepare for ongoing fiscal challenges. The District maintains funded reserve accounts and the District takes a fiscally sound and prudent approach in managing these reserves for the purpose of future planning and to fund potential liabilities.

The District is concerned that the long-term liabilities associated with retirement health benefits are unaffordable for the taxpayers of the Queensbury Union Free School District. The additional retirement health insurance liabilities associated with GASB 75 will have a negative impact on the overall financial health of the School District. Currently, the State of New York does not allow schools districts to fund its future obligations for retiree health insurance. These liabilities pose a serious risk to the long-term financial and educational stability of the School District.

Queensbury Union Free School District will continue its efforts to meet educational and fiscal challenges, to exceed expectations, and to be well positioned to address future demands.

CONTACTING THE SCHOOL DISTRICT’S FINANCIAL MANAGEMENT TEAM

This financial report is designed to provide the Queensbury Union Free School District’s citizens, taxpayers, customers, investors and creditors with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the resources at its disposal. If you have questions about this report or need additional financial information, contact:

Queensbury Union Free School District
Assistant Superintendent for Business
429 Aviation Road
Queensbury, New York 12804

QUEENSBURY UNION FREE SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

ASSETS	
Cash	
Unrestricted	$ 16,266,371
Restricted	3,244,392
Receivables	
State and Federal aid	925,234
Due from fiduciary funds	368,673
Due from other governments	638,126
Other receivables	51,417
Prepaid expenses	23,567
Inventories	15,887
Net pension asset - proportionate share	994,779
Capital assets, net of depreciation	79,134,206
Total Assets	101,662,652
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	14,949,162
Other post-employment benefits	2,473,585
Total Deferred Outflows of Resources	17,422,747
LIABILITIES	
Payables	
Accounts payable	401,371
Accrued liabilities	158,929
Accrued interest	686,865
Due to other governments	47
Collections in advance	113,085
Bond anticipation notes payable	26,329,235
Long-term liabilities	
Due and payable within one year	
Due to Teachers' Retirement System	2,187,432
Due to Employees' Retirement System	203,915
Bonds payable	3,425,000
Due and payable after one year	
Bonds payable	10,280,000
Net pension liability - proportionate share	618,370
Compensated absences payable	124,357
Other post-employment benefits	95,415,587
Total Liabilities	139,944,193
DEFERRED INFLOWS OF RESOURCES	
Other post-employment benefits	9,853,869
Pensions	4,759,185
Total Deferred Inflows of Resources	14,613,054
NET POSITION	
Net investment in capital assets	47,789,609
Restricted	
Tax certiorari	992,424
Unemployment insurance	15,763
Reserve for debt service	2,250,004
Unrestricted	(86,519,648)
Total Net Position	$ (35,471,848)

See notes to basic financial statements.

QUEENSBURY UNION FREE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 10,573,219	$ 0	$ 0	$ (10,573,219)
Instruction	46,238,463	(93,300)	(1,670,998)	(44,474,165)
Pupil transportation	3,143,152	0	0	(3,143,152)
Debt service	1,381,787	0	0	(1,381,787)
School lunch program	1,149,905	(473,174)	(631,700)	(45,031)
Total Functions and Programs	$ 62,486,526	$ (566,474)	$ (2,302,698)	(59,617,354)
GENERAL REVENUES				
Real property taxes				30,220,463
Other tax items				3,195,538
Use of money and property				73,109
Sale of property and compensation for loss				72,186
Miscellaneous				619,351
State sources				24,569,812
Federal sources				213,028
Total General Revenues				58,963,487
CHANGE IN NET POSITION				(653,867)
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED				(34,817,981)
TOTAL NET POSITION - END OF YEAR				$ (35,471,848)

See notes to basic financial statements.

QUEENSBURY UNION FREE SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2018

	General	Special Aid	School Lunch	Capital	Debt Service	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 6,865,291	$ 299,564	$ 411,878	$ 8,689,638	$ 0	$ 16,266,371
Restricted	1,008,187	0	0	0	2,236,205	3,244,392
Due from other funds	892,768	0	0	0	13,799	906,567
Due from fiduciary funds	368,673	0	0	0	0	368,673
State and Federal aid	512,114	413,120	0	0	0	925,234
Due from other governments	638,126	0	0	0	0	638,126
Other receivables	51,417	0	0	0	0	51,417
Prepaid expenses	23,567	0	0	0	0	23,567
Inventories	0	0	15,887	0	0	15,887
TOTAL ASSETS	$ 10,360,143	$ 712,684	$ 427,765	$ 8,689,638	$ 2,250,004	$ 22,440,234
LIABILITIES						
Accounts payable	$ 353,487	$ 315	$ 47,569	$ 0	$ 0	$ 401,371
Accrued liabilities	158,929	0	0	0	0	158,929
Due to other funds	0	712,369	1,380	192,818	0	906,567
Bond anticipation notes payable	0	0	0	26,329,235	0	26,329,235
Due to other governments	0	0	47	0	0	47
Due to Employees' Retirement System	203,915	0	0	0	0	203,915
Due to Teachers' Retirement System	2,187,432	0	0	0	0	2,187,432
Collections in advance	85,516	0	27,569	0	0	113,085
Total Liabilities	2,989,279	712,684	76,565	26,522,053	0	30,300,581
FUND BALANCE						
Nonspendable - Inventory	0	0	15,887	0	0	15,887
Nonspendable - Prepaid expenses	23,567	0	0	0	0	23,567
Restricted						
Unemployment insurance	15,763	0	0	0	0	15,763
Tax certiorari reserve	992,424	0	0	0	0	992,424
Reserve for debt service	0	0	0	0	2,250,004	2,250,004
Assigned	4,122,298	0	335,313	0	0	4,457,611
Unassigned	2,216,812	0	0	(17,832,415)	0	(15,615,603)
Total Fund Balance	7,370,864	0	351,200	(17,832,415)	2,250,004	(7,860,347)
TOTAL LIABILITIES AND FUND BALANCE	$ 10,360,143	$ 712,684	$ 427,765	$ 8,689,638	$ 2,250,004	$ 22,440,234

See notes to basic financial statements.

QUEENSBURY UNION FREE SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

FOR THE YEAR ENDED JUNE 30, 2018

Total fund balance - governmental funds balance sheet (page 16)	$ (7,860,347)
Add:	
Net pension asset - proportionate share	994,779
Pensions	14,949,162
Land, building and equipment, net of accumulated depreciation	79,134,206
Total	95,078,147
Deduct:	
Other post-employment benefits	102,795,871
Compensated absences	124,357
Net pension liability - proportionate share	618,370
Accrued interest	686,865
Pensions	4,759,185
Long and short-term bonds payable	13,705,000
Total	122,689,648
NET POSITION, GOVERNMENTAL ACTIVITIES	$ (35,471,848)

See notes to basic financial statements.

QUEENSBURY UNION FREE SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2018

	General	Special Aid	School Lunch	Capital	Debt Service	Total Governmental Funds
REVENUES						
Real property taxes	$ 30,220,463	$ 0	$ 0	$ 0	$ 0	$ 30,220,463
Other tax items	3,195,538	0	0	0	0	3,195,538
Charges for services	93,300	0	0	0	0	93,300
Use of money and property	51,538	0	433	0	21,138	73,109
Sale of property and compensation for loss	72,186	0	0	0	0	72,186
Miscellaneous	342,081	0	0	0	277,270	619,351
State sources	24,396,616	349,737	21,872	173,196	0	24,941,421
Federal sources	213,028	1,321,261	542,074	0	0	2,076,363
Surplus food	0	0	67,754	0	0	67,754
Sales - school lunch	0	0	473,174	0	0	473,174
Total Revenues	58,584,750	1,670,998	1,105,307	173,196	298,408	61,832,659
EXPENDITURES						
General support	6,769,837	0	71,442	0	0	6,841,279
Instruction	27,874,293	1,731,342	0	0	0	29,605,635
Pupil transportation	2,012,502	0	0	0	0	2,012,502
Employee benefits	14,718,526	27,231	37,502	0	0	14,783,259
Debt service						
Principal	6,941,404	0	0	0	83,175	7,024,579
Interest	895,734	0	0	0	0	895,734
Cost of sales	0	0	880,095	0	0	880,095
Capital outlay	0	0	0	8,446,490	0	8,446,490
Total Expenditures	59,212,296	1,758,573	989,039	8,446,490	83,175	70,489,573
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(627,546)	(87,575)	116,268	(8,273,294)	215,233	(8,656,914)
OTHER FINANCING SOURCES AND USES						
BAN's redeemed from appropriations	0	0	0	2,564,579	0	2,564,579
Operating transfers in	0	87,575	1,132	25,289	185,409	299,405
Operating transfers (out)	(113,993)	0	0	(185,412)	0	(299,405)
Total Other Sources (Uses)	(113,993)	87,575	1,132	2,404,456	185,409	2,564,579
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	(741,539)	0	117,400	(5,868,838)	400,642	(6,092,335)
FUND BALANCE - BEGINNING OF YEAR	8,112,403	0	233,800	(11,963,577)	1,849,362	(1,768,012)
FUND BALANCE - END OF YEAR	$ 7,370,864	$ 0	$ 351,200	$ (17,832,415)	$ 2,250,004	$ (7,860,347)

See notes to basic financial statements.

QUEENSBURY UNION FREE SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2018

REVENUES - STATEMENT OF ACTIVITIES		$ 61,832,659
EXPENDITURES	$ 70,489,573	
Add:		
Depreciation	2,637,462	
Change in accrued interest	486,053	
Pensions	577,344	
Increase in other post-employment benefits	3,178,605	
	6,879,464	
Deduct:		
Change in fixed assets	7,852,882	
Principal payments of long-term debt	7,024,579	
Compensated absences	5,050	
	14,882,511	
EXPENDITURES - STATEMENT OF ACTIVITIES		62,486,526
CHANGE IN NET POSITION		$ (653,867)

See notes to basic financial statements.

QUEENSBURY UNION FREE SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Permanent Fund	Private Purpose Trust	Agency
ASSETS			
Cash	$ 50,014	$ 67,133	$ 488,440
Total Assets	$ 50,014	$ 67,133	$ 488,440
LIABILITIES			
Extraclassroom activity balances	$ 0	$ 0	$ 72,845
Due to other funds	0	0	368,673
Other liabilities	0	0	46,922
Total Liabilities	0	0	$ 488,440
NET ASSETS			
Reserved for scholarships	$ 50,014	$ 67,133	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2018

	Permanent Fund	Private Purpose Trust
ADDITIONS		
Investment earnings	$ 0	$ 60
Gifts and contributions	16	33,266
Total additions	16	33,326
DEDUCTIONS		
Scholarships and awards	50	10,972
Total deductions	50	10,972
CHANGE IN NET POSITION	(34)	22,354
NET POSITION - BEGINNING OF YEAR	50,048	44,779
NET POSITION - END OF YEAR	$ 50,014	$ 67,133

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The Queensbury Union Free 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 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls, all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

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

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

i) Extraclassroom Activity Funds

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

B. Joint Venture

The District is one of 31 component districts in the Washington-Saratoga-Warren-Hamilton-Essex Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs 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.

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

B. Joint Venture – (Continued)

BOCES are organized under Section 1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the New York State Education Law. 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 New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, 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, the District was billed $3,907,557 for BOCES administrative and program costs.

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

The District's share of BOCES aid amounted to $1,702,110.

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

C. Basis of Presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Net Position presents the financial position of the District at the fiscal year-end. The Statement of Activities presents a comparison between expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Funds Statements

The funds 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.

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

C. Basis of Presentation – (Continued)

2. Fund Statements – (Continued)

The District reports the following major governmental funds:

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

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

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

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

The District reports the following fiduciary funds:

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

There are two classes of fiduciary funds:

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 8. Taxes are collected during the period September 1 to November 5.

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

F. Restricted Resources

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

G. Interfund Transactions

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

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

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

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

H. Estimates

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

I. Cash (and Cash Equivalents)/Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

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

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

Investments are stated at fair value.

J. 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.

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

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

L. Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, were used. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Site improvements	$ 5,000	Straight-line	25 – 40
Buildings and improvements	5,000	Straight-line	25 – 40
Furniture and equipment	5,000	Straight-line	5 – 20
Vehicles	5,000	Straight-line	5 – 10

M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

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

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

M. Deferred Outflows and Inflows of Resources – (Continued)

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

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

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
District's proportionate share of the net pension asset (liability)	$ (618,370)	$ 994,779
District's portion of the Plan's total net pension asset (liability)	0.0191597%	0.130875%
District's proportion since the prior measurement date	0.0014665%	(0.002093)%

For the year ended June 30, 2018, the District's recognized pension expense of $794,283 for ERS and $1,969,480 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 220,553	$ 818,459	$ 182,256	$ 387,853
Changes of assumptions	410,030	10,122,071	0	0
Net difference between projected and actual earnings on pension plan investments	898,134	0	1,772,836	2,342,993
Changes in proportion and differences between the District's contributions and proportionate share of contributions	125,334	181,186	29,123	44,124
District's contributions subsequent to the measurement date	203,915	1,969,480	0	0
Total	$ 1,857,966	$13,091,196	$ 1,984,215	$ 2,774,970

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

M. Deferred Outflows and Inflows of Resources – (Continued)

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

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

		ERS	TRS
Year ended:			
	2019	$ 160,231	$ 2,707,372
	2020	121,849	1,945,795
	2021	(426,892)	505,131
	2022	(185,432)	1,940,219
	2023	0	988,644
	Thereafter	0	0

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.9% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's experience	July 1, 2009 - June 30, 2014 System's experience
Inflation rate	2.5%	2.5%

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

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 through March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

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

M. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

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

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Asset type		
Domestic equity	4.55%	5.90%
International equity	6.35	7.40
Real estate	5.55	4.30
Domestic fixed income securities	0	1.60
Global fixed income securities	0	1.30
High-yield fixed income securities	0	3.90
Mortgages	0	2.80
Short-term	0	0.60
Private equity/alternative investments	7.50	9.00
Absolute return strategies	3.75	0
Opportunistic portfolio	5.68	0
Bonds and mortgages	1.31	0
Cash	(0.25)	0
Inflation index bonds	1.25	0
Real assets	5.29	0

Discount Rate

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

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

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

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

M. Deferred Outflows and Inflows of Resources – (Continued)

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

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension asset (liability)	$ (4,678,755)	$ (618,370)	$ 2,816,553

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension asset (liability)	$ (17,137,908)	$ 994,779	$ 16,179,326

Pension Plan Fiduciary Net Position

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

	(Dollars in thousands)		
	ERS	TRS	Total
Measurement date	March 31, 2018	June 30, 2017	
Employers' total pension asset (liability)	$ (183,400,590)	$ (114,708,261)	$ (298,108,851)
Plan fiduciary net position asset (liability)	180,173,145	115,468,360	295,641,505
Employers' net pension asset (liability)	(3,227,445)	760,099	(2,467,346)
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	98.24%	100.7%	99.17%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to $203,915.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amount to $2,187,432.

Additional pension information can be found in Note 9.

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

N. Unearned Revenue

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

O. Vested Employee Benefits

Compensated Absences

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

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

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

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

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

P. Other Benefits

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

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

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

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

Q. Short-Term Debt

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

R. Accrued Liabilities and Long-Term Obligations

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

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

S. Equity Classifications

District-Wide Statments

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

i) Net Investment in Capital Assets

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

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

S. Equity Classifications – (Continued)

District-Wide Statements – (Continued)

ii) Restricted Net Position

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

iii) Unrestricted Net Position

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

Funds Statements

In the fund basis statements there are five classification of fund balance:

1. Nonspendable Fund Balance

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of $15,887 and prepaid expenses recorded in the General Fund of $23,567.

2. Restricted

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

Currently Utilized by the District:

Unemployment Insurance

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

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

S. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Debt Service

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

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings 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.

Encumbrances

Encumbrances 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.

3. Committed

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

4. Assigned

Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

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

S. Equity Classifications – (Continued)

Funds Statements – (Continued)

5. Unassigned

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

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

Order of Use of Fund Balance

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

T. New Accounting Standards

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

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions,* effective for the year ending June 30, 2018. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-employer Plans,* for OPEB. Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans,* establishes new accounting and financial reporting requirements for OPEB plans.

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

U. Future Changes in Accounting Standards

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

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

GASB has issued Statement No. 87, *Leases,* effective for the year ending June 30, 2019. This statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as appropriate.

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

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

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

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

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

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

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

B. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of four broad categories, described as follows:

i) Long-Term Revenue Differences

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

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)

B. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities – (Continued)

ii) Capital Related Differences

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

iii) Long-Term Debt Transaction Differences

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

iv) Pension Differences

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted.

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

Appropriations are adopted at the program line item level.

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

Budgets – (Continued)

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

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

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.

Capital Projects Fund Deficit

The Capital Projects Fund had a deficit fund balance of $17,832,415. This will be funded when the District obtains permanent financing for its current construction project.

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

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

As of June 30, 2018, all District bank balances were collateralized with a third-party bank with the collateral held in the District's name.

The District's aggregate bank balances (disclosed in the financial statements) included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	$ 0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	22,199,410

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 as of year-end includes $3,244,392 within the governmental funds and $605,587 within the fiduciary funds.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in foreign currency, and is not exposed to foreign currency risk.

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 1,100,085	$ 0	$ 0	$ 1,100,085
Construction in process	2,495,439	7,583,587	546,857	9,532,169
Total nondepreciable historical cost	3,595,524	7,583,587	546,857	10,632,254
Capital assets that are depreciated:				
Buildings	91,315,324	0	0	91,315,324
Improvements other than buildings	2,197,991	71,614	108,419	2,161,186
Furniture and equipment	5,462,997	789,704	566,922	5,685,779
Total depreciable historical cost	98,976,312	861,318	675,341	99,162,289
Less accumulated depreciation:				
Buildings, furniture and equipment	28,653,050	2,637,462	630,175	30,660,337
Total accumulated depreciation	28,653,050	2,637,462	630,175	30,660,337
Net depreciable historical cost	70,323,262	(1,776,144)	45,166	68,501,952
Total historical cost, net	$ 73,918,786	$ 5,807,443	$ 592,023	$ 79,134,206

Depreciation was allocated to the following programs as follows:

General support	$ 453,442
Instruction	1,982,977
Pupil transportation	134,797
School lunch program	66,246
Total	$ 2,637,462

NOTE 6 – SHORT-TERM DEBT

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	2017	1.05%	$ 986,909	$ 0	$ 986,909	$ 0
BAN	2017	1.09%	944,405	0	944,405	0
BAN	2017	2.25%	8,270,000	0	8,270,000	0
BAN	2018	1.42%	0	1,358,735	0	1,358,735
BAN	2018	1.55%	0	692,500	0	692,500
BAN	2019	2.75%	0	6,278,000	0	6,278,000
BAN	2018	2.50%	0	18,000,000	0	18,000,000
TOTALS			$ 10,201,314	$ 26,329,235	$ 10,201,314	$ 26,329,235

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

Interest paid	$ 206,665
Less interest accrued in the prior year	(51,027)
Plus interest accrued in the current year	492,031
Total expense	$ 647,669

NOTE 7 – LONG-TERM DEBT

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds and notes payable	$18,165,000	$ 0	$ 4,460,000	$ 13,705,000	$ 3,425,000
Other liabilities:					
Compensated absences	129,407	0	5,050	124,357	0
Other post-employment benefits	50,808,754	44,606,833	0	95,415,587	0
TOTAL LONG-TERM LIABILITIES	$69,103,161	$44,606,833	$ 4,465,050	$109,244,944	$ 3,425,000

The current portion (amount due within one year) of other liabilities as of June 30, 2018, was not determinable.

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

Interest paid	$ 689,069
Less interest accrued in the prior year	(149,785)
Plus interest accrued in the current year	194,834
Total expense	$ 734,118

NOTE 7 – LONG-TERM DEBT – (CONTINUED)

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

The following is a summary of maturity of indebtedness:

Description of issue	Construction	Advanced Refunding	Advanced Refunding	Advanced Refunding
Issue Date	2012	2012	2012	2011
Final maturity	2031	2024	2033	2019
Interest rate	2-5%	2-5%	3-3.5%	2-4%
Outstanding at year-end	$ 7,810,000	$ 3,160,000	$ 1,510,000	$ 1,225,000

	Principal	Interest	Total
Fiscal year ended June 30,			
2019	$ 3,425,000	$ 532,419	$ 3,957,419
2020	1,310,000	434,469	1,744,469
2021	1,370,000	377,797	1,747,797
2022	1,430,000	323,631	1,753,631
2023	1,485,000	263,950	1,748,950
Thereafter	4,685,000	537,981	5,222,981
Totals	$ 13,705,000	$ 2,470,247	$ 16,175,247

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 1,261,441	$ 0	$ 0	$ 113,993
Special Aid Funds	0	712,369	87,575	0
School Lunch Fund	0	1,380	1,132	0
Capital Fund	0	192,818	25,289	185,412
Debt Service Fund	13,799	0	185,409	0
Total Governmental Activities	1,275,240	906,567	299,405	299,405
Fiduciary Agency Fund	0	368,673	0	0
TOTALS	$ 1,275,240	$ 1,275,240	$ 299,405	$ 299,405

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

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

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

NOTE 9 – PENSION PLANS

General Information

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

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

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

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

NOTE 9 – PENSION PLANS – (CONTINUED)

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

	NYSTRS	NYSERS
2018	$ 1,969,480	$ 794,283
2017	2,865,237	737,302
2016	3,666,358	825,013

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

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

Additional pension information can be found in Note 1 M.

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	369
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	440
Total	809

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Total OPEB Liability:

The District's total OPEB liability of $95,415,587 was measured as of July 1, 2017, and was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions and Other Inputs

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

Salary Increases	3.0%, average, including inflation
Discount Rate	3.6%
Healthcare Cost Trend Rates	8.0% for 2018, decreasing 0.5% per year to an ultimate rate of 5% for 2024 and later years.

The discount rate was based on the Bond Buyer GO-20 municipal bond index rate.

Changes in the Total OPEB Liability:

Balance at June 30, 2017	$ 99,617,266
Changes for the year:	
Service cost	4,943,377
Interest	2,878,615
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	(9,853,869)
Benefit payments	(2,169,802)
Net changes	4,201,679
Balance at June 30, 2018	$ 95,415,587

Changes in assumptions and other inputs reflect a change in the discount rate from 2.85% in 2017 to 3.60% in 2018.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.60 percent) or 1 percentage point higher (4.60 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 111,903,979	$ 95,415,587	$ 82,253,542

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rate:

	1% Decrease (7.0% Decreasing to 4.0%)	Healthcare Cost Trend Rates (8.0% Decreasing to 5.0%)	1% Increase (9.0% Decreasing to 6.0%)
Total OPEB Liability	$ 82,457,368	$ 95,415,587	$ 111,257,416

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

For the year ended June 30, 2018, the District recognized OPEB expense of $3,178,605. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 0
Changes of assumptions or other inputs	0	9,853,869
Expected benefit payments subsequent to the measurement date	2,473,585	0
Total	$ 2,473,585	$ 9,853,869

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

Fiscal Year Ending June 30:	
2019	$ 1,407,696
2020	1,407,696
2021	1,407,696
2022	1,407,696
2023	1,407,696
Thereafter	2,815,389
Total	$ 9,853,869

NOTE 11 – RISK MANAGEMENT

General Information

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, injuries to employees, errors and omissions and natural disasters, etc. The risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

Risk Retention

The Queensbury Union Free School District incurs costs related to a self-funded Workers' Compensation Insurance Plan which is accounted for in the General Fund and is coordinated by the Washington-Saratoga-Warren-Hamilton-Essex County BOCES. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members pursuant to Section 12 of the Municipal Cooperation Agreement to provide Workers' Compensation Benefits. Plan members include 30 Districts. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to losses on insured events.

Litigation

There are currently pending tax certiorari proceedings, the results of which could require the payments of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. The potential maximum liability to the District is approximately $2,729,370. The School District has established a tax certiorari reserve to cover a portion of the potential refund exposure and the District has legal authority to borrow funds to repay school taxes when needed. In addition, the District is vigorously defending all such claims.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

NOTE 13 – TAX ABATEMENTS

The County of Warren enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced $466,972. The District received Payment in Lieu of Tax (PILOT) payment totaling $226,763.

NOTE 14 – RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions.* The implementation of Statement No. 75 resulting in the reporting of a liability and deferred inflows of resources related to the District's other post-employment benefits. The District's net position has been restated as follows:

Net Position beginning of year as previously stated	$ 13,990,531
GASB Statement No. 75 implementation:	
Difference Beginning OPEB Liability and previously recorded OPEB Liability	(48,808,512)
Net position beginning of year as restated	$ (34,817,981)

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2018, the date of the issuance of the audit report. There were no issues to report that would have a material effect on the financial statements.

QUEENSBURY UNION FREE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual Revenues	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:				
Local Sources				
Real property taxes	$33,230,179	$30,261,404	$30,220,463	$ (40,941)
Real property tax items	222,891	3,191,666	3,195,538	3,872
Charges for services	79,471	87,411	93,300	5,889
Use of money and property	172,793	172,793	51,538	(121,255)
Sale of property and compensation for loss	500	500	72,186	71,686
Miscellaneous	319,712	339,921	342,081	2,160
Total Local Sources	34,025,546	34,053,695	33,975,106	(78,589)
State Sources	24,929,004	24,934,004	24,396,616	(537,388)
Federal Sources	120,000	120,000	213,028	93,028
Total Revenues	59,074,550	59,107,699	58,584,750	$ (522,949)

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

QUEENSBURY UNION FREE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual Expenditures	Year End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under
EXPENDITURES					
General Support					
Board of Education	25,910	21,041	16,320	$ 0	$ 4,721
Central administration	226,223	232,736	226,823	0	5,913
Finance	522,754	599,269	561,658	12,750	24,861
Staff	488,334	588,876	546,691	0	42,185
Central services	4,367,919	4,454,121	4,108,300	1,916	343,905
Special items	818,845	1,389,256	1,310,045	0	79,211
Instructional					
Instruction, administration and improvements	2,090,073	2,165,664	2,067,641	0	98,023
Teaching – regular school	14,972,492	15,001,116	14,550,106	893	450,117
Programs for children with handicapping conditions	6,573,586	6,001,605	5,817,885	28	183,692
Occupational education	1,606,684	1,723,017	1,633,628	0	89,389
Teaching - special school	144,934	200,704	156,994	0	43,710
Instructional media	1,416,820	1,460,814	1,184,606	1,094	275,114
Pupil services	2,609,083	2,606,048	2,463,433	0	142,615
Pupil Transportation	2,353,041	2,539,747	2,012,502	0	527,245
Employee Benefits	16,620,411	16,547,290	14,718,526	0	1,828,764
Debt Service	7,837,138	7,837,138	7,837,138	0	0
Total Expenditures	62,674,247	63,368,442	59,212,296	16,681	4,139,465
Other Financing Uses					
Transfers to other funds	157,500	163,704	113,993	0	49,711
Total Expenditures and Other Uses	62,831,747	63,532,146	59,326,289	$ 16,681	$ 4,189,176
NET CHANGE IN FUND BALANCE	(3,757,197)	(4,424,447)	(741,539)		
FUND BALANCE – BEGINNING	8,112,403	8,112,403	8,112,403		
FUND BALANCE – ENDING	$ 4,355,206	$ 3,687,956	$ 7,370,864		

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

QUEENSBURY UNION FREE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS OTHER POST-EMPLOYMENT BENEFITS

FOR THE YEAR ENDED JUNE 30, 2018

Measurement Date	July 1, 2017
Total OPEB Liability	
Service cost	$ 4,943,377
Interest	2,878,615
Change of benefit terms	0
Differences between expected and actual experience	0
Change of assumptions or other inputs	(9,853,869)
Benefit payments	(2,169,802)
Net change in total OPEB liability	(4,201,679)
Total OPEB Liability - beginning	99,617,266
Total OPEB Liability - ending	$ 95,415,587
Covered-employee payroll	$ 25,016,670
Total OPEB liability as a percentage of covered-employee payroll	381.41%
Plan's fiduciary net position	$ 0
Net OPEB Liability	$ 95,415,587

See paragraph on supplementary schedule included in independent auditors' report.

QUEENSBURY UNION FREE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

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

NYS Employees' Retirement System

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0191597%	0.0176932%	0.0186168%	0.0192291%
District's proportionate share of the net pension liability (asset)	$ 618,370	$ 1,662,495	$ 2,988,042	$ 649,606
District's covered-employee payroll	5,545,505	5,367,425	4,923,458	5,024,763
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.2%	31.0%	60.7%	12.9%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.2%	94.7%	90.7%	97.9%

NYS Teachers' Retirement System

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.130875%	0.132968%	0.134058%	0.132500%
District's proportionate share of the net pension liability (asset)	$ (994,779)	$ 1,424,141	$(13,924,403)	$(14,759,708)
District's covered-employee payroll	22,320,735	21,102,205	20,885,324	20,914,763
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	4.5%	6.7%	66.7%	70.6%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.70%	99.01%	110.46%	111.48%

See paragraph on supplementary schedule included in independent auditors' report.

QUEENSBURY UNION FREE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

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

NYS Employees' Retirement System

	2018	2017	2016	2015
Contractually required contribution	$ 794,283	$ 737,302	$ 825,013	$ 966,340
Contributions in relation to the contractually required contribution	794,283	737,302	825,013	966,340
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 5,545,505	$ 5,367,425	$ 4,923,458	$ 5,024,763
Contribution as a percentage of covered-employee payroll	14.32%	13.74%	16.76%	19.23%

NYS Teachers' Retirement System

	2018	2017	2016	2015
Contractually required contribution	$ 2,187,432	$ 2,612,340	$ 2,865,237	$ 3,666,358
Contributions in relation to the contractually required contribution	2,187,432	2,612,340	2,865,237	3,666,358
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 22,320,735	$ 21,102,205	$ 20,885,324	$ 20,914,763
Contribution as a percentage of covered-employee payroll	9.80%	12.38%	13.72%	17.53%

See paragraph on supplementary schedule included in independent auditors' report.

QUEENSBURY UNION FREE SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED JUNE 30, 2018

ADOPTED BUDGET	$ 62,831,747
ADDITIONS:	
Prior year's encumbrances	99,504
Appropriated reserve	567,745
Summer music program	7,940
Gifts/Donations	25,210
FINAL BUDGET	$ 63,532,146

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2018

2018-2019 voter-approved expenditure budget	$ 63,309,837
Maximum allowed (4% of 2018-2019 budget)	2,532,393
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	4,122,298
Unassigned fund balance	2,216,812
Total unrestricted fund balance	6,339,110
Less:	
Appropriated fund balance and encumbrances	4,122,298
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	$ 2,216,812
Actual percentage	3.5%

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

QUEENSBURY UNION FREE SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2018

			Expenditures				Methods of Financing				
Project Title	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	Local Sources	State Aid	Proceeds of Obligations	Total	Fund Balance
Buses-2018	$ 689,847	$ 689,847	$ 0	$ 689,847	$ 689,847	$ 0	$ 191,295	$ 0	$ 0	$ 191,295	$ (498,552)
Buses-2017	945,446	945,446	944,398	0	944,398	1,048	188,881	0	0	188,881	(755,517)
Buses-2016	962,010	962,010	961,403	0	961,403	607	384,804	0	0	384,804	(576,599)
Buses-2015	983,550	983,550	983,116	0	983,116	434	766,249	0	0	766,249	(216,867)
Districtwide-2014	8,921,000	8,921,000	8,735,728	185,272	8,921,000	0	2,643,000	0	0	2,643,000	(6,278,000)
Districtwide-2016	39,735,000	39,735,000	1,948,582	7,558,298	9,506,880	30,228,120	0	0	0	0	(9,506,880)
High School Project	25,289	25,289	0	25,289	25,289	0	25,289	0	0	25,289	0
Smart Schools Act	1,921,304	1,921,304	546,857	173,196	720,053	1,201,251	0	720,053	0	720,053	0
TOTALS	$ 54,183,446	$54,183,446	$ 14,120,084	$ 8,631,902	$22,751,986	$ 31,431,460	$ 4,199,518	$ 720,053	$ 0	$ 4,919,571	$ (17,832,415)

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

QUEENSBURY UNION FREE SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS, NET		$ 79,134,206
DEDUCT:		
Bond anticipation note payable	$ 26,329,235	
Short-term portion of bonds payable	3,425,000	
Long-term portion of bonds payable	10,280,000	
Less: unspent portion of bond anticipation note payable	(8,689,638)	
		31,344,597
NET INVESTMENT IN CAPITAL ASSETS		$ 47,789,609

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

QUEENSBURY UNION FREE SCHOOL DISTRICT

FEDERAL AWARD PROGRAM INFORMATION
(SINGLE AUDIT)

(UNIFORM GUIDANCE)

JUNE 30, 2018

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

To the President and the Other Members
of the Board of Education of the
Queensbury Union Free School District
Queensbury, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Queensbury Union Free School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

WEST & COMPANY CPAs PC

Gloversville, New York
November 13, 2018

WEST & COMPANY
CPAs PC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the President and the Other Members
of the Board of Education of the
Queensbury Union Free School District
Queensbury, New York

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major Federal Program

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

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Report on Internal Control Over Compliance

Management of the Queensbury Union Free 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 Queensbury Union Free School 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 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 Queensbury Union Free School 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

WEST & COMPANY CPAs PC

Gloversville, New York
November 13, 2018

QUEENSBURY UNION FREE SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-through Grantor's Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed Through NYS Education Department:				
Special Education Cluster:				
Special Education - Grants to States	84.027	0032181012	$ 0	$ 748,924
Special Education - Preschool Grants	84.173	0033181012	0	26,509
Total Special Education Cluster			0	775,433
Title I - Grants to Local Educational Agencies	84.010	0021183475	0	449,924
Title I - Grants to Local Educational Agencies	84.010	0021173475	0	767
Improving Teacher Quality State Grants	84.367	0147183475	0	95,137
Total U.S. Department of Education			0	1,321,261
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through NYS Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	10.555	Not Applicable	0	67,754
Cash Assistance				
School Breakfast Program	10.553	Not Applicable	0	114,625
National School Lunch Program	10.555	Not Applicable	0	427,449
Total Child Nutrition Cluster			0	609,828
Total U.S. Department of Agriculture			0	609,828
TOTAL FEDERAL AWARDS EXPENDED			$ 0	$ 1,931,089

See paragraph on supplementary schedules included in independent auditors’ report.

QUEENSBURY UNION FREE SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

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

NOTE 2 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2018, the District had food commodities totaling $8,689 in inventory.

NOTE 3 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 4 – INDIRECT COST RATE

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. There is no other indirect cost allocation plan in effect.

NOTE 5 – CLUSTERS

The Special Education Cluster consists of Special Education – Grants to States and Special Education – Preschool Grants.

The Child Nutrition Cluster consists of Food Distribution, School Breakfast Program and National School Lunch Program.

QUEENSBURY UNION FREE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' opinion issued:		Unmodified
Internal control over financial reporting:		
Material weakness identified?	____ yes	X no
Significant deficiency identified that is not considered to be material weakness?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

FEDERAL AWARDS

Internal control over major programs:		
Material weaknesses identified?	____ yes	X no
Significant deficiency identified that is not considered to be material weakness?	____ yes	X none reported
Type of auditors' opinion(s) issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	____ yes	X no

Identification of major programs:

Name of Federal Program	CFDA Number
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173

Dollar threshold used to distinguish between Type A and Type B Programs		$ 750,000
Auditee qualified as low risk?	X yes	____ no

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

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

None.

QUEENSBURY UNION FREE SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2018

97 North Main St., PO Box 1219, Gloversville, NY 12078-0354 ▪ 60 Railroad Place, Suite 302, Saratoga Springs, NY 12866
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INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Queensbury Union Free School District
Queensbury, New York

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Queensbury Union Free School District as of June 30, 2018, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

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

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the Queensbury Union Free School District as of June 30, 2018, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

WEST & COMPANY CPAs PC

Gloversville, New York
November 13, 2018

QUEENSBURY UNION FREE SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2018

ASSETS	
Cash	$ 72,845
TOTAL ASSETS	$ 72,845
LIABILITIES AND CLUB BALANCES	
Club balances	$ 72,845
TOTAL LIABILITIES AND CLUB BALANCES	$ 72,845

See independent auditors' report.

QUEENSBURY UNION FREE SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
Art	$ 868	$ 1	$ 100	$ 769
Astronomy Club	113	74	0	187
Best Buddies - M.S.	1,087	1	160	928
Best Buddies - H.S.	1,692	1,872	1,524	2,040
Botany Club	1,011	610	600	1,021
Career Pathways Store	3,504	4,151	5,702	1,953
Class of 2018	3,689	13,153	16,842	0
Class of 2019	712	25,979	22,912	3,779
Class of 2020	665	5,031	4,312	1,384
Class of 2021	0	2,433	1,164	1,269
Class of 2022	0	10,258	6,092	4,166
Class of 2023	0	16,800	15,061	1,739
Class of 2024	0	15,928	14,216	1,712
4/5 Memory Book	993	1,448	1,776	665
FBLA	657	1,734	1,182	1,209
French	202	5,272	5,272	202
French Honor Society	517	3,493	3,244	766
Game Club	0	71	71	0
Jazz Band	1,643	1	455	1,189
Key Club	836	1,246	1,353	729
Literary Magazine	144	2,051	1,582	613
Madrigals	2,621	3,581	3,482	2,720
6/8 Memory Book	3,782	1,984	5,448	318
Media Producation	0	500	353	147
M.S. Chamber Orchestra	1,241	36,927	35,226	2,942
M.S. Drama Club	1,798	3,038	3,178	1,658
M.S. Student Council	2,106	0	2,106	0
Mountain Bike Club	1,259	1	0	1,260
Musical Production	18,043	21,405	29,333	10,115
National Art Honor Society	46	0	0	46
National Honor Society	919	1,141	1,424	636
ORBIT	7,825	12,644	10,892	9,577
Post Prom Party	5,528	8,080	9,894	3,714
Robotics	947	3,353	3,543	757
Rocket Club	61	438	472	27
S.A.D.D.	82	604	564	122
Spanish Club	3,596	4	404	3,196
Spanish Honor Society	310	2,247	2,081	476
Student Senate - H.S.	4,388	3,478	1,780	6,086
Varsity	1,429	61	0	1,490
Youth in Gov't	2	676	0	678
Zoology Club	184	829	741	272
Sales Tax	625	5,008	5,345	288
TOTALS	$ 75,125	$ 217,606	$ 219,886	$ 72,845

See note to financial statements.

QUEENSBURY UNION FREE SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds of the Queensbury Union Free School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. However, since the Board of Education does exercise general oversight, these funds and their corresponding cash accounts are reflected in the Trust and Agency Funds of the basic financial statements of the District.

The books and records of the Queensbury Union Free School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

NOTE 2 – MANAGEMENT LETTER

Management letter items associated with the Extraclassroom Activity Funds are included in the management letter accompanying the District's financial statements.

November 13, 2018

To the President and the Other Members
of the Board of Education of the
Queensbury Union Free School District
Queensbury, New York

Re: Management Letter
June 30, 2018

In planning and performing our audit of the basic financial statements of the Queensbury Union Free School District for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and improving operating efficiency. The memorandum that follows summarizes our comments and recommendations regarding those matters. We previously reported on the District's internal control in our report dated November 13, 2018. This report does not affect our report dated November 13, 2018, on the financial statements of Queensbury Union Free School District.

Current-Year Findings

1. Fixed Assets

Comment: During the audit we found that the District's fixed asset software had not been updated to include various additions in the prior years.

Recommendation: We recommend that once the current capital project is complete, the District undergo a full fixed asset appraisal to ensure all assets are included in the valuation.

2. Extraclassroom Activity Funds

Condition: Through testing of Extraclassroom Activity Funds, we noted instances where sales tax was not paid.

Recommendation: We recommend that the District review its procedures to ensure that all clubs are following proper requirements as outlined in NYS Pamphlet #2.

* * * * * * * * * * * * * * * * * *

We appreciate the assistance and courtesies extended to us by your staff during our fieldwork.

Please let us know if you would like to discuss our comments and recommendations.

Very truly yours,

WEST & COMPANY CPAs PC

WEST & COMPANY CPAs PC

<u>APPENDIX C</u>

Form of Legal Opinion

PAUL E. PONTIFF
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April 25, 2019

Queensbury Union Free School District
County of Warren
State of New York

Re: Queensbury Union Free School District
Warren County, New York
$5,020,000 Bond Anticipation Note, 2019

Dear Sirs:

We have been requested to render our opinion as to the validity of the $5,020,000 Bond Anticipation Note, 2019 (Renewals) (the "Note"), of the Queensbury Union Free School District, Warren County, New York (the "Issuer"), dated April 25, 2019, bearing interest at the rate of ____% per annum, and maturing on April 24, 2020.

We have examined the Constitution and statutes of the State of New York and the Internal Revenue Code of 1986, as amended (the "Code"), including particularly Section 103 thereof, and the regulations of the United States Treasury Department thereunder. We have also examined a certified copy of proceedings of the finance board of the Issuer and other proofs authorizing and relating to the issuance of the Note, including the form of the Note. In rendering the opinions expressed herein we have assumed the accuracy and truthfulness of all public records, documents and proceedings examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion: (a) The Note has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes valid and legally binding general obligations of the Issuer, the payment of which the Issuer has validly pledged its faith and credit, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Note and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Note may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights, (b) The Issuer has the power to comply with its covenants included in its arbitrage certificate with respect to the Note relating to compliance with the Code as it relates to the Note; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights.

In further opinion, assuming continuing compliance by the Issuer with its covenants relating to certain requirements contained in the Code, interest on the Note is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Note is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes and the corporate environmental tax imposed by the Code. However, interest on the Note is includable in the "adjusted net book income" or "adjusted current earnings" of a corporate owner of the Note and 75% of the interest on the Note is thus includable in the tax base for computing a corporation's liability with respect to the 20% alternative minimum tax and the 0.12% environmental tax imposed on corporations by the Code. Moreover, interest on the Note may be subject to a branch profits tax of up to 30% when owned by certain foreign corporations. Furthermore, the United States Treasury Department has promulgated regulations which might have the effect of imposing a tax at ordinary income rates with respect to interest on Note owned by "S Corporations" in certain cases. Interest on the Note is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York.

Among other things, the Code requires that, under certain circumstances, the yield on investments acquired with the proceeds of obligations be restricted and that an amount equal to the net arbitrage earnings from the investment of the proceeds thereof be paid to the Federal Government. If, in those circumstances, the Issuer were to intentionally fail to restrict the yield on such investments, or to fail to make the required payments to the Federal Government within the periods and in the manner specified by the Code, or fail to comply with certain other provisions of the Code, interest on the Note would be subject to Federal income taxes from their date of issuance unless, in the case of a failure to make the required payments to the Federal Government on a timely basis, such noncompliance was not due to willful disregard and relief was sought from, and granted by, the Internal Revenue Service. The Issuer has covenanted in its arbitrage certificate with respect to the Note that it will take all actions on the part necessary under the Code to cause interest on the Note not to be includable in the gross income of the owners thereof for Federal income tax purposes, including compliance with the requirements set forth above, to the extent the same are applicable, and refrain from taking any action which would cause interest on the Note to become includable in the gross income of the owners thereof for Federal income tax purposes.

Bond Counsel expresses no opinion regarding other Federal income tax consequences arising with respect to the Note.

Recent Federal tax laws and current future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Note to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, on September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. For tax years beginning on or after January 1, 2013, the American Jobs Act of 2011 generally would limit the exclusion from gross income of interest on obligations like the Note to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The recent Federal tax law and the introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Note. Prospective purchases of the Note should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which the Bond Counsel expresses no opinion.

The scope of our engagement in relation to the issuance of the Note has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Issuer, together with other legally available sources of revenue, if any, will be sufficient to enable the Issuer to pay the principal of or interest on the Note as the same respectively become due and payable. We have not examined, reviewed or passed upon the accuracy, completeness or fairness of any factual information which may have been furnished to any purchaser of the Note by or on behalf of the Issuer and, accordingly, we express no opinion as to whether the Issuer, in connection with the sale of the Note, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

BARTLETT, PONTIFF, STEWART
& RHODES, P.C.

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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

(o) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material: and

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

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

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

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

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