PRELIMINARY OFFICIAL STATEMENT DATED MAY 31, 2019

NEW ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel, under existing law (1) interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes and is not an "item of tax preference" for purposes of the alternative minimum tax imposed on individuals by the Internal Revenue Code of 1986, as amended (the "Code"), except that the School District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof, and (2) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See the caption "TAX MATTERS" herein.

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

$3,540,000
SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHOHARIE COUNTY, NEW YORK

$3,540,000 Bond Anticipation Notes, 2019

Dated: June 27, 2019 **Due: June 26, 2020**

The Notes are general obligations of the Sharon Springs Central School District, Schoharie County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "Nature of the Obligation" and "Tax Levy Limitation Law" herein. The Notes will be issued without the option of prepayment, with interest payable at maturity.

The Notes will be issued in registered form payable to the purchaser; provided, however, if the Notes are eligible for issuance through the book -entry-only system for note issues through the Depository Trust Company ("DTC") in New York, New York, the successful bidder may request with its bid that the Notes be issued in "book-entry-only" form, in which case the Notes will be registered and payable to "Cede & Co." as nominee of DTC.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, one fully registered note certificate will be issued for each maturity of the Notes.

If the Notes are issued in book-entry-only form, Noteholders will not receive certificates representing their ownership interest in the Notes and payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of such DTC Direct or Indirect Participants, subject to any statutory and regulatory requirements as may be in effect from time to time.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an unqualified legal opinion as to the validity of the Notes of Barclay Damon, LLP, Albany, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey or Albany or Sharon Spring, New York on or about June 27, 2019.

Facsimile or telephone bids will be received THURSDAY, JUNE 13, 2019 until 10:15 a.m. Prevailing Time, pursuant to the terms of the Notice of Sale.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. THE SCHOOL DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS REQUIRED BY SAID RULE.

DATED: May 31, 2019

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHOHARIE COUNTY, NEW YORK

School District Officials

2018-19 BOARD OF EDUCATION

Laura Jackson - President
Helen Roberts - Vice President

Christina Cornwell
Sophia Issa
James MacFadden

Patterson Green - Superintendent of Schools
Anthony M. DiPace – Business Manager/School District Clerk
Denise Perrotti – Treasurer

School District Attorney

Girvin & Ferlazzo, PC

BOND COUNSEL

Barclay Damon LLP

MUNICIPAL ADVISOR

R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:

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OFFICIAL STATEMENT

of the

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHOHARIE COUNTY, NEW YORK
Relating To
$3,540,000 Bond Anticipation Notes, 2019

This Official Statement, which includes the cover page, has been prepared by the Sharon Springs Central School District, Schoharie County, New York (the "District", "County" and "State," respectively) in connection with the sale by the School District of $3,540,000 Bond Anticipation Notes, 2019 (the "Notes).

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

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

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

Description of the Notes

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

The Notes are dated June 27, 2019 and mature, without option of prior redemption, on June 26, 2020. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form payable to the purchaser; provided, however, if the Notes are eligible for issuance through the book-entry-only system for note issues through the Depository Trust Company ("DTC") in New York, New York, the successful bidder may request with its bid that the Notes be issued in "book-entry-only" form, in which case the Notes will be registered and payable to "Cede & Co." as nominee of DTC.

If the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Payments of principal of and interest on the

Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

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

Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

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

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

Purpose and Authorization

The Notes are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law, the Local Finance Law, and pursuant to a bond resolution dated February 12, 2018, authorizing the issuance of obligations of the District in the amount of $3,845,000 for the financing of the reconstruction of the School District Building.

The proceeds of the Notes will provide $3,540,000 in new monies for the aforementioned purpose.

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Book-Entry Only System

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

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

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

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

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

Redemption proceeds, distributions and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC 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 the offices of the School District or at the option of the noteholder, 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. Paying agent fees, if any, will be paid by the noteholder. The Notes will remain not subject to redemption prior to their stated final maturity date.

The District

General Information

The Sharon Springs Central School District, established in 1928, is located in the Towns of Sharon, Seward and Carlisle in Schoharie County, the Towns of Canajoharie and Root in Montgomery County and the Towns of Cherry Valley and Roseboom in Otsego County. The Village of Sharon Springs lies within the School District. The School District covers approximately 48 square miles and has an estimated population of 2,022.

The School District lies approximately 45 miles west of Albany and is served by New York State Route 20, Interstate Route 88 and the New York State Thruway. The School District is primarily an agricultural area, although a number of small high-tech companies have located in and around Schoharie County, providing employment to many School District residents. Electricity is provided by National Grid and telephone by Verizon New York Inc. Police protection is provided by the County Sheriff's Departments and the New York State Police. Fire protection and ambulance services are provided by various volunteer organizations.

The School District provides public education for K12. Opportunities for higher education are available at the State University at Albany, the State University College at Oneonta, Rensselaer Polytechnic Institute, Russell Sage College, Union College, Siena College, the College of St. Rose and SUNY Cobleskill.

District Facilities

Name	Grades	Year Built	Current Maximum Capacity	Date of Last Addition or Alteration
Sharon Springs Central	K-12	1930	639	2011

Source: District Officials

District Employees

The School District employs 62 full-time employees and 5 part-time employees. The number of members, the collective bargaining units which represent them and their current contract expiration dates are as follows:

Employees	Bargaining Unit	Expiration Date
36.5	Sharon Springs Teachers' Association	6/30/2023
23	Sharon Springs Non-Teachers' Organization	6/30/2019[1]

1. Currently Negotiating

Source: District Officials

Historical and Projected Enrollment

Fiscal Year	Actual	Fiscal Year	Projected
2014-15	313	2019-20	270
2015-16	302	2020-21	275
2016-17	295	2021-22	280
2017-18	295	2022-23	285
2018-19	267	2023-24	290

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 $221,244.

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 $394,247

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 14.9% and for the 2019-20 fiscal year is 14.6%. The average contribution rate for the TRS for the 2018-19 fiscal year is 10.62% and for the 2019-20 fiscal year it is estimated to be 8.86%.

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

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

Other Post-Employment Benefits

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 $19,159,504, the net change for the year was ($1,183,533), resulting in a total OPEB liability of $17,975,971 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 and school districts, 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

Name	Nature of Business	Estimated Number of Employees
Wal-Mart Distribution	Regional Distribution Center	450
Sharon Springs Central School District	Education	67
AMT, Inc.	Manufacturer	25

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 Schoharie 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	Schoharie County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2014	6.7%	6.3%	6.2%
2015	5.8%	5.3%	5.3%
2016	5.4%	4.8%	4.9%
2017	5.5%	4.7%	4.4%
2018	4.8%	4.1%	4.0%

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

Investment Policy

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposit accounts in, certificates of deposit issued by or a deposit placement program (as provided by statute) with a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district or district corporation other than the School District; and (6) in the case of the 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 a pledge of eligible securities, an eligible letter of credit or an eligible surety bond, as each such term is defined in the law, or satisfy the statutory requirements of the deposit placement program.

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 five 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 and Business Manager

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 2018-19 fiscal year was adopted by the qualified voters on May 15, 2018 by a vote of 112 to 23. The School District's 2018-19 Budget remained within the School District Tax Cap imposed by Chapter 97.

The budget for the 2019-20 fiscal year was adopted by the qualified voters on May 21, 2019 by a vote of 241 to 46. The School District's 2019-20 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 2020-21 fiscal year.

State Aid

The School District receives financial assistance from the State. In its adopted budget for the 2017-18 fiscal year, approximately 55.13% 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.

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

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

The State’s Enacted 2019-20 Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less that what was expected. If federal support is reduced by $850 million or more the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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

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

State Aid History -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 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 included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid was $26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid now totals nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase "set aside" for certain school districts to fund community schools. The State's 2018-19 Enacted Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-19.

The State's 2019-20 Enacted Budget includes more than $1 billion increase in aid to school districts, including a $618 million increase in Foundation Aid. The new State education aid total is $27.9 billion and increase of 3.8%. The 2019-20 Enacted Budget directs a majority of such additional funding (over 70%) to the State's more economically disadvantaged school districts.

State Aid Litigation -In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the

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

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

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

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

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: 0.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

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

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 Sharon Springs Central School District on June 17, 2016. The purpose of this audit was to evaluate the District’s financial condition for the period July 1, 2014 through November 30, 2015.

Key Findings

- The District appropriated more fund balance than was needed in the adopted budgets for the three-year period ending June 30, 2015.
- Unrestricted fund balance exceeded the statutory limit each of the past three fiscal years.

Key Recommendations

- Adopt more accurate budget estimates for revenues and appropriations, thus discontinuing the practice of adopting budgets that appropriate unexpended surplus funds that will not be used.
- Develop a plan to use the surplus fund balance in a manner that benefits District residents.

A copy of the complete report and the District’s response can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website:

www.osc.state.ny.us/localgov/audits/schools/2016/sharonsprings.htm

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:					
Canajoharie	$ 264,492	$ 266,426	$ 478,963	$ 505,769	$ 516,521
Root	3,077,183	3,177,824	3,180,077	3,241,339	3,339,054
Cherry Valley	7,887,696	8,098,110	8,138,419	8,205,457	8,285,806
Roseboom	448,495	449,982	450,671	833,978	968,618
Carlisle	3,073,955	3,046,440	3,111,369	3,184,727	3,182,191
Seward	3,125,870	3,206,281	3,202,133	3,209,564	3,289,167
Sharon	79,608,937	80,270,449	80,651,692	81,249,406	81,627,674
Total	$ 97,486,628	$ 98,515,512	$ 99,213,324	$ 100,430,240	$ 101,209,031
Equalization Rates:					
Canajoharie	61.00%	61.00%	100.00%	100.00%	100.00%
Root	100.00%	100.00%	100.00%	100.00%	95.00%
Cherry Valley	111.15%	113.18%	110.28%	106.59%	100.00%
Roseboom	53.54%	55.00%	55.00%	115.56%	114.19%
Carlisle	81.50%	80.00%	81.00%	79.00%	76.00%
Seward	81.50%	80.00%	81.00%	79.00%	76.00%
Sharon	81.50%	80.00%	81.00%	79.00%	76.00%
Full Valuations:					
Canajoharie	$ 433,593	$ 436,764	$ 478,963	$ 505,769	$ 516,521
Root	3,077,183	3,177,824	3,180,077	3,241,339	3,514,794
Cherry Valley	7,096,443	7,155,072	7,379,778	7,698,149	8,285,806
Roseboom	837,682	818,149	819,402	721,684	848,251
Carlisle	3,771,724	3,808,050	3,841,196	4,031,300	4,187,093
Seward	3,835,423	4,007,851	3,953,251	4,062,739	4,327,851
Sharon	97,679,677	100,338,061	99,569,990	102,847,349	107,404,834
Total	$ 116,731,726	$ 119,741,771	$ 119,222,657	$ 123,108,330	$ 129,085,151

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

Tax Rate per $1,000 Assessed Value

Fiscal Year Ending June 30:

	2015	2016	2017	2018	2019
Canajoharie	$35.48	$31.48	$19.48	$18.88	$18.26
Root	21.64	19.20	19.48	18.88	19.22
Cherry Valley	19.47	16.96	17.66	17.71	18.25
Roseboom	40.42	34.91	35.42	16.34	15.99
Carlisle	26.55	24.00	24.05	23.90	24.02
Seward	26.55	24.00	24.05	23.90	24.03
Sharon	26.55	24.00	24.05	23.89	24.01

Tax Collection Procedure

Taxes are payable until September 30 without penalty. Payments made from October 1 through October 31 carry a penalty of 2%. Unpaid taxes are turned over to the County Treasurers on November 1. After November 30, unpaid taxes are added to the following year's town/county tax bills.

The Counties reimburse the School District for all unpaid taxes in April of the year following the year of levy, and the School District is thus assured of 100% of its annual levy.

Tax Collection Record

Fiscal Year Ended June 30:

	2015	2016	2017	2018	2019
Total Tax Levy	$2,525,592	$2,299,360	$2,322,634	$2,323,263	$2,355,971
Less STAR Reimbursement	445,811	429,505	422,198	397,145	386,451
Adjustments	0	0	0	0	0
Total Taxes to be Collected	2,079,781	1,869,855	1,900,436	1,926,118	1,969,520
Taxes Collected Prior to Return to County	1,747,592	1,511,445	1,621,306	1,569,405	1,662,418
Returned to County	$332,189	$358,410	$279,130	$356,713	$307,102
% Collected Prior to Return	84.03%	80.83%	85.31%	81.48%	84.35%

Major Taxpayers 2018

For 2018-19 Tax Roll

Name	Type	Full Value
Niagara Mohawk Power Corp	Utility	$3,784,266
Graulich, Arthur E	Farm	799,039
High Hill LLC	Farm	705,173
Ridge, Stephen Brent	Personal Business	631,345
State of New York	State Land	581,850
Osborne, Bruce C	Farm	464,733
Parsons, Raymond L	Personal Business	445,800
Elite Holdings LLC	Business	399,500
Sydow, Brian R	Rental Apartments	387,100
Santillo, C Alfred Irrev Trust	Trust	384,696
Total		$8,583,502

1. The above taxpayers represent 6.65% of the School District's 2018-19 Full value of $129,085,151

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.

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 $88,050 or less in 2020, increased annually according to a cost-of-living adjustment, are eligible for a "full value" exemption of the first $68,700 for the 2019-20 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross Income not in excess of $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-16 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 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage home owners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared to a $500,000 limit for the credit. Homeowners with STAR Adjusted Gross Income of $250,000 have the option. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

Tax Levy Limitation Law

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

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

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

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

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

Real Property Tax Rebate

Chapter 20 of the Laws of 2015 ("Chapter 20") introduced a new real property tax rebate program that provides state financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 20162019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") received $130, and eligible taxpayers who resided outside the MCTD received $185. Credits in 2017-2019 will vary based on a taxpayer's personal income level and STAR tax savings. Under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district's compliance with the provisions of the Tax Levy Limitation Law. For taxpayers other than those living in one of the "Big 4" cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law.

While the provisions of Chapter 20 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, 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.

Tax Cut and Jobs Act of 2017

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 11597), (the "TCJA") making major changes to the Federal Internal Revenue Code, most of which were effective in the 2018 tax year. The new Federal tax law makes extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes. The State's income tax system interacts with the Federal system in numerous ways. The changes to the Federal tax code are expected to have significant flow-through effects on state tax burdens and revenues. The State's 2019-20 Enacted Budget included State tax reform intended to mitigate issues arising from the Federal law, including decoupling many State tax provisions from the Federal changes, the creation of an optional payroll tax program, and the establishment of a new State charitable giving vehicle. The State continues to evaluate other tax law changes in response to the TCJA. On July 18, 2018, the State, joined by Connecticut, Maryland and New Jersey, filed a lawsuit intended to protect New York taxpayers from the new Federal limit on the SALT deduction. The lawsuit argues that the new SALT limit was enacted to target New York and similarly situated states, that it interferes with the states' rights to make their own fiscal decisions, and that it will disproportionately harm taxpayers in these states.

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

Status of Indebtedness

Constitutional Requirements

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

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	$5,822,248	$4,993,707	$4,107,690	$3,513,947	$2,897,564
Total Debt Outstanding	$5,822,248	$4,993,707	$4,107,690	$3,513,947	$2,897,564

Status of Outstanding Bond Issues

Year of Issue:	2011		2012	
Amount Issued:	$3,710,000		$2,780,000	
Purpose/Instrument:	Refunding/Refunding Serial Bond		Construction/Serial Bond	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2019	$ 415,000	$ 32,350	$ 180,000	$ 37,020
2020	425,000	19,900	185,000	32,970
2021	220,000	7,150	190,000	28,808
2022	-	-	195,000	24,533
2023	-	-	200,000	20,145
2024	-	-	205,000	15,545
2025	-	-	210,000	10,625
2026			215,000	5,375
Totals:	$ 1,060,000	$ 59,400	$ 1,580,000	$ 175,021

	2013		2015	
Year of Issue:	2013		2015	
Amount Issued:	$81,881		$111,959	
Purpose/Instrument:	Buses/SIB		Buses/SIB	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2019	$ 16,376*	$ 532	$ 22,392*	$ 1,455
2020	-	-	22,392	728
Totals:	$ 16,376	$ 532	$ 44,784	$ 2,183

	2016		2017	
Year of Issue:	2016		2017	
Amount Issued:	$101,871		$107,523	
Purpose/Instrument:	Buses/SIB		Buses/SIB	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2019	$ 20,374*	$ 1,986	$ 21,504*	$ 2,796
2020	20,374	1,324	21,504	2,097
2021	20,374	662	21,504	1,398
2022	-	-	21,504	699
Totals:	$ 61,122	$ 3,972	$ 86,016	$ 6,990

	2018		2019	
Year of Issue:	2018		2019	
Amount Issued:	$49,266		$101,329	
Purpose/Instrument:	Buses/SIB		Buses/SIB	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2019	$ 9,854*	$ 1,601	$ -	$ -
2020	9,853	1,281	20,265	3,445
2021	9,853	961	20,266	2,756
2022	9,853	640	20,266	2,067
2023	9,853	320	20,266	1,378
2024	-	-	20,266	689
Totals:	49,266	4,803	101,329	10,336

Notes: * Principal reduction made prior to date of Debt Statement, May 31, 2019

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	Principal	Interest	Total Debt Service	%Paid
2019	$ 685,500	$ 77,740	$ 763,240	23.40%
2020	704,388	61,745	766,133	46.88%
2021	481,997	41,735	523,732	62.94%
2022	246,623	27,940	274,563	71.35%
2023	230,119	21,843	251,962	79.08%
2024	225,266	16,234	241,500	86.48%
2025	210,000	10,625	220,625	93.24%
2026	215,000	5,375	220,375	100.00%
Totals:	$ 2,998,893	$ 268,612	$ 3,262,130	

Cash Flow Borrowings

The School District, historically, does not issue Tax Anticipation Notes or Revenue Anticipation Notes.

Status of Short-Term Indebtedness

The School District has no outstanding short-term indebtedness as of the date of this Official Statement.

Capital Project Plans

On December 14, 2017, District voters approved a $4,345,000 Capital Project consisting of updates to various School District buildings and facilities. Construction is estimated to begin in Spring 2019. This is the first borrowing against the aforementioned authorization.

Building Aid Estimate

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. The District has not applied for such estimate, but anticipates that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 85.7%.

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 May 31, 2019

Town	Taxable Assessed Valuation	State Equalization Rate	Taxable Full Valuation
Canajoharie	$ 516,521	100.00%	$ 516,521
Root	3,339,054	95.00%	3,514,794
Cherry Valley	8,285,806	100.00%	8,285,806
Roseboom	968,618	114.19%	848,251
Carlisle	3,182,191	76.00%	4,187,093
Seward	3,289,167	76.00%	4,327,851
Sharon	81,627,674	76.00%	107,404,834
Total			$ 129,085,151
Debt Limit: 10% of Full Valuation			$ 12,908,515
Inclusions:			
Serial Bonds			$ 2,908,393
Total Inclusions:			$ 2,908,393
Exclusions:			
Building Aid Estimate [1]			$0
Total Exclusions:			$0
Total Net Indebtedness Before Giving Effect to This Issue:			$ 2,908,393
This Issue		$ 3,540,000	
Proceeds to be Used to Renew Indebtedness Listed Under Inclusions		-	$ 3,540,000
Total Net Indebtedness After Giving Effect to This Issue			$ 6,448,393
Net Debt Contracting Margin			$ 6,460,122
Percentage of Debt-Contracting Power Exhausted			49.9529%

Notes: 1. Pursuant to the provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing building debt. Since the Gross Indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate and therefore is not permitted to deduct Estimated Building Aid

Estimated Overlapping Indebtedness

Overlapping Unit	Applicable Equalized Value	Percent	Gross Indebtedness [1]	Exclusions	Net Indebtedness	Estimated Applicable Overlapping Indebtedness
Schoharie	$ 115,919,779					
County	$ 2,204,633,234	5.26%	$ 41,573,106	N/A	$ 41,573,106	$ 2,185,917
Montgomery	$ 4,031,315					
County	$ 2,244,020,820	0.18%	$ 36,234,000	N/A	$ 36,234,000	$ 65,093
Otsego	$ 9,134,057					
County	$ 4,423,261,410	0.21%	$ 3,116,096	N/A	$ 3,116,096	$ 6,435
Town of	$ 107,404,834					
Sharon	$ 107,404,834	100.00%	$ -	N/A	$ -	$ -
Town of	$ 4,327,851					
Seward	$ 95,877,578	4.51%	$ 124,000	N/A	$ 124,000	$ 5,597
Town of	$ 4,187,093					
Carlisle	$ 91,716,323	4.57%	$ -	N/A	$ -	$ -
Town of	$ 516,521				$ -	
Canajoharie	$ 186,692,461	0.28%	$ 283,816	N/A	$ 283,816	$ 785
Town of	$ 3,514,794					
Root	$ 105,673,793	3.33%	$ -	N/A	$ -	$ -
Town of	$ 8,285,806					
Cherry Valley	$ 95,304,642	8.69%	$ 489,402	N/A	$ 489,402	$ 42,549
Town of	$ 848,251				$ -	
Roseboom	$ 55,773,713	1.52%	$ -	N/A	$ -	$ -
Village of	$ 24,431,071					
Sharon Springs	$ 24,431,071	100.00%	$ 1,269,395	N/A	$ 1,269,395	$ 1,269,395
Total						$ 3,575,771

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 May 31, 2019:

	Amount	Per Capita (a)	Percentage of Full Value (b)
Net Indebtedness	$ 6,448,393	$ 3,189.12	4.995%
Net Indebtedness Plus Net Overlapping Indebtedness	$ 10,024,164	$ 4,957.55	7.766%

(a) The District's estimated population is 2,022 (Source: 2016 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2018-19 is $129,085,151

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

Special Provisions Affecting Remedies Upon Default

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

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

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

General Municipal Law Contract Creditors' Provision. Each Bond when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to 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 Matters

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

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

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

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

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

The Notes will be designated or deemed designated by the District as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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

Approval of Legal Proceedings

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

Continuing Disclosure Compliance

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

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

Litigation

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

Bond Rating

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

The most recent underlying rating assigned to the School District by S&P Global Ratings, a division of McGraw-Hill Companies, Inc., is an A+ rating which was assigned in connection with the issuance by the School District of $2,780,000 School District (Serial) Bonds dated February 21, 2012, and was affirmed May 27, 2015.

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's contact information is as follows: Anthony M. DiPace, Business Manager, phone: (518) 284-2266; email: adipace@sharonsprings.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.

Sharon Springs Central School District

Dated: May 31, 2019
Sharon Springs, New York

LAURA JACKSON
President of the Board of Education
And Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	2014	2015	2016	2017	2018	Budget 2019	
Beginning Fund Balance - July 1	$2,215,099	$2,157,243	$2,345,377	$2,526,758	$2,954,247	$2,775,977	E
Revenues:							
Real Property Taxes	$2,525,592	$2,525,592	$2,299,360	$1,900,436	$1,926,120	$2,355,971	
Other Tax Items	226,882	232,110	587,520	1,011,529	1,037,602	665,181	
Charges for Services	926	95,327	83,328	158,830	101,242	0	
Use of Money & Property	12,518	12,741	12,075	13,383	14,792	2,853	
Sale of Property/Comp. for Loss	21,797	92	16,374	142	1,624	0	
Miscellaneous	348,799	402,054	72,207	182,356	112,270	81,255	
State Aid	5,060,658	5,124,409	5,321,064	5,059,377	5,131,488	5,227,824	
Federal Aid	16,693	18,101	20,715	0	2,201	0	
Interfund Transfer	700	4,232	1,741	4,219	0	0	
Total Revenues	$8,214,565	$8,414,658	$8,414,384	$8,330,272	$8,327,339	$8,333,084	
Expenditures:							
General Support	$1,018,945	$944,055	$969,845	$920,971	$988,792	$1,328,629	
Instruction	3,668,864	3,785,523	3,743,608	3,657,811	3,762,943	4,351,811	
Transportation	442,763	393,084	357,937	373,727	407,578	585,071	
Community Services	0	0	0	0	0	1,052	
Employee Benefits	1,915,234	1,930,455	1,928,302	1,952,518	1,940,452	2,336,123	
Debt Service	1,133,357	1,107,403	1,129,732	814,260	759,622	763,370	
Interfund Transfer	93,258	66,004	103,579	183,496	646,222	117,500	
Total Expenditures	$8,272,421	$8,226,524	$8,233,003	$7,902,783	$8,505,609	$9,483,555	
Adjustments	0	0	0	0			
Year End Fund Balance	$2,157,243	$2,345,377	$2,526,758	$2,954,247	$2,775,977	$1,625,506	E
Excess (Deficit) Revenues Over Expenditures	($57,856)	$188,134	$181,381	$427,489	($178,270)	($1,150,471)	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	$1,136,464	$1,380,006	$1,323,791	$1,579,989	$1,288,103
Restricted Cash	885,666	933,666	1,108,667	1,162,478	1,222,025
Taxes Receivable	6,253	0	0	0	0
Other Receivables	5,705	4,859	12,182	9,212	11,519
Due from Other Funds	199,140	192,155	103,917	419,185	231,668
Due from State & Federal	119,134	114,109	117,441	113,419	113,266
Due from Other Governments	253,309	228,009	257,852	244,699	229,417
Total Assets	$2,605,671	$2,852,804	$2,923,850	$3,528,982	$3,095,998
Liabilities:					
Accounts Payable	$0	$4,312	$0	$0	$0
Accrued Liabilities	8,982	24,702	5,802	1,483	5,714
Due to Other Funds	8,870	8,870	5,370	228,819	5,378
Due Retirement System	430,576	469,543	385,920	344,433	308,929
Total Liabilities:	$448,428	$507,427	$397,092	$574,735	$320,021
Fund Balances:					
Restricted	$885,666	$933,666	$1,108,667	$1,162,478	$1,222,025
Assigned	934,209	1,040,245	1,052,762	1,150,471	1,174,610
Unassigned	337,368	371,466	365,329	641,298	379,342
Total Fund Balance	$2,157,243	$2,345,377	$2,526,758	$2,954,247	$2,775,977
Total Liabilities and Fund Balance	$2,605,671	$2,852,804	$2,923,850	$3,528,982	$3,095,998

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

SHARON SPRINGS
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2018

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

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

Telephone: (518) 851-6650
Fax: (518) 851-6675

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Sharon Springs Central School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Sharon Springs Central School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sharon Springs Central School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of changes in the total OPEB liability, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M9 and 48-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2018 on our consideration of the Sharon Springs Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sharon Springs Central School District's internal control over financial reporting and compliance.

Raymond G. Preusser, CPA, PC

Claverack, New York
September 20, 2018

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2018

INTRODUCTION

The Sharon Springs Central School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- As of the close of this fiscal year, the District's general fund reported a fund balance of $2,775,977, a decrease of $178,270 in comparison with the prior year. With the increase the District was able to appropriate $1,150,471 of the fund balance for subsequent year's expenditures. The District also was able to maintain reserves for unemployment insurance, property loss, insurance, repairs, employee benefit accrued liability and retirement contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1. Districtwide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

In addition to these statements, this report also includes required supplemental information and other supplemental information.

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

Financial Statements

Required Supplemental Information (Part A)
Management's Discussion & Analysis (MD&A)

Basic Financial Statements

Districtwide Financial Statements	↔	**Fund Financial Statements**

Notes to the Basic Financial Statements

Required Supplemental Information (Part B)

General Fund Budget to Actual Schedule

Changes in the Total OPEB Liability

District's Proportionate Share of the Net Pension Asset/Liability

District Contributions

Supplemental Information

General Fund Budget & Fund Balance Information

Capital Project Funds Schedule of Project Expenditures

Schedule of Net Investment in Capital Assets

DISTRICTWIDE FINANCIAL STATEMENTS

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

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

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

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

DISTRICTWIDE FINANCIAL ANALYSIS

Sharon Springs Central School District's Net Position
June 30, 2018 and 2017

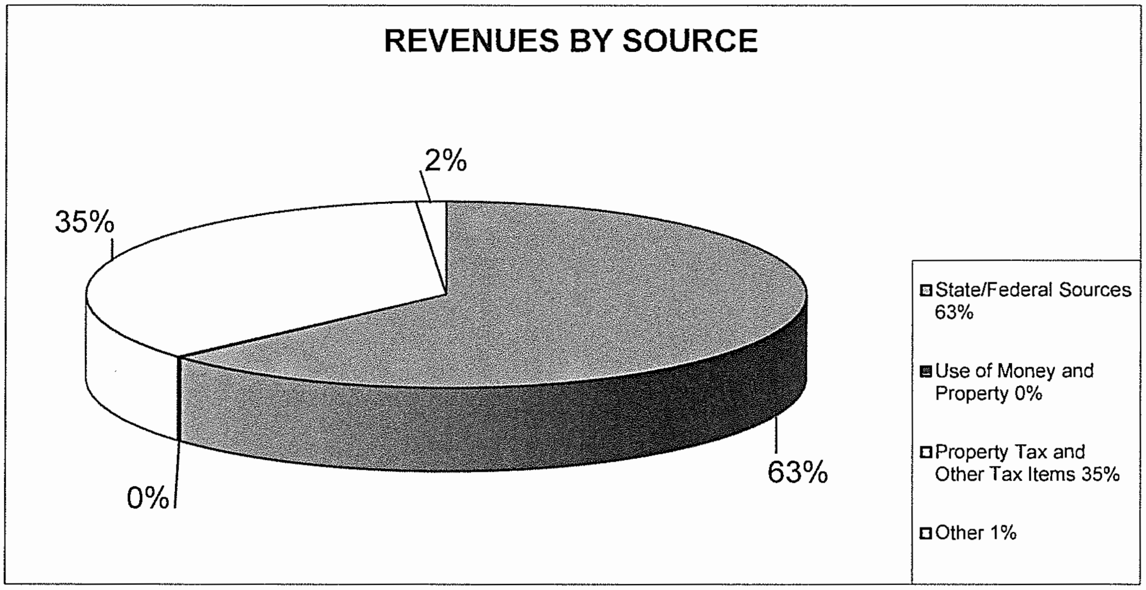
	Governmental Activities		
	2018	Restated 2017	Variance Increase (Decrease)
Current Assets	$ 3,436,031	$ 3,200,743	$ 235,288
Capital Assets	12,436,337	12,567,598	(131,261)
Net Pension Asset	120,218	-	120,218
Total Assets	15,992,586	15,768,341	224,245
Deferred Outflows of Resources	2,273,587	2,278,059	(4,472)
Total Assets and Outflows of Resources	18,266,173	18,046,400	219,773
Current Liabilities	1,017,351	1,082,836	(65,485)
Noncurrent Liabilities	20,386,566	22,225,368	(1,838,802)
Net Pension Liability	124,356	543,677	(419,321)
Total Liabilities	21,528,273	23,851,881	(2,323,608)
Deferred Inflow of Resources	1,631,957	169,191	1,462,766
Total Liabilities and Inflows of Resources	23,160,230	24,021,072	(860,842)
Net Position:			
Investment in capital assets, net of related debt	9,538,772	9,053,650	485,122
Restricted	1,272,003	1,172,880	99,123
Unrestricted (deficit)	(15,704,832)	(16,201,202)	496,370
Total Net Position	$ (4,894,057)	$ (5,974,672)	$ 1,080,615

Sharon Springs Central School District's
Changes in Net Position
For the Years Ended June 30, 2018 and 2017

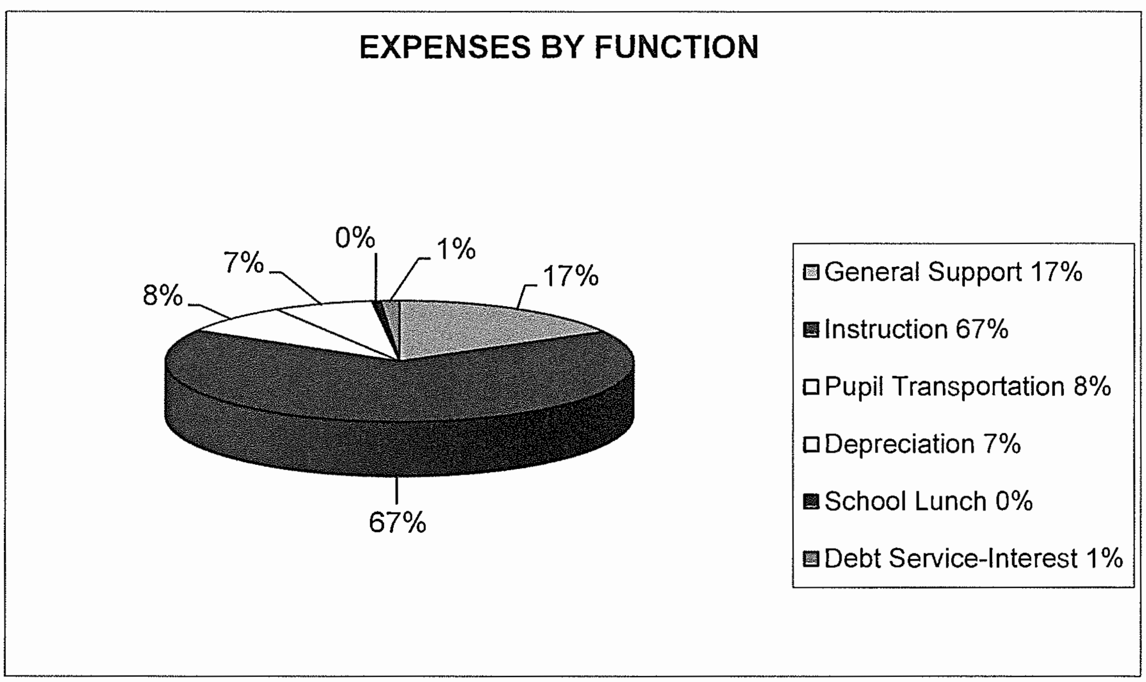
	Governmental Activities 2018	Governmental Activities 2017	Variance Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	$ 128,845	$ 201,933	$ (73,088)
Operating Grants and Contributions	513,699	452,384	61,315
Total Program Revenues	$ 642,544	$ 654,317	$ (11,773)
General Revenues:			
Real Property Taxes	$ 1,926,120	$ 1,900,436	$ 25,684
Other Tax Items	1,037,602	1,011,529	26,073
Use of Money and Property	14,811	13,391	1,420
Sale of Property and Compensation for Loss	1,624	142	1,482
Miscellaneous	112,270	182,356	(70,086)
State Sources	5,297,012	5,134,803	162,209
Federal Sources	2,201	-	2,201
Total General Revenues	8,391,640	8,242,657	148,983
Expenses (Net of Program Revenues):			
Instruction	4,870,471	5,343,573	(473,102)
Support Services:			
General Support	1,231,237	1,381,289	(150,052)
Pupil Transportation	566,579	636,525	(69,946)
Debt Service-Interest	93,024	112,407	(19,383)
Depreciation-Unallocated	505,376	476,994	28,382
School Lunch	44,338	40,359	3,979
Total Expenses	7,311,025	7,991,147	(680,122)
Change in Net Position	$ 1,080,615	$ 251,510	$ 829,105

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

Districtwide Revenues by Source
For the Year Ended June 30, 2018



Districtwide Expenses by Function
For the Year Ended June 30, 2018



FUND FINANCIAL STATEMENTS

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

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the District can be divided into two categories; governmental funds, and fiduciary funds.

- ***Governmental funds:*** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

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

FUND FINANCIAL ANALYSIS (DISTRICT'S FUNDS)

The District's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of $3.1 million, which is above last year's total of $2.8 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2018 and 2017.

	Fund Balance 2018	Fund Balance 2017	Variance Increase (Decrease)
General	$ 2,775,977	$ 2,954,247	$ (178,270)
School Lunch	868	206	662
Special Aid	-	1,431	(1,431)
Capital	323,955	(174,740)	498,695
Debt Service	8,901	8,882	19
Totals	$ 3,109,701	$ 2,790,026	$ 319,675

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	$ 2,963,722	$ 2,911,965	$ 51,757
Use of Money and Property	14,792	13,383	1,409
State/Federal Sources	5,133,689	5,059,377	74,312
Other	215,136	345,547	(130,411)
Totals	$ 8,327,339	$ 8,330,272	$ (2,933)

Expenses:	2018	2017	Variance Increase (Decrease)
General Support	$ 988,792	$ 920,971	$ 67,821
Instruction	3,762,943	3,657,811	105,132
Pupil Transportation	407,578	373,727	33,851
Employee Benefits	1,940,452	1,952,518	(12,066)
Debt Service	759,622	814,260	(54,638)
Other	646,222	183,496	462,726
Totals	$ 8,505,609	$ 7,902,783	$ 602,826

GENERAL FUND BUDGET INFORMATION

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

The difference between the general fund's original budget and the final amended budget was $564,807. This amount represents the carryover encumbrances from 2016-2017 of $28,745, transfer to capital project of $500,000 and emergency replacement of equipment for $36,062.

CAPITAL ASSETS

The District's capital assets (net of accumulated depreciation) as of June 30, 2018 are as follows:

Asset Description	Amount
Land	$ 74,094
Construction in Progress	425,543
Buildings and Improvements	11,383,781
Machinery & Equipment	225,040
Vehicles	327,879
Total	$ 12,436,337

The total decrease in the District's capital assets (net of accumulated depreciation) for the current fiscal year was $131,261. The most significant changes to capital assets were attributable to the purchases of equipment and vehicles and the expenditures from the capital project less depreciation expense.

DEBT

The District had total debt including serial bonds, OPEB obligations, net pension liability-proportionate share and compensated absences in the amount of $21,196,422 as of June 30, 2018, a decrease over the previous year of $2,238,272. The debt outstanding for the year ended June 30, 2018 is summarized as follows:

Debt Description	**Outstanding Balance**
Bonds	$ 2,897,565
OPEB Obligations	17,975,971
Net Pension Liability-Proportionate Share	124,356
Compensated Absences	198,530
	$21,196,422

The District has refunding bonds outstanding, the proceeds of which are in escrow to fund other previously existing debt. The refunding was done as a result of a change in the manner in which the State was planning to pay building aid related to the existing debt.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2018 the District's general obligation debt was under its total debt limit.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future. Challenges facing the District are the state's economy and its effect on state aid funding levels and the enactment of the Property Tax Cap Chapter 97 of the Laws of 2011 which could result in revenue forecasts having to be revised downward and could cause the District to scale down the educational program offerings or seek additional resources.

Another challenge is the cost of employee benefits continues to be a major budgetary factor. The continued growth in the cost of health insurance combined with costs of funding the Teachers' Retirement System and Employees' Retirement System are projected to have significant budgetary impact in the near to intermediate future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

It is the intent of this report to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Sharon Springs Central School District
PO Box 218
Route 20
Sharon Springs, New York 13459

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

ASSETS		
Unrestricted cash	$ 1,772,888	
Restricted cash	1,222,025	
Other receivables, net	12,455	
State and federal aid receivable	194,195	
Due from other governments	229,417	
Inventories	5,051	
Capital assets, net	12,436,337	
Net pension asset	120,218	
Total Assets		$ 15,992,586
DEFERRED OUTFLOW OF RESOURCES		
Pensions	$ 1,945,259	
OPEB-GASB 75	328,328	
Total Deferred Outflows of Resources		$ 2,273,587
LIABILITIES		
Current Liabilities:		
Accounts payable	5,620	
Accrued liabilities	11,485	
Due to other governments	169	
Due to teachers' retirement system	261,220	
Due to employees' retirement system	47,709	
Unearned revenue	5,648	
Long-Term Liabilities:		
Due and payable within one year		
Bonds payable	685,500	
Due and payable after one year		
Bonds payable	2,212,065	
Compensated absences payable	198,530	
Other postemployment benefits payable	17,975,971	
Net pension liability - proportionate share	124,356	
Total Liabilities		$ 21,528,273
DEFERRED INFLOWS OF RESOURCES		
Pensions	775,660	
OPEB-GASB 75	856,297	
Total Deferred Inflows of Resources		$ 1,631,957
NET POSITION		
Net Investment in Capital Assets	9,538,772	
Restricted	1,272,003	
Unrestricted (deficit)	(15,704,832)	
Total Net Position		$ (4,894,057)

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For Year Ended June 30, 2018

	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	$ 952,790	$ 278,447	$ -	$ -	$ (1,231,237)
Instruction	4,117,480	1,247,170	101,242	392,937	(4,870,471)
Pupil transportation	411,340	159,001	-	3,762	(566,579)
Employee benefits	1,749,052	(1,749,052)	-	-	-
Debt service-interest	93,024	-	-	-	(93,024)
Depreciation	505,376	-	-	-	(505,376)
School lunch program	124,507	64,434	27,603	117,000	(44,338)
Total Functions and Programs	$ 7,953,569	$ -	$ 128,845	$ 513,699	(7,311,025)
GENERAL REVENUES					
Real property taxes					1,926,120
Other tax items					1,037,602
Use of money and property					14,811
Sale of property and compensation for loss					1,624
Miscellaneous					112,270
State sources					5,297,012
Federal sources					2,201
Total General Revenues					8,391,640
Change in Net Position					1,080,615
Total Net Position - Beginning of year, restated (See Note IX.)					(5,974,672)
Total Net Position - End of year					$ (4,894,057)

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted cash	$ 1,772,888	$ -	$ -	$ 1,772,888
Restricted cash	1,222,025	-	-	1,222,025
Other receivables, net	12,455	-	-	12,455
Due from other funds	240,569	-	(240,569)	-
Due from other governments	229,417	-	-	229,417
State and federal aid receivable	194,195	-	-	194,195
Inventories	5,051	-	-	5,051
Capital assets, (net)	-	12,436,337	-	12,436,337
Net pension asset	-	120,218	-	120,218
Total Assets	$ 3,676,600	$ 12,556,555	$ (240,569)	$ 15,992,586
DEFERRED OUTFLOW OF RESOURCES				
Pensions	$ -	$ 1,945,259	$ -	$ 1,945,259
OPEB-GASB 75	-	328,328		328,328
Total Deferred Outflows of Resources	$ -	$ 2,273,587	$ -	$ 2,273,587
LIABILITIES				
Accounts payable	$ 5,620	$ -	$ -	$ 5,620
Accrued liabilities	5,714	5,771	-	11,485
Bonds payable	-	2,897,565	-	2,897,565
Due to other funds	240,569	-	(240,569)	-
Due to other governments	169	-	-	169
Due to teachers' retirement system	261,220	-	-	261,220
Due to employees' retirement system	47,709	-	-	47,709
Other postemployment benefits payable	-	17,975,971	-	17,975,971
Compensated absences	-	198,530	-	198,530
Unearned revenues	5,898	-	(250)	5,648
Net pension liability- proportionate share	-	124,356	-	124,356
Total Liabilities	$ 566,899	$ 21,202,193	$ (240,819)	$ 21,528,273
DEFERRED INFLOWS OF RESOURCES				
Pensions	$ -	$ 775,660	$ -	$ 775,660
OPEB-GASB 75	-	856,297		856,297
Total Deferred Inflows of Resources	$ -	$ 1,631,957	$ -	$ 1,631,957
FUND BALANCE\NET POSITION				
Total Fund Balance\Net Position	$ 3,109,701	$ (8,004,008)	$ 250	$ (4,894,057)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	$ 3,676,600	$ 14,830,142	$ (240,569)	$ 18,266,173

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For Year Ended June 30, 2018

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	$ 1,926,120	$ -	$ -	$ -	$ 1,926,120
Other tax items	1,037,602	-	-	-	1,037,602
Charges for services	101,242	-	-	-	101,242
Use of money and property	14,811	-	-	-	14,811
Sale of property and compensation for loss	1,624	-	-	-	1,624
Miscellaneous	112,270	-	-	-	112,270
State sources	5,403,525	-	-	-	5,403,525
Federal sources	409,387	-	-	-	409,387
Sales - school lunch	27,603	-	-	-	27,603
Total Revenues	9,034,184	-	-	-	9,034,184
EXPENDITURES\EXPENSES					
General support	988,792	-	(36,002)	-	952,790
Instruction	4,158,533	(19,035)	(22,018)	-	4,117,480
Pupil transportation	411,340	-	-	-	411,340
Employee benefits	2,004,886	(255,834)	-	-	1,749,052
Debt service-Principal	665,649	-	-	(665,649)	-
-Interest	93,973	(949)	-	-	93,024
Cost of sales	124,507	-	-	-	124,507
Capital outlay	316,095	-	(316,095)	-	-
Depreciation	-	-	505,376	-	505,376
Total Expenditures	8,763,775	(275,818)	131,261	(665,649)	7,953,569
Excess (Deficiency) of Revenues Over Expenditures	270,409	275,818	(131,261)	665,649	1,080,615
OTHER SOURCES AND USES					
Proceeds from debt	49,266	-	-	(49,266)	-
Operating transfers in	646,222	(646,222)	-	-	-
Operating transfers (out)	(646,222)	646,222	-	-	-
Total Other Sources (Uses)	49,266	-	-	(49,266)	-
Net Change for the Year	$ 319,675	$ 275,818	$ (131,261)	$ 616,383	$ 1,080,615

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30, 2018

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	$ 1,288,103	$ 91	$ 73	$ -	$ 484,621	$ 1,772,888
Restricted cash	1,222,025	-	-	-	-	1,222,025
Other receivables, net	11,519	-	936	-	-	12,455
State and federal aid receivable	113,266	80,929	-	-	-	194,195
Due from other governments	229,417	-	-	-	-	229,417
Due from other funds	231,668	-	-	8,901	-	240,569
Inventories	-	-	5,051	-	-	5,051
Total Assets	$ 3,095,998	$ 81,020	$ 6,060	$ 8,901	$ 484,621	$ 3,676,600
LIABILITIES						
Accounts payable	$ -	$ 5,620	$ -	$ -	$ -	$ 5,620
Accrued liabilities	5,714	-	-	-	-	5,714
Due to teachers' retirement system	261,220	-	-	-	-	261,220
Due to employees' retirement system	47,709	-	-	-	-	47,709
Due to other funds	5,378	72,851	1,674	-	160,666	240,569
Due to other governments	-	-	169	-	-	169
Unearned revenues	-	2,549	3,349	-	-	5,898
Total Liabilities	320,021	81,020	5,192	-	160,666	566,899
FUND BALANCES						
Non-spendable	-	-	5,051	-	-	5,051
Restricted	1,222,025	-	-	8,901	41,077	1,272,003
Assigned	1,174,610	-	-	-	282,878	1,457,488
Unassigned (Deficit)	379,342	-	(4,183)	-	-	375,159
Total Fund Balances	2,775,977	-	868	8,901	323,955	3,109,701
Total Liabilities and Fund Balances	$ 3,095,998	$ 81,020	$ 6,060	$ 8,901	$ 484,621	$ 3,676,600

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
For Year Ended June 30, 2018

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 1,926,120	$ -	$ -	$ -	$ -	$ 1,926,120
Other tax items	1,037,602	-	-	-	-	1,037,602
Charges for services	101,242	-	-	-	-	101,242
Use of money and property	14,792	-	-	19	-	14,811
Sale of property and compensation for loss	1,624	-	-	-	-	1,624
Miscellaneous	112,270	-	-	-	-	112,270
State sources	5,131,488	103,473	3,040	-	165,524	5,403,525
Federal sources	2,201	293,226	113,960	-	-	409,387
Sales	-	-	27,603	-	-	27,603
Total Revenues	8,327,339	396,699	144,603	19	165,524	9,034,184
EXPENDITURES						
General support	988,792	-	-	-	-	988,792
Instruction	3,762,943	395,590	-	-	-	4,158,533
Pupil transportation	407,578	3,762	-	-	-	411,340
Employee benefits	1,940,452	-	64,434	-	-	2,004,886
Debt service						
Principal	665,649	-	-	-	-	665,649
Interest	93,973	-	-	-	-	93,973
Cost of sales	-	-	124,507	-	-	124,507
Capital outlay	-	-	-	-	316,095	316,095
Total Expenditures	7,859,387	399,352	188,941	-	316,095	8,763,775
Excess (Deficiency) of Revenues Over Expenditures	467,952	(2,653)	(44,338)	19	(150,571)	270,409
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	-	-	-	-	49,266	49,266
Operating transfers in	-	1,222	45,000	-	600,000	646,222
Operating transfers (out)	(646,222)	-	-	-	-	(646,222)
Total Other Financing Sources (Uses)	(646,222)	1,222	45,000	-	649,266	49,266
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(178,270)	(1,431)	662	19	498,695	319,675
Fund Balance (Deficit) - Beginning of year	2,954,247	1,431	206	8,882	(174,740)	2,790,026
Fund Balance- End of year	$ 2,775,977	$ -	$ 868	$ 8,901	$ 323,955	$ 3,109,701

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018

	Private Purpose Trusts	Agency
ASSETS		
Cash	$ 936	$ 99,572
Investments	77,245	-
Total Assets	$ 78,181	$ 99,572
LIABILITIES		
Extraclassroom activity balances	$ -	$ 35,571
Other liabilities	-	64,001
Total Liabilities	-	$ 99,572
NET POSITION		
Reserved for scholarships	$ 78,181	

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For Year Ended June 30, 2018

	Private Purpose Trusts
ADDITIONS	
Contributions	$ 1,000
Interest	596
Investment earnings	9,638
Total Additions	11,234
DEDUCTIONS	
Scholarships and awards	2,900
Change in Net Position	8,334
Net Position - Beginning of year	69,847
Net Position - End of year	$ 78,181

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

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

The Sharon Springs Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

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

I. Summary of Significant Accounting Policies (Continued)

B. Joint Venture

The Sharon Springs Central School District is one of 23 component school districts in the Capital District Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

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

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

During the year ended June 30, 2018, the Sharon Springs Central School District was billed $861,852 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to $444,032. Financial statements for the BOCES Aid are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

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

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

1. Districtwide Statements (Continued)

State Aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

2. Fund Financial Statements

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

The District reports the following funds:

a. **Major Governmental Funds**

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

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

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

a. Major Governmental Funds (Continued)

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

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

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

b. Fiduciary Funds

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

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

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

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Cash and Investments

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

I. Summary of Significant Accounting Policies (Continued)

F. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 28. Taxes are collected during the period September 1 to October 31.

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

G. Restricted Resources

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

H. Interfund Transactions

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

I. Estimates

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

J. Receivables

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

K. Inventories and Prepaid Items

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

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

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

L. Other Assets/Restricted Assets

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

I. Summary of Significant Accounting Policies (Continued)

L. Other Assets/Restricted Assets (Continued)

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

M. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings and Improvements	$ 500	15-50
Furniture and Equipment	$ 500	5-15
Vehicles	$ 500	8

N. Compensated Absences

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

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

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

I. Summary of Significant Accounting Policies (Continued)

N. Compensated Absences (Continued)

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

O. Accrued Liabilities and Long-Term Obligations

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

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

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

P. Deferred Outflows of Resources

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

I. Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows of Resources

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 Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

R. Unearned Revenue

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

S. Other Benefits

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

T. Short-Term Debt

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

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

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

U. Equity Classifications

1. Districtwide Statements

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of $5,051.

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

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

2. Unemployment Insurance
   This reserve is 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. This reserve is accounted for in the General Fund.

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

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

   4. Property Loss
   This reserve is used to pay property loss claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. This reserve is accounted for in the General Fund.

   5. Employee Retirement Contributions
   This reserve is used for future employee's retirement obligations. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

   6. Insurance
   This reserve is used for the payment of liability, casualty, and other types of losses for which the following types of insurance may not be purchased: workers' compensation, unemployment, life annuities, accident and health, fidelity and surety, credit, title and residual value. This reserve is accounted for in the General Fund.

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

7. Repair

This reserve is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve. Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Restricted fund balance includes the following:

General Fund:		
Employee Benefit Accrued Liability	$	198,530
Insurance		252,668
Repair		49,081
Unemployment Insurance		70,317
Employee Retirement Contributions		501,582
Property Loss		149,847
Capital Fund		41,077
Debt Service Fund		8,901
Total restricted funds	$	1,272,003

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

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Assigned – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as **Assigned Fund Balance** in the General Fund. Encumbrances reported in the General Fund amounted to $24,139 and the assigned fund balance amounted to $1,150,471.

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 over spending for specific purposes for which amounts had been restricted or assigned.

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

Order of Use of Fund Balance:

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

V. 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 standard issued by GASB:

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

I. Summary of Significant Accounting Policies (Continued)

W. Future Changes in Accounting Standards

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

The school district will evaluate the impact that this pronouncement may have on its financial statements and will implement it as applicable and when material.

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

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

1. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

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

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

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

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

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

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

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

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

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

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

Original cost of capital assets	$19,077,974
Accumulated depreciation	6,641,637
Capital assets, net	$12,436,337

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

Bonds and notes payable	$ 2,897,565
OPEB obligations	$17,975,971
Compensated Absences	$ 198,530
Net Pension Liability-Proportionate Share	$ 124,356

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

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

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of $505,376 was more than capital expenditures of $374,115 in the current year.

Repayment of bond principal of $665,649 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities decreased by $949.

III. Changes in Accounting Principles

For the fiscal year ended June 30, 2018, the District implemented GASB Statement #75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See Note IX. for the financial statement impact of the implementation of the statement.

IV. Cash and Investments

A. Deposits

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

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

IV. Cash and Investments (Continued)

A. Deposits (Continued)

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

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

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

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

V. Interfund Transaction

Interfund balances at June 30, 2018 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 231,668	$ 5,378	$ -	$ 646,222
Special Aid Fund	-	72,851	1,222	-
School Lunch Fund	-	1,674	45,000	-
Capital Fund	-	160,666	600,000	-
Debt Service Fund	8,901	-	-	-
Total governmental activities	$ 240,569	$ 240,569	$ 646,222	$ 646,222

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

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

VI. Capital Assets

A summary of changes in general fixed assets follows:

	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Capital assets-not depreciated:				
Land	$ 74,094	$ -	$ -	74,094
Construction in progress	251,586	173,957	-	425,543
Total capital assets-not depreciated:	325,680	173,957	-	499,637
Other capital assets:				
Buildings and improvements	16,333,191	92,872	-	16,426,063
Machinery and equipment	978,919	22,018	-	1,000,937
Vehicles	1,066,069	85,268	-	1,151,337
Total other capital assets:	18,378,179	200,158	-	18,578,337
Less accumulated depreciation:				
Buildings and improvements	4,706,205	336,077	-	5,042,282
Machinery and equipment	696,178	79,719	-	775,897
Vehicles	733,878	89,580	-	823,458
Total accumulated depreciation	6,136,261	505,376	-	6,641,637
Other capital assets, net	12,241,918	(305,218)	-	11,936,700
Total	$ 12,567,598	$ (131,261)	$ -	$ 12,436,337

Depreciation expense for the period was shown as unallocated in the Statement of Activities.

VII. Pension Plans

1. General Information

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

2. Plan Descriptions and Benefits Provided

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

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

VII. Pension Plans (Continued)

Funding Policies:

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

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

	Contributions	
	ERS	TRS
2018	$147,818	$299,499
2017	$141,355	$332,562
2016	$163,945	$423,969

3. 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
Actuarial valuation date	31-Mar-18	30-Jun-17
Net pension liability/(asset)	$124,356	($120,218)
District's portion of the Plan's total net pension liability	.0038531%	.015816%
Change in proportion since the prior measurement date	(.0001117%)	(.000163%)

VII. Pension Plans (Continued)

For the year ended June 30, 2018, the District's recognized pension expense of $139,274 for ERS and $300,788 for TRS. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$44,354	$98,910	$36,652	$46,872
Changes of assumptions	82,458	1,223,242	0	0
Net difference between projected and actual earnings on pension plan investments	180,617	0	356,520	283,148
Changes in proportion and differences between the District's contributions and proportionate share of contributions	0	11,572	29,626	22,842
District's contributions subsequent to the measurement date	47,709	256,397	0	0
Total	$355,138	$1,590,121	$422,798	$352,862

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2018	$ -	$ 26,365
2019	$15,555	322,178
2020	$9,610	230,142
2021	($96,587)	56,039
2022	($43,947)	229,468
Thereafter	$0	116,670

VII. Pension Plans (Continued)

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2018
Actuarial valuation date	April 1, 2017	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	3.80%	1.90%-4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.5%

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

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

VII. Pension Plans (Continued)

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

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Asset Type	%	%
Domestic Equities	36%	35%
International Equities	14%	18%
Private Equity	10%	8%
Real Estate	10%	11%
Domestic fixed income securities	0%	16%
Global fixed income securities	0%	2%
Bonds and Mortgages	17%	8%
Short-term	0%	1%
Absolute return strategies	2%	0%
Opportunistic portfolio	3%	0%
Real Assets	3%	0%
Cash Equivalents	1%	0%
Inflation-Indexed bonds	4%	0%
High yield fixed income securities	0%	1%

5. Discount Rate

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

VII. Pension Plans (Continued)

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

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

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share Of the net pension (asset) liability	$940,909	$124,356	($566,416)

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share Of the net pension (asset) liability	$2,071,002	($120,218)	($1,955,256)

7. Pension Plan Fiduciary Net Position

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

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Employers' total pension liability	$ 183,400,590	$ 114,708,261,032
Plan Fiduciary Net Position	180,173,145	115,468,360,316
Employers' net pension liability/(asset)	3,227,445	(760,099,284)
Ratio of plan fiduciary net position to the Employers' total pension (asset)/liability	98.2400%	100.6600%

VII. Pension Plans (Continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 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 $47,709.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to $256,397.

VIII. Long-Term Debt Obligations

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

1. Long-Term Debt Interest

Interest paid	$93,973
Less interest accrued in the prior year	(6,720)
Plus interest accrued in the current year	5,771
Total expense	$93,024

2. Changes

	Restated Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018	Due Within One Year
Serial Bonds	$ 3,513,948	$ 49,266	$ 665,649	$ 2,897,565	$ 685,500
Compensated Absences	217,565	-	19,035	198,530	
OPEB Obligations	19,159,504	-	1,183,533	17,975,971	
Net Pension Liability-Proportionate Share	543,677	-	419,321	124,356	
Totals	$ 23,434,694	$ 49,266	$ 2,287,538	$ 21,196,422	

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

3. Maturity

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

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2018
Serial Bonds:				
Advanced Refunding	2011	2021	2-3.5%	$ 1,060,000
Buses	2016	2021	3.25%	61,122
Buses	2013	2018	3.25%	16,377
Buses	2015	2020	3.25%	44,784
Buses	2017	2022	3.25%	86,016
Buses	2018	2023	3.25%	49,266
Construction	2012	2026	2.25%	1,580,000
Total				$ 2,897,565

VIII. Long-Term Debt Obligations (Continued)

3. Maturity (Continued)

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

	Year	Principal	Interest	Total
Serial Bonds:	2019	$ 685,500	$ 77,741	$ 763,241
	2020	684,123	58,300	742,423
	2021	461,731	38,978	500,709
	2022	226,357	25,872	252,229
	2023	209,854	20,465	230,319
	2024 and thereafter	630,000	31,545	661,545
	Total	$ 2,897,565	$ 252,901	$ 3,150,466

Prior-Year Defeasance of Debt

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

IX. Postemployment (Health Insurance) Benefits

A. General Information about the OPEB Plan

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

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

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

Inactive members or beneficiaries currently receiving benefit payments	37
Inactive members entitled to but not yet receiving benefit payments	-
Active members	64
Total membership	101

B. Total OPEB Liability

The District's total OPEB liability of $17,975,971 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

IX. Postemployment (Health Insurance) Benefits (Continued)

B. Total OPEB Liability (Continued)

Inflation	2.2%
Salary Increases	3.20%, average, including inflation
Discount Rate	3.87%
Healthcare Cost Trend Rates	5.5% for 2018, decreasing .5% per year to an ultimate rate of 3.84% for 2078 and later years

The discount rate was based on the Bond Byer General Obligation 20-year Municipal Bond Index .
Mortality rates were based on the April 1, 2010-March 31, 2015 NYSLRS experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

C. Changes in the Total OPEB Liability

Balance at June 30, 2017	$ 19,159,504
Changes for the Year	
Service cost	547,426
Interest	685,910
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(991,948)
Benefit payments	(1,424,921)
Net Changes	$ (1,183,533)
Balance at June 30, 2018	$ 17,975,971

IX. Postemployment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% 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 1percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	(2.87%) 1% Decrease	Current Discount Rate (3.87%)	(4.87%) 1% Increase
Total OPEB Liability	$21,181,384	$17,975,971	$14,506,518

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 14,318,118	$ 17,975,971	$ 21,492,702

IX. Postemployment (Health Insurance) Benefits (Continued)

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

For the year ended June 30, 2018, the District recognized a negative OPEB expense of $288,654. 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
Contributions subsequent to the measurement date	$ 328,328	$ -
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	-	(856,297)
Total	$ 328,328	$ (856,297)

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

Fiscal Year Ending June 30,	Amount
2019	$ (135,651)
2020	(135,651)
2021	(135,651)
2022	(135,651)
2023 and Thereafter	(178,042)

IX. Postemployment (Health Insurance) Benefits (Continued)

E. For the fiscal year ended June 30, 2018, the District implemented GASB Statement #75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions-* Amendment to GASB Statement #45. The implementation of Statement #75 resulted in the reporting of Other Post-Employment Benefits (OPEB) liabilities, expenses, deferred outflow of resources and deferred inflows of resources related to OPEB. The District's net position has been restated as follows:

Net position beginning of year, as previously stated	$	6,799,055
GASB Statement No. 75 implementation		
Beginning System liability- Total OPEB Liability		(13,140,637)
Beginning deferred outflow of resources for contributions subsequent to the measurement date		366,910
Net position beginning of year, as restated	$	(5,974,672)

X. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Health Insurance

The Sharon Springs Central School District participates in the Benetech Health Insurance Consortium, which is a trust formed under New York State Insurance Law on June 30, 1988. The Consortium's purpose is to provide health insurance coverage at a lower rate for member educational institutions due to a larger participation pool.

X. Commitments and Contingencies (Continued)

A. Risk Financing and Related Insurance (Continued)

3. Grants

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

4. Operating Leases

The School District leases equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2018 were approximately $15,038. The future non-cancelable operating lease payments are as follows:

Year Ended	Lease Payments
2019	$ 15,038
2020	15,038
	$30,076

XI. Tax Abatements

The Counties of Montgomery, Otsego and Schoharie, enter into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced by approximately $1,450,000. The District received payments in Lieu of Tax (PILOT) payment totaling $630,953.

XII. Other Disclosures

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

Total governmental fund balance	$	3,109,701
Capital assets (net)		12,436,337
Net pension asset		120,218
Deferred outflows of resources		2,273,587
Bonds payable		(2,897,565)
Accrued interest payable		(5,771)
Net pension liability- proportionate share		(124,356)
Deferred inflows of resources		(1,631,957)
Compensated absences		(198,530)
OPEB obligations		(17,975,971)
Unearned revenue		250
Total net position	$	(4,894,057)

XII. Other Disclosures (Continued)

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

Net changes in fund balance – total governmental funds	$319,675
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	374,115
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(505,376)
Repayments of Long-term Debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position	665,649
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2017/18 results in less expense.	949
Proceeds from debt are recognized as revenue in the Governmental Funds, but not in the Statement of Activities	(49,266)
(Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers' Retirement System	(52,971)
Employee's Retirement System	20,151
Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
OPEB obligations	288,654
Compensated absences	19,035
Change in Net Position – Governmental Activities	$1,080,615

XIII. Stewardship, Compliance and Accountability

A. Budgetary Procedures and Budgetary Accounting

1. Budgets

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

Appropriations are adopted at the program line item level.

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

The General Fund budget was increased to reflect the appropriation of fund balance in the amount of $500,000 for the Capital Project, and the emergency appropriation of fund balance to replace equipment in the amount of $36,062.

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

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

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

XIII. Stewardship, Compliance and Accountability (Continued)

2. Encumbrances

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

XIV. Subsequent Events

There were no significant subsequent events to report from the period of July 1, 2018 to September 20, 2018.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND
For Year Ended June 30, 2018

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	$ 1,926,606	$ 1,926,606	$ 1,926,120	$ (486)
Other tax items	1,026,900	1,026,900	1,037,602	10,702
Charges for services	1,400	1,400	101,242	99,842
Use of money and property	2,853	2,853	14,792	11,939
Sale of property and compensation for loss	-	-	1,624	1,624
Miscellaneous	110,000	110,000	112,270	2,270
Total Local Sources	3,067,759	3,067,759	3,193,650	125,891
State Sources	5,116,968	5,116,968	5,131,488	14,520
Federal Sources	-	-	2,201	2,201
Total Revenues	8,184,727	8,184,727	8,327,339	$ 142,612
Appropriated Fund Balance	1,121,726	1,657,788		
Appropriated Reserves	-	28,745		
Total Revenues and Other Financing Sources, Appropriated Fund Balance and Reserves	$ 9,306,453	$ 9,871,260		

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET- GENERAL FUND
For Year Ended June 30, 2018

	Original Budget	Revised Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of education	$ 15,108	$ 15,108	$ 11,513	$ -	$ 3,595
Central administration	160,113	163,522	159,138	-	4,384
Finance	258,434	264,307	233,145	-	31,162
Staff	24,668	23,581	7,700	-	15,881
Central services	733,114	766,978	498,293	271	268,414
Special items	100,700	99,248	79,003	-	20,245
Total General Support	1,292,137	1,332,744	988,792	271	343,681
Instructional					
Instruction, administration and improvement	46,105	46,125	33,194	-	12,931
Teaching - regular school	2,633,376	2,622,645	2,404,114	14,843	203,688
Programs for children with handicapping conditions	559,407	518,966	459,805	-	59,161
Occupational education	155,000	154,940	106,487	-	48,453
Teaching - special school	4,031	4,031	716	-	3,315
Instructional media	509,672	577,030	472,683	9,025	95,322
Pupil services	370,821	378,875	285,944	-	92,931
Total Instructional	4,278,412	4,302,612	3,762,943	23,868	515,801
Pupil transportation	571,633	571,633	407,578	-	164,055
Community services	1,025	1,025	-	-	1,025
Employee benefits	2,281,446	2,252,723	1,940,452	-	312,271
Debt service					
Principal	667,500	667,500	665,649	-	1,851
Interest	96,800	96,800	93,973	-	2,827
Total Expenditures	9,188,953	9,225,037	7,859,387	24,139	1,341,511
OTHER FINANCING USES					
Operating transfers out	117,500	646,223	646,222	-	1
Total Expenditures and Other Financing Uses	$ 9,306,453	$ 9,871,260	8,505,609	$ 24,139	$ 1,341,512
Net changes in fund balance			(178,270)		
Fund balance- Beginning			2,954,247		
Fund balance- Ending			$ 2,775,977		

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
For Year Ended June 30, 2018

	2018
Total OPEB Liability	
Service Cost at end of year	$ 547,426
Interest	685,910
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions or other inputs	(991,948)
Benefit payments	(1,424,921)
Net change in Total OPEB Liability	(1,183,533)
Total OPEB Liability- beginning	19,159,504
Total OPEB Liability- ending	$ 17,975,971
Covered-employee payroll	3,202,936
Total OPEB Liability as a percentage of covered-employee payroll	561.23%

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
June 30, 2018

Teachers' Retirement System

	2018	2017	2016
District 's proportion of the net pension asset	.015816%	.015979%	.015733%
District's proportionate share of the net pension (asset)/liability	$ (120,218)	$ 171,139	$ (1,634,149)
District's covered-employee payroll	$ 2,705,058	$ 2,579,693	$ 2,548,393
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	4.44%	6.60%	64.10%
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%

Employees' Retirement System

	2018	2017	2016
District 's proportion of the net pension liability	.0038531%	.0039648%	.0040852%
District's proportionate share of the net pension liability	$ 124,356	$ 372,538	$ 655,680
District's covered-employee payroll	$ 1,029,078	$ 1,000,031	$ 944,651
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.08%	37.25%	69.40%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
June 30, 2018

	Teachers' Retirement System		
	2018	2017	2016
Contractually required contribution	$ 256,397	$ 308,332	$ 332,562
Contributions in relation to the contractually required contribution	256,397	308,332	332,562
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 2,705,058	$ 2,579,693	$ 2,548,393
Contributions as a percentage of covered employee payroll	9.50%	11.96%	13.50%

	Employees' Retirement System		
	2018	2017	2016
Contractually required contribution	$ 147,818	$ 141,355	$ 163,945
Contributions in relation to the contractually required contribution	147,818	141,355	163,945
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 1,029,078	$ 1,000,031	$ 944,651
Contributions as a percentage of covered employee payroll	14.4%	14.1%	17.4%

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND
REAL PROPERTY TAX LIMIT
For Year Ended June 30, 2018

CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET

Original Budget			$	9,306,453
Additions:				
Prior year's encumbrances	$	28,745		
Appropriated fund balance-capital project		500,000		
Appropriated fund balance-emergency replacement		36,062		564,807
Final Budget			$	9,871,260

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-19 Voter-approved Expenditure Budget			$	9,483,555
Maximum allowed (4% of 2018-2019 Budget)			$	379,342
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:				
Unrestricted fund balance:				
Committed fund balance	$	-		
Assigned fund balance		1,174,610		
Unassigned fund balance		379,342		
Total unrestricted fund balance	$	1,553,952		
Less:				
Appropriated fund balance		1,150,471		
Encumbrances included in committed and assigned fund balance		24,139		
Total adjustments	$	1,174,610		
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law			$	379,342
Actual percentage				4.0%

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

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
For Year Ended June 30, 2018

			Expenditures				Methods of Financing				
PROJECT TITLE	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Sources	Local Sources	Total	Fund Balance June 30, 2018
Buses-17/18	$ 49,266	$ 49,266	$ -	$ 49,266	$ 49,266	$ -	$ 49,266	$ -	$ -	$ 49,266	$ -
Elementary Project	100,000	100,000	-	92,872	92,872	7,128	-	-	100,000	100,000	7,128
Smart Schools Act	448,000	448,000	251,586	69,250	320,836	127,164	-	240,949	-	240,949	(79,887)
Districtwide	4,345,000	4,345,000	-	104,707	104,707	4,240,293	-	-	500,000	500,000	395,293
	$ 4,942,266	$4,942,266	$ 251,586	$ 316,095	$ 567,681	$ 4,374,585	$ 49,266	$ 240,949	$ 600,000	$ 890,215	$ 322,534

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2018

Capital assets, net		$ 12,436,337
Deduct:		
Short-term portion of bonds payable	$ 685,500	
Long-term portion of bonds payable	2,212,065	2,897,565
Net investment in capital assets		$ 9,538,772

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

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

To the Board of Education of the
Sharon Springs Central School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Sharon Springs Central 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 September 20, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Raymond G. Preusser, CPA, PC

Claverack, New York
September 20, 2018

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To the Board of Education of the
Sharon Springs Central School District:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Sharon Springs Central School District as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Sharon Springs Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sharon Springs Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sharon Springs Central School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 20, 2018 on the financial statements of the Sharon Springs Central School District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Other Matters:

Budgeting

We noted that the General Fund Budget was only 87% utilized. This follows an 86% usage in the prior year.

We recommend more scrutiny when preparing future budgets so that a higher percentage of the budget is utilized and/or unnecessary expenditures are not budgeted.

This communication is intended solely for the information and use of the Board of Education, management, the audit committee, the New York State Education Department and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the Business Office personnel for their courtesies received during the course of our audit.

Very truly yours,
RAYMOND G. PREUSSER, CPA, P.C.
Scott R. Preusser
Scott R. Preusser

APPENDIX C

Form of Legal Opinion

June 27, 2019

Board of Education of the
Sharon Springs Central School District in
Schoharie County, New York

Re: Sharon Springs Central School District
$3,540,000 Bond Anticipation Notes, 2019

Dear Board Members:

We have acted as bond counsel to the Sharon Springs Central School District, a school district of the State of New York, situate in the County of Schoharie (the "Issuer") in connection with the issuance of $3,540,000 School District Bond Anticipation Notes, 2019, dated June 27, 2019 (the "Notes"). In such capacity, we have examined such law and such proceedings and other documents as we have deemed necessary to render this opinion.

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

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

1. The Notes are valid and binding general obligations of the Issuer.

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

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

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

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

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

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

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

Very truly yours,

APPENDIX D

Material Event Notices

Material Event Notices

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

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

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

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

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

(h) note calls, if material and tender offers

(i) Defeasances

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

(k) rating changes

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

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

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

(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