PRELIMINARY OFFICIAL STATEMENT DATED JUNE 30, 2020

NEW ISSUE/RENWALS **BOND ANTICIPATION NOTES**

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under the existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended. Bond Counsel is also of the opinion that the interest on the Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX EXEMPTION" herein.

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

FRONTIER CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK
(the "District" or the "School District")

$22,567,851

BOND ANTICIPATION NOTES, 2020
(the "Notes")

Dated: July 22, 2020 **Due: July 22, 2021**

Security and Source of Payment: 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. Unless paid from other sources, all the taxable real property within the District is subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York). See "Tax Levy Limitation Law" herein.

Prior Redemption: The Notes will NOT be subject to redemption, in whole or in part, prior to maturity.

Form and Denomination: The Notes will be issued as registered notes and, at the option of the initial purchaser(s), may be registered to the payable to the Depository Trust Company ("DTC" or the "securities depository"), or may be registered in the name of the initial purchaser(s).

To the extent that the Notes are 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. In such event, individual purchases will be made in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof, except for one note of an odd denomination, as may be determined by such successful bidder(s). Initial purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payment of the 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. See "Book-Entry-Only System" herein.

To the extent that the Notes are registered in the name of the initial purchaser (s), 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(s). In such case, the Notes will be issued in registered form in denomination of $5,000, or integral multiples thereof, except for one note of an odd denomination as may be determined by such successful bidder(s).

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the legal opinion as to the validity of the Notes of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, and certain other conditions. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey (through the facilities of DTC) or at such other place as may be agreed with the purchaser(s) on or about July 22, 2020.

Facsimile or telephone bids will be received WEDNESDAY, JULY 8, 2020 until 11:00 a.m. Prevailing Time, pursuant to the terms of the Notice of Sale.

FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. UNLESS THE NOTES ARE PURCHASED FOR THE SUCCESSFUL BIDDER'S OWN ACCOUNT AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE DISTRICT WILL ENTER INTO AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN DESIGNATED EVENTS, AS REQUIRED BY THE RULE (SEE "DISCLOSURE UNDERTAKING," HEREIN).

FRONTIER CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK

School District Officials

2019-20 BOARD OF EDUCATION

Patrick T. Boyle - President
Davis Podkulski - Vice President
Dr. Mary Ann Costello – VP Pro Tempore

Larry J. Albert
John Kilcoyne Jr.
Martin Lalka
David Patton

Dr. Richard J. Hughes – Superintendent of Schools
William Thiel –Director of Finance
Mary Kaye Clouden – District Treasurer
Linda Leising – District Clerk

School District Attorney

Hodgson Russ LLP

BOND COUNSEL

Hodgson Russ LLP

MUNICIPAL ADVISOR

R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:

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OFFICIAL STATEMENT

FRONTIER CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK
(the "District")

$22,567,851
Bond Anticipation Notes, 2020
(the "Notes")

This Official Statement, which includes the cover page, has been prepared by the Frontier Central School District, Erie County, New York (the "District" or "School District", "County" and "State," respectively) in connection with the sale by the District of its $22,567,851 Bond Anticipation Notes, 2020 (the "Notes).

The factors affecting the District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the District's 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.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented worldwide event, the effects of which are extremely difficult to predict and quantify. See COVID-19 herein.

DESCRIPTION OF THE NOTES

The Notes are dated July 22, 2020 and mature, without option of prior redemption, on July 22, 2021. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes are general obligations of the District, and will contain a pledge of its faith and credit of the District for payment of the principal of and interest on the Notes, as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). Unless paid for from other sources, all the taxable real property within the District is subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, sufficient to pay such principal and interest as the same become due, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. See "TAX LEVY LIMITATION LAW," herein.

The Notes will be issued in registered form. At the option of the purchaser(s), the Notes may be registered in the name of the purchaser(s), with principal of and interest on the Notes being 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(s). In such case, the Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof, except for one note of an odd denomination, as may be determined by such successful bidder(s). Alternatively, the Notes may be registered in the name of Cede & Co., as nominee of DTC, with DTC acting as securities depository for the Notes. See “Book-Entry-Only System,” herein. Under the DTC scenario, one fully registered note certificate will be issued for all Notes bearing the same rate of interest and CUSIP number, each in the aggregate principal amount of such issue, and purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (federal funds) by the District directly to DTC for its nominee, Cede &Co.

The financial condition of the District as well as the market for the Notes could be affected a variety of factors, some of which are beyond the control of the District. See “MARKET AND RISK FACTORS,” herein.

Purposes and Authorizations

The Notes are issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to certain bond resolutions that were duly adopted by the Board of Education (the “Board”) of the District, following positive votes at annual or special meetings of the qualified voters of the District that were held on May 16, 2017, May 15, 2018, September 27, 2018, May 21, 2019 and June 16, 2020, on (a) June 20, 2017 authorizing up to $912,678 of serial bonds for the acquisition of various school buses for use in the transportation program of the District ($263,500 of this issue); (b) August 22, 2017, authorizing the issuance of up to $21,000,000 of serial bonds for the reconstruction, rehabilitation and renovation, in part, and the construction of improvements and upgrades to various District buildings and facilities and the sites thereof ($18,795,000 of this issue); (c) June 5, 2018, authorizing up to $843,111 of serial bonds for the acquisition of various school buses for use in the transportation program of the District ($505,866 of this issue), (d) November 6, 2018 authorizing up to $1,804,000 of serial bonds for the replacement of doors at the High School and (primarily) the development of a multi-use synthetic turf athletic field ($1,400,000 of this issue); (e) June 4, 2019, authorizing up to $886,324 of serial bonds for the acquisition of various school buses for use in the transportation program of the District ($715,000 of this issue); and (f) June 23, 2020, authorizing up to $888,485 of serial bonds for the acquisition of various buses for use in the transportation program of the District ($888,485 of this issue).

A portion of the proceeds of the Notes ($13,604,366), along with $2,121,697 of available funds of the District will be used to redeem and renew, in part, an outstanding bond anticipation note of the District that was issued on July 23, 2019.

Proceeds of the Notes in the amount of $6,675,000 will provide additional financing for the capital improvements project pursuant to the August 22, 2017 bond resolution.

Proceeds of the Notes in the amount of $1,400,000 will provide original financing for the development of a multi-use synthetic turf athletic field pursuant to the November 6, 2018 bond resolution.

Proceeds of the Notes in the amount of $888,485 will provide original financing for the acquisition of buses pursuant to the June 23, 2020 bond resolution.

Book-Entry-Only System

The following is relevant only if the Notes are issued in book-entry form. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered 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

At the option of the purchaser(s), the Notes may be registered in the name of the purchaser(s). In such event, principal of and interest on the Notes will be 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(s). In such case, the Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof, except for one note of an odd denomination, as may be determined by such bidder(s).

Security and Source of Payment

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

The Notes are general obligation of the District will contain a pledge of the faith and credit of the District for the payment of the principal of and interest thereon. For the payment of such principal and interest, the District has the power and statutory authorization to levy *ad valorem* taxes on all of the taxable real property in the District, subject to certain statutory limitation imposed by Chapter 97 of the 2011 Laws of New York. See "TAX LEVY LIMITATION LAW," herein.

Under the State Constitution, the District is required to pledge its faith and credit for the payment of principal of and interest on the Notes and the State is specifically precluded from restricting the power of the District to levy taxes on real property therefor. See the discussion under "TAX LEVY LIMITATION LAW," herein.

Remedies of Noteholders on Default

Section 99-b of the State Finance Law ("SFL") provides for a covenant between the State 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 of SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

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

Under current law, provision is made for contract creditors (including holders of the Notes) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a genera 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 judicia mandates have been issued to officials to appropriate and pay judgements out of current funds or the proceeds of a tax levy.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require exercise by the State of its emergency police power to assure the continuation of essential public service

Special Provisions Affecting Remedies Upon Default

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgement or accrued claim against it shall not exceed nine per centrum per annum 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.

In accordance with a general rule with respect to municipalities, judgements against the District may not be enforced to levy and execution against property owned by the District.

The federal Bankruptcy Code allows public bodies, such as the District, 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.

Under the Bankruptcy Code, a petition may be filed in federal bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Bankruptcy Code also requires the municipality to file a plan for the adjustment of its debts, which may modify or alter the rights of creditors and would authorize the federal bankruptcy court to permit the municipality to issue certificates of indebtedness, which could have priority over existing creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite majority of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. The District has legal capacity to file a petition under the Bankruptcy Code.

It might be asserted that under the Bankruptcy Code interest and principal debt service payments made by the District within 90 days of the District filing a bankruptcy petition were voidable preferences. In the event these assertions were made and sustained by the bankruptcy court, the recipients of those preferential payments could be required to refund them, and their claims would then be treated as if the preferential payments had not been made.

At the Extraordinary Session of the State Legislature held in November 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of the City of New York. The effect of such act was to create a three-year moratorium on action to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State’s highest court, declared such act to be invalid on the ground that it violated the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

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

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

THE DISTRICT

General Information

The District comprises an area of approximately 39 square miles and is located in the southern portion of Erie County along the shore of Lake Erie in the Town of Hamburg. The District includes a major portion of the Town of Hamburg and a small portion of the Town of Eden. Portions of the District closest to Buffalo are suburban residential in character while outlying areas are more rural. Most residents of the District are employed in business, industry, and professions in Buffalo or the Niagara Frontier.

Transportation is provided through the District on State Routes 5 and 20. Bus service is provided by the Niagara Frontier Transportation Authority (Metro) on a regular, commuter basis. Major airlines operate from the Buffalo-Niagara International Airport, a 30-minute drive from the District. Conrail provides rail facilities within the District, which operates several mainlines and spurs with industrial sidings. Passenger rail service is provided by Amtrak in the Village of Depew, north of the District.

Police protection is provided by the Town of Hamburg Police Department, the Erie County Sheriff's Department and the State Police. Electricity is supplied throughout the District by the New York State Electric and Gas Corporation and National Grid. Water services are provided by the Erie County Water Authority. Sanitary sewage collection and treatment facilities are provided throughout the unincorporated portions of the District by the Towns' special assessment sewer districts. The Village of Hamburg (within the Town of Hamburg) provides sanitary sewer services to residents. The following banks have one or more offices within the District: Citizen's Bank, Bank of America, Key Bank, Evans Bank, M&T Bank and Northwest Savings Bank.

Source: District Officials.

District Population

The 2018 population of the School District is estimated to be 35,890. (Source: 2018 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2014-2018	2000	2006-2010	2014-2018
Towns Of:						
Hamburg	$21,943	$29,730	$35,272	$56,974	$75,857	$86,110
Eden	23,060	28,379	35,082	60,640	73,675	86,927
County Of:						
Erie	20,357	26,378	32,795	49,490	63,404	75,761
State Of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

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

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

District Facilities

Name	Year Built	Current Maximum Capacity	Date of Last Addition or Alteration
Senior High School	1955	2,349	2013
Middle School	1963	1,971	2009
Big Tree Elementary School	1992	918	2009
Pinehurst Elementary School	1955	810	2009
Cloverbank Elementary School	1959	891	2009
Blasdell Elementary School	1959	891	2009
Frontier Community Learning Center	2002	270	2002

Source: District Official

District Employees

The School District employs 1,000 full-time and 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
414	Frontier Central Teachers Association	6/30/2021
367	Frontier Central Employees Association	6/30/2022
15	Frontier Central Administrators Association	6/30/2022
11	Frontier Central Registered Nurses Association	6/30/2023

The District has 807 employees represented by various bargaining units and approximately 200 substitutes working on hourly and/or per diem basis

Source: District Officials

Historical and Projected Enrollment

Fiscal Year	Actual	Fiscal Year	Projected
2015-16	4,846	2020-21	4,637
2016-17	4,844	2021-22	4,619
2017-18	4,790	2022-23	4,617
2018-19	4,679	2023-24	4,645
2019-20	4,605	2024-25	4,639

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 are members of the New York and Local Employees' Retirement System ("ERS"). 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. 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 District is required to contribute at an actuarially determined rate. The actual contribution for the last five years and the budgeted figures for the 2019-20 and 2020-21 fiscal years are as follows:

Fiscal Year	ERS	TRS
2014-2015	$ 1,784,255	$ 5,303,076
2015-2016	1,583,909	4,109,847
2016-2017	1,453,176	3,664,357
2017-2018	1,574,385	3,328,096
2018-2019	1,634,184	2,824,230
2019-2020 (Budgeted)	1,583,822	3,390,596
2020-2021 (Budgeted)	1,629,614	3,448,217

Source: District records

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

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

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

Fiscal Year	ERS	TRS
2015-2016	18.2%	13.26%
2016-2017	15.5	11.72
2017-2018	15.3	9.80
2018-2019	14.9	10.62
2019-2020	14.6	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 District is not amortizing any pension payments, nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option - The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 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 allows 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. The District has established a TRS Reserve Fund as of June 2019. It is expected funding will occur with a beginning contribution prior to June 30, 2020.

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.

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. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75 - 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, 2019, the School District's beginning year total OPEB liability was $5,473,721 the net change for the year was $2,822,333 resulting in a total OPEB liability of $8,296,054 for a fiscal year ending June 30, 2019. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2019 financial statements.

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

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

The School District's total OPEB liability is expected to increase. As is the case with most municipalities, this is being handled by the School District on a "pay-as-you-go" basis. 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
Ford Motor Company	Manufacturing	1,120
Frontier Central School District	Education	1,000
FedEx Corp.	Shipping	600
Wegmans Markets, Inc.	Retail Food	550
West Herr Ford	Store Auto Sales	500
Walmart, Inc.	Retail Store	450

Source: District Officials

Unemployment Rate Statistics

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

Year	County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2015	5.3%	5.3%	5.3%
2016	4.9%	4.9%	4.9%
2017	5.1%	4.7%	4.1%
2018	4.4%	4.1%	3.9%
2019	4.3%	4.0%	3.7%

2019-20 Monthly Figures

	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Erie County	4.0%	4.5%	4.4%	3.9%	4.0%	4.1%	4.6%	4.9%	4.7%	4.8%	18.7%	13.9%
New York State	3.8%	4.2%	4.1%	3.6%	3.7%	3.6%	3.7%	4.1%	3.9%	4.2%	15.1%	14.2%

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

Note: Unemployment has drastically increased since mid-March due to the COVID-19 global pandemic. See "COVID-19" herein**.**

Investment Policy

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

The primary objectives of the District's investment policy are, in priority order, as follows:

- To conform to all applicable federal, State and other legal requirements.
- To adequately safeguard principal.
- To provide sufficient liquidity to meet all operating requirements.
- To obtain a reasonable rate of return on invested funds.

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit moneys which are not required for immediate expenditure in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

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

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML. The District is not presently investing in repurchase agreements.

Collateral is required for demand deposit, money market accounts 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.

Form of School Government

The District is an independent entity governed by an elected Board previously defined comprised of seven members. District operations are subject to the provisions of the State Education Law affecting school districts; other statutes applicable to the District include the General Municipal Law, the Local Finance Law and the Real Property Tax Law.

Members of the Board are elected on a staggered term basis by qualified voters within the District boundaries at the annual election of the District (held in May). The term of office for each board member is five years and the number of terms that may be served is unrestricted.

During the first seven days of July each year, the Board meets for the purpose of reorganization. At that time an election is held within the Board to elect a President (who serves as the chief fiscal officer of the District) and Vice President, and to appoint a District Clerk and District Treasurer.

The Board is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

The Board appoints the Superintendent of Schools, who serves under a written contract which, by statute, must be of no less than three and no more than five years in duration. Such Superintendent is the chief executive officer of the District. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities, under the direction of the Board. Certain other administrative and financial duties are performed by the Assistant Superintendent for Business, who is appointed by the Board.

Budgetary Procedures

Pursuant to the Education Law, the Board 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 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 ("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 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 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 2019-20 fiscal year was adopted by the qualified voters on May 21, 2019 by a vote of 1,237 to 311.

The budget for the 2020-21 fiscal year was adopted by the qualified voters by a vote of 4,715 to 2,372. All ballots were counted as of June 16, 2020 as required by the Executive Order issued by Governor Andrew Cuomo due to the COVID-19 Pandemic.

State Aid

The School District receives financial assistance from the State. In its adopted budget for the 2019-20 fiscal year, approximately 41.70% of the revenues of the School District are estimated to be received in the form of State aid. If the State should experience difficulty borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, should the State budget not be adopted in a timely manner, municipalities and school districts in the State, including the School District, may be affected by a delay in the payment of State aid. The State is not constitutionally obligated to maintain or continue State aid to the School District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The Tax Cuts and Jobs Act also made extensive changes to the deductibility of various taxes, including placing a cap of $10,000 on a taxpayer's deduction of state and local taxes (the "SALT Deduction Limitation"). While it cannot yet be predicted what precise effects the SALT Deduction Limitation will have for the State, it is possible that government officials at both the State and local level may find it politically more difficult to raise new revenues via tax increases, since the deduction thereof, for taxpayers who itemize deductions, is now limited.

Potential Reductions in Federal Aid Received by the State - The State receives a substantial amount of federal aid for education. 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 proposals for federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), federal regulatory reform, and other issues that may arise, including the diversion of federal resources to address the current COVID -19 outbreak.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition 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.

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 may not be 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 2016-2017 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 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 Budget included a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6 percent and additional funding for Foundation Aid of $338.0 million and $409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increased the Community Schools set-aside funding amount by $49.99 million to a total of $250 million. This increased funding was targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-20 Budget increased the minimum community schools funding amount from $75,000 to $100,000. This was done to ensure that all high-need districts across the State can apply the funds to a wide-range of activities.

The State’s 2020-21 Budget freezes the Foundation aid payable to school districts at the 2019-20 levels, resulting in a flat amount of $27.9 billion of educational aid. Expense-based aids to support school construction, pupil transportation, BOCES and special education have been continued in full, as has been customary in recent years. In addition, the enacted budget allows for a reduction in aid as a “Pandemic Adjustment” equal to the amount of Federal stimulus sent to school districts to help offset increased expenditures due to the COVID-19 pandemic.

The City of New York has been the epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses. At the time that the State budget was being finalized in early April, the budget Director estimated that, due to COVID-19, the State would suffer an anticipated budget gap of $10-15 billion in the coming year.

To mitigate such a potential gap, the State's adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local school districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 – April 30, May 1 – June 30, and July 1 – December 31), tax receipts are lower than anticipated or disbursements from the State's general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director's plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances.

On April 25, 2020 the State Division of the Budget announced the release of the State's Fiscal Year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), which projects a $13.3 billion (14%) shortfall in revenue from the Executive budget Forecast that was released in January and estimates a $61 billion decline in State revenues through Fiscal Year 2024 as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions outlined in the Financial Plan will reduce spending by $10.1 billion from the Executive Budget. This represents a $7.3 billion reduction in State spending from FY 2020 levels. As of the date of the Official Statement, the State Division of the Budget has not released specifics about cuts to education aid overall or how these cuts will be allocated State-wide among the State's school districts. State officials are lobbying Congress for substantial direct financial relief to states and localities, and the $3 trillion "HEROES" Act that has been adopted by the House or Representatives on May 15, 2020 would provide substantial relief to the State and to the District. The HEORES Act has not been taken up by the Senate as of yet and the President has threatened to veto the bill unless it is substantially re-negotiated. At this point the extent of COVID-19-related direct Federal financial relief, if any, to states, localities and school districts cannot be predicted. Reductions in the payment of State aid could adversely affect the financial condition of the school districts in the State, including the District.

See "COVID-19," herein, for further details on the COVID-19 pandemic and its effects on the State.

State Aid Litigation -In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity (CFE) 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 The following table illustrates the percentage of total revenue of the District for each of the below fiscal years comprised of State aid.

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 CFE 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. (CFE) v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights ("NYSER") v. State of New York* 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 CFE 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 plaintiff's 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.

The following table illustrates the percentage of total revenue of the District for each of the below fiscal years comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2014-2015	$ 72,727,360	$ 28,305,563	38.92%
2015-2016	76,528,788	31,642,980	41.35%
2016-2017	78,282,115	31,907,712	40.76%
2017-2018	79,961,198	32,931,659	41.18%
2018-2019	82,568,218	33,942,561	41.11%
2019-2020 (Budgeted)	84,345,506	35,174,540	41.70%
2020-2021 (Budgeted)	87,038,103	36,460,916	41.89%

Source: Audited financial statements for the 2014-2015 fiscal year through the 2018-2019 fiscal year and the adopted budgets of the District for the 2019-2020 and 2020-21 fiscal years. This table is not audited.

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

Fiscal Year Ending In	Stress Designation	Fiscal Score
2019	No Designation	6.7
2018	No Designation	6.7
2017	No Designation	3.3
2016	No Designation	6.7

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on August 17, 2018. The purpose of the audit was to determine whether the District procured professional services in accordance with their Board policies and the applicable statutory requirements, and whether payments for such services were proper for the District's purposes between July 1, 2016 through March 6, 2018.

Key Findings

- The Board did not establish adequate policies, or ensure the District officials developed adequate written procedures, for procuring professional services.
- The District selected and paid nine professional service providers $466,960 but could not provide documented evidence for how or why those vendors were selected.

Key Recommendations

- Review and update the purchasing policy and procedures to ensure they include detailed guidance for procuring professional services.

A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

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

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

Other Information

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

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, 2019 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:

	2016	2017	2018	2019	2020
Assessed Valuations:					
Hamburg	$ 1,398,972,278	$ 1,407,090,810	$ 1,408,179,641	$ 1,406,790,042	$ 1,416,828,026
Eden	1,005,209	1,077,034	1,194,284	1,173,198	$ 1,172,217
Total	$ 1,399,977,487	$ 1,408,167,844	$ 1,409,373,925	$ 1,407,963,240	$ 1,418,000,243
Equalization Rates:					
Hamburg	54.50%	53.00%	52.00%	50.00%	47.00%
Eden	64.00%	64.00%	63.00%	59.00%	57.00%
Full Valuations:					
Hamburg	$ 2,566,921,611	$ 2,654,888,321	$ 2,708,037,771	$ 2,813,580,084	$ 3,014,527,715
Eden	1,570,639	1,682,866	1,895,689	1,988,471	2,056,521
Total	$ 2,568,492,250	$ 2,656,571,186	$ 2,709,933,460	$ 2,815,568,555	$ 3,016,584,236

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:

	2016	2017	2018	2019	2020
Hamburg	$ 26.43	$ 26.85	$ 27.48	$ 28.23	$ 28.92
Eden	22.51	22.24	22.70	23.91	23.85

Tax Collection Procedure

District taxes are payable and due by October 15. There is a 7.5% penalty if paid after October 15 until October 31 and a 9.0% penalty for the entire month of November.

On November 30, a list of all unpaid taxes is given to the County Treasurer for re-levy on County/School District tax rolls with additional penalties.

The District is reimbursed by the County for all unpaid taxes so that it is assured of 100% collection of its tax levy each year.

Tax Collection Record

Fiscal Year Ended June 30:

	2016	2017	2018	2019	2020
Total Tax Levy	$37,021,114	$37,846,431	$38,722,282	$39,765,353	$41,030,166
Less STAR Reimbursement	6,012,490	5,681,324	5,527,269	5,421,234	5,088,719
Total Taxes to be Collected	31,008,624	32,165,107	33,195,013	34,344,119	35,941,447
Taxes Collected Prior to Return to County	30,330,054	31,445,675	32,511,299	33,440,034	35,058,353
Uncollected Returned to County [1]	$678,570	$719,432	$683,714	$904,085	$883,094
% Collected Prior to Return	97.81%	97.76%	97.94%	97.37%	97.54%

Note: [1] The County reimburses the District for any unpaid taxes, thus assuring the District of 100% collection each year. See "Tax Collection Procedure" above.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Taxes	Percentage of Total Revenues Consisting of Real Property Taxes
2014-2015	$ 72,727,360	$ 36,229,965	49.82%
2015-2016	76,528,788	36,996,183	48.34
2016-2017	78,282,115	37,846,431	48.35
2017-2018	79,961,198	38,727,313	48.43
2018-2019	82,568,218	39,763,863	48.16
2019-2020 (Budgeted)	84,345,506	40,998,287	48.61
2020-2021 (Budgeted)	87,038,103	42,374,013	48.68

Source: Audited financial statements for the 2014-15 fiscal year through 2018-19 fiscal year and the adopted budgets of the District for the 2019-2020 and 2020-21 fiscal years. This table is not audited

Major Taxpayers 2019

For 2019-20 Tax Roll

Name	Type	Assessed Value
Burke & Companies	Apartments/Mixed	21,748,500
G&I IX Empire	Retail	21,187,000
Benderson & Companies	Retail	21,042,850
McKinley Mall, LLC	Retail	14,076,630
Niagara Mohawk	Utility	12,741,745
National Fuel	Utility	12,549,195
Ford Stamping Plant	Manufacturing	12,060,500
MREIC Buffalo NY, LLC	Retail/Warehouse	11,600,000
Mission Hills	Apartments	10,055,900
Wal-Mart	Retail	9,000,000
Total		$146,062,320

1. The above taxpayers represent 10.30 % of the School District's 2019-20 Assessed value of $1,418,000,243

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, 2019 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 ("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 homeowners 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 (the "Tax Levy Limitation Law") was signed into law by the Governor. The Tax Levy Limitation Law modified current law by imposing a limit on the amount of real property taxes that a school district may levy. Such limit affected school district tax levies for the school district fiscal year beginning July 1, 2012.

On June 25, 2015, Chapter 20 of the 2015 Laws of New York amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020. The State's enacted budget for the fiscal year ending March 31, 2020 made the Tax Levy Limitation Law permanent.

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy 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 Limitation 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, 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. The State Commissioner of Taxation and Finance has promulgated a regulation that will allow school districts, beginning in the year 202-21 school year, to adjust the exclusion to reflect a school district's share of capital expenditures related to projects funded through a board of cooperative education services ("BOCES").

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 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 capital improvements projects 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. (a) Such obligations are authorized for an object or purpose of which the District is not authorized to expend money; or

(b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with;

and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication or the notice; or

2. Such obligations were authorized in violation of the provisions of the Constitution of New York.

The District typically complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board, 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, 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 two years from the date of the first issuance of such notes and provided that such renewal issues do not exceed five 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.

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Serial Bonds	$12,335,000	$10,720,000	$33,780,000	$31,055,000	$28,415,000
Bond Anticipation Notes	25,005,492	26,025,343	0	883,701	3,695,111
Capital Leases	1,798,427	1,730,944	1,819,290	1,110,774	569,417
Total Debt Outstanding	$39,138,919	$38,476,287	$35,599,290	$33,049,475	$32,679,528

Status of Outstanding Bond Issues

	2015		2016	
Year of Issue:	2015		2016	
Amount Issued:	$4,580,000		$5,715,000	
Purpose/Instrument:	Construction/Serial Bond		Buses/Serial Bond	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2020	$ 235,000*	$ 115,300	$ 690,000*	$ 114,363
2021	240,000	110,600	705,000	100,563
2022	245,000	105,500	720,000	84,700
2023	250,000	99,988	740,000	66,700
2024	265,000	94,050	765,000	46,350
2025	270,000	87,425	780,000	23,400
2026	275,000	80,000	-	-
2027	285,000	69,000	-	-
2028	295,000	57,600	-	-
2029	310,000	45,800	-	-
2030	325,000	33,400	-	-
2031	335,000	20,400	-	-
2032	345,000	10,350	-	-
Totals:	$ 3,675,000	$ 929,413	4,400,000	436,076

	2017	
Year of Issue:	2017	
Amount Issued:	$23,935,000	
Purpose/Instrument:	Construction/Serial Bond	
Fiscal Year Ending June 30:	Principal	Interest
2020	$ 1,730,000*	$ 476,163
2021	1,610,000	441,563
2022	1,640,000	409,363
2023	1,675,000	376,563
2024	1,710,000	343,063
2025	1,740,000	308,863
2026	1,870,000	274,063
2027	1,905,000	236,663
2028	1,950,000	193,800
2029	2,010,000	135,300
2030	1,785,000	75,000
2031	715,000	21,450
Totals:	$ 20,340,000	$ 3,291,850

*Principal reduction payment made prior to the date of the June 30, 2020 Debt Calculation.

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	Principal	Interest	Total Debt Service	%Paid
2020	2,655,000*	705,826	3,360,826	10.16%
2021	2,555,000	652,726	3,207,726	19.86%
2022	2,605,000	599,563	3,204,563	29.55%
2023	2,665,000	543,250	3,208,250	39.25%
2024	2,740,000	483,463	3,223,463	49.00%
2025	2,790,000	419,688	3,209,688	58.70%
2026	2,145,000	354,063	2,499,063	66.26%
2027	2,190,000	305,663	2,495,663	73.81%
2028	2,245,000	251,400	2,496,400	81.35%
2029	2,320,000	181,100	2,501,100	88.92%
2030	2,110,000	108,400	2,218,400	95.62%
2031	1,050,000	41,850	1,091,850	98.93%
2032	345,000	10,350	355,350	100.00%
Totals:	$ 28,415,000	$ 4,657,342	$ 33,072,339	

*Principal reduction payment made prior to the date of the June 30, 2020 Debt Calculation.

Status of Short-Term Indebtedness

Type	Dated Date	Maturity Date	Interest Rate	Amount Outstanding
BAN	07/23/19	07/23/20	2.50%	$15,726,063*

*To be renewed, in part, by this BAN issuance.

Other Obligations

The District currently has the following installment purchase contracts outstanding:

Type	Final Maturity Date	Interest Rate	Amount Outstanding
Bus Acquisition	6/15/2020	1.66%	$172,288
Bus Acquisition	6/15/2021	1.59%	397,128

Cash Flow Borrowings

The District has not found it necessary to borrow in anticipation of taxes or revenues in recent years, nor does it anticipate to undertake such borrowing.

Capital Project Plans

District voters approved a $24,400,000 capital improvements project on May 16, 2017. Such project addresses infrastructure needs identified in the 2015 Building Conditions Survey, including health and safety issues, energy efficiencies, improvements and upgrades to District buildings, parking lot improvements and athletic field upgrades. The work will begin this summer and will take place in phases over a multi-year period. The project is being financed with $3,400,000 of capital reserve funds and borrowed funds. This issuance will allow for the redemption of the outstanding $15,726,063 Bond Anticipation Note of the District that matures on July 23, 2020 and the issuance of $6,675,000 of new money for this Authorization.

On September 27, 2018, District voters approved a $1,804,000 multi-use field project consisting of a modest amount of door replacement work at the District High School and the development of a multi-use synthetic turf athletic field inside the track at the District High School. The project has received SED approval, and construction continues through the summer of 2020. This issuance provides $1,400,000 of new money for this Authorization

The District officials are currently updating long-term Capital Plan and is considering a $35,000,000 Capital Project, for which they intend to hold a voter referendum in February 2021.

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 75.0%.

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

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

Debt Statement Summary

As of June 30, 2020

Town	Taxable Assessed Valuation	State Equalization Rate	Taxable Full Valuation
Hamburg	$ 1,416,828,026	47.00%	$ 3,014,527,715
Eden	1,172,217	57.00%	2,056,521
			$ 3,016,584,236
Debt Limit: 10% of Full Valuation			$ 301,658,424
Inclusions:			
Serial Bonds			$ 25,760,000
Bond Anticipation Notes			15,726,063
Total Inclusions:			$ 41,486,063
Exclusions:			
Building Aid Estimate [1]			$0
Total Exclusions:			$0
Total Net Indebtedness Before Giving Effect to This Issue:			$ 41,486,063
This Issue		22,567,851	
Proceeds to be Used to Renew Indebtedness Listed Under Inclusions		13,604,366	8,963,485
Total Net Indebtedness			$ 50,449,548
Net Debt Contracting Margin			$ 251,208,876
Percentage of Debt-Contracting Power Exhausted			16.72%

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
County of:	$ 3,016,584,236					
Erie	$ 58,098,573,861	5.19%	$ 627,561,725	N/A	$ 627,561,725	$ 32,584,153
Town of	$ 3,014,527,715					
Hamburg	$ 4,224,831,244	71.35%	7,804,797	N/A	7,804,797	5,568,927
Town of	$ 2,056,521				-	
Eden	$ 537,510,163	0.38%	16,275,000	N/A	16,275,000	62,268
Total						$ 38,215,348

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2018

Notes:
1 Bonds and Bond Anticipation notes as of 2018 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 June 30, 2020:

	Amount	Per Capita [(a)]	Percentage [(b)] of Full Value
Net Indebtedness	$ 50,449,548	$ 1,405.67	1.672%
Net Indebtedness Plus Net Overlapping Indebtedness	$ 88,664,896	$ 2,470.46	2.939%

(a) The District's estimated population is 35,890 (Source: 2018 U.S. Census Bureau estimate).
(b) The District's full valuation of taxable real estate for 2019-20 is $3,016,584,236.

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

COVID-19

The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020.

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. As almost all nations have experienced a rise in infections and implemented containment measures that in the case of some nations (including the United States) have been drastic, economies have suffered in the extreme. The full impact is difficult to predict due to uncertainties regarding the duration and severity of the COVID-19 pandemic, but some economists have predicted that the short-term economic fallout will be worse than the 2008-09 global financial crisis. The World Trade Organization has estimated that world trade will fall by between 13% and 32% in 2020, and news outlets have reported on possibilities of supply chain problems as the pandemic spreads to different countries around the world.

While initially the hospitality and tourism industries were hardest hit, within a short period of time there was widespread unemployment across all economic sectors in the United States. During the ten week period from March 15 through May 23, 2020, approximately 40.7 million Americans filed for unemployment. As states have started to reopen, this trend has begun to reverse, but widespread unemployment persists.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic initially caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve have taken significant steps to backstop those markets and to provide much-needed liquidity, and markets have since stabilized. Still, given these conditions, it is possible that the process of trading the Notes in the secondary market could be affected in ways that are difficult to predict.

Federal Response

The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the $2.3 trillion Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which attempt to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Measures for Individuals and Businesses: Individual taxpayers who met certain income limits received direct cash payments from the federal government. Unemployment rules were changed to allow self-employed workers, independent contractors and others who would not normally qualify to receive benefits, and unemployment insurance recipients received an additional $600 per week payment for up to four months.

Businesses have benefitted from various federal tax law changes, including a payroll tax credit. Air carriers and businesses critical to national security have been eligible for direct loans and loan guarantees from the Treasury, and the Federal Reserve has received financial support for its lending programs. Smaller businesses have been incentivized to keep workers in their jobs through the Paycheck Protection Program (offering short-term loans that can be forgiven in whole or in part).

Stimulus Efforts for State and Local Governments: The CARES Act includes a $150 billion Coronavirus Relief Fund, which provides funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations can receive monies from the amount allocated to their state). This money is intended for programs that are necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money is not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it may indirectly assist with revenue shortfalls in cases where the expenses that are being covered by this fund would otherwise create a further budget shortfall. Because this money is targeted to larger governmental units, it is unlikely that the District will stand to benefit directly from this program.

The CARES Act also includes an Education Stabilization Fund, which provides $30.75 billion for K-12 and higher education systems. There are three main forms of relief: $13.2 billion for K-12 schools that will be administered on a state-by-state basis, $14 billion for public and private colleges and universities, and $3 billion in emergency relief that governors may distribute to schools, colleges and universities that have been particularly affected by COVID-19 and the ensuing crisis.

Municipal Liquidity Facility: The Federal Reserve established a new "Municipal Liquidity Facility" ("MLF") that will offer up to $500 billion in direct federal lending to certain larger issuers, which are able to use their own loan proceeds to make loans to smaller governmental units that would not otherwise qualify for this program. Proceeds may be used to help manage the cash flow impact of income tax deferrals resulting from an extension of income tax filing deadlines, potential reductions of tax and other revenues or increases in expenses related to or resulting from the pandemic, and requirements for the payment of principal and interest on outstanding obligations. At this point, most municipal issuers have not had to resort to the MLF because rates have been conducive to issuing debt through the conventional municipal bond market; however, it is notable that the MLF exists as a market backstop if needed.

State Response

Executive orders: Governor Cuomo has released a number of executive orders in response to the COVID-19 pandemic, including various mandates requiring "non-essential" employees to work from home. As of March 22, 100% of such "non-essential" employees were mandated to work from home or take leave without accruals. Entities providing essential services or functions were not subject to the in-person work restriction, but could only operate at the minimal level necessary to provide such service or function. Local governments were exempt from the 100% requirements, however, they were required to have no more than 50% of employees working in-person.

Starting on May 15, 2020, regions of the State that met certain criteria were allowed to begin reopening. Reopening is occurring in phases, with different industries allowed to open in each phase. Phase One generally includes construction, agriculture, forestry, fishing and hunting, retail (limited to curbside or in-store pickup or drop off), manufacturing, and wholesale trade. Phase Two generally includes professional services, retail, administrative support, real estate activities, and outdoor dining at restaurants (with certain restrictions). Phase Three generally includes dine-in food services and additional personal care services, and Phase Four generally includes arts, entertainment and recreational facilities, as well as education services.

As of the date of this Official Statement, all regions of the State are in Phases Two, Three or Four: the Western region, in which the District is located, is in Phase Three. See https://forward.ny.gov/ for more details on the different phases, including which regions of the State are in which phase. Reference to website implies no warranty of accuracy of information therein.

Pursuant to State Executive Order 202.4, every school in the State was directed to close no later than March 18, 2020. While schools were originally ordered closed until April 1, the time period was later extended to May 15, and then through the end of the school year. School districts must normally maintain 180-day in-class attendance for State aid; however, this requirement has been waived to the extent attributable to COVID-19 related closures during the 2019-20 school year. Additionally, pursuant to State Executive Orders Nos. 202.13 and 202.26, the school district elections and budget votes that normally would have been held on May 19, 2020 were postponed until June 9, with an additional extension for ballots received through mail until June 16.

State budget: The City of New York has been the epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses. At the time that the State budget was being finalized in early April, the Budget Director estimated that, due to COVID-19, the State would suffer an anticipated budget gap of $10-$15 billion in the coming year.

To mitigate such a potential gap, the State's adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local school districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 - April 30, May 1- June 30, and July 1 - December 31), tax receipts are lower than anticipated or disbursements from the State's general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director's plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances.

On April 25, 2020, the State Division of the Budget announced the release of the State's Fiscal Year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), which projects a $13.3 billion (14%) shortfall in revenue from the Executive Budget Forecast that was released in January and estimates a $61 billion decline in State revenues through Fiscal Year 2024 as a direct consequence of the COVID-19 pandemic. As a result, in the absence of federal assistance, initial budget control actions outlined in the Financial Plan will reduce spending by $10.1 billion from the Executive Budget. This represents a $7.3 billion reduction in state spending from FY 2020 levels.

As of the date of this Official Statement, the State Division of the Budget has not released specifics about potential cuts to State aid overall or how any such cuts would be distributed State-wide among school districts. State officials are lobbying Congress for substantial direct financial relief to states and localities, and the $3 trillion "HEROES" Act that has been adopted by the House of Representatives on May 15, 2020 would provide a substantial amount of relief to the State and to the District. The HEROES Act has not been taken up by the Senate as yet and the President has threatened to veto the bill unless it is substantially re-negotiated. At this point the extent of COVID-19-related direct federal financial relief, if any, to states, localities and school districts cannot be predicted. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

Local Response

The State Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement the same. Specifically, in the event of a qualifying disaster or reasonable apprehension of immediate danger to the public safety, the municipal chief executive has the authority to declare a local state of emergency for a period of up to 30 days and issue orders to protect life and property or to bring the emergency situation under control.

While the District itself is not able to declare a local state of emergency, the County has done so. The District has been closed since mid-March 2020 and will not resume session for the rest of this school year. During the timeframe of the closure the District has been providing education to students remotely and has been responsible for providing meal deliveries to students.

While the impacts of COVID-19 on the global, federal, State and local economy cannot be predicted with any certainty, the pandemic will almost certainly have a significant adverse effect on the District's finances. If the State has a further budget shortfall as stated above, there may be a delay and/or reduction in the State aid that was anticipated to be received by the District, which would have a negative impact on the District's finances and operations. The District is continuing to monitor this situation and will attempt to mitigate any such adverse effects through program cuts or staffing reductions, as needed.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. One such risk is that the District will be unable to promptly pay interest and principal on the Notes as they become due (see "Remedies of Noteholders on Default," herein). If a Noteholder elects to sell his or her investment prior to its scheduled maturity date, market access or price risk may be incurred. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition, there may be other risk factors which a potential investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

There are a number of factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly its property taxes. For instance, the termination of a major commercial enterprise or an unexpected revenue increase in tax certiorari proceedings could result in a reduction in the assessed valuation of taxable real property in the District. In addition, to the extent that the District is dependent on State aid, there can be no assurance that such aid will be continued in the future. Unforeseen developments could also result in substantial increases in District expenditures, thus placing considerable strain on the District's financial condition.

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

If and when a holder of any Note should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise. The price of a Note will decline, causing the Noteholder to incur a capital loss upon the sale of such Note (unless such Note is held to maturity).

On December 22, 2017, President Trump signed into law the significant tax reform legislation that is generally referred to as the "Tax Cuts and Jobs Act of 2017" (the "TCJA"). The TCJA made significant changes to the Code, most of which became effective for the 2018 tax year. The TCJA made extensive changes to the deductibility of various taxes, including placing a cap of $10,000 on a taxpayer's deduction of state and local taxes (the "SALT Deduction Limitation"). While it cannot yet be predicted what precise effects the SALT Deduction Limitation will have for the State, it is possible that government officials at both the State and local level may find it politically more difficult to raise new revenues via tax increases, since the deduction thereof, for taxpayers who itemize deductions, is now limited.

Further amendments to the Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by District. Which it is impossible to predict at this time what, if any, tax reform legislation will be proposed or enacted, any such future legislation could have an adverse effect on the market value of the Notes (see "Tax Exemption," herein).

Disease outbreaks or similar public health threats could have an adverse impact on the District's financial condition and operating results. The outbreak of COVID-1, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization on March 11, 2020. See "COVID-19" herein for a further discussion of the impacts of the COVID-19 pandemic, which is expected to have a significant adverse effect on the District's finances

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income, of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Code. However, such opinion will note 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 of the Notes. Such opinion will state that 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).

In rendering the foregoing opinion, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes are subject to among other things, continuing compliance by the District with the applicable requirements of Sections 141, 148 and 149 of the Code and regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the tax certificate and the non-arbitrage certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the "Certificates") establish the requirements and procedures, compliance with which will satisfy the Tax Requirements applicable to the Notes.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1. The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a "private activity bond" within the meaning of Code Section 141;

2. The requirement contained in Code Section 148 relating to arbitrage bonds; and

3. The requirement the payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Section 149(b) of the Code.

In the Certificates, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporation, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal tax consequences.

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and proceeds of the sale of a bond or note before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code Section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or credit against such beneficial owner's United State federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions and proposals for future changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult their own legal and tax advisors with respect to these matters.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Notes will be covered by the unqualified legal opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel to the School District, such opinion to be delivered with the Notes.

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), unless the Notes are purchased for the purchaser's own account, as principal for investment and not for resale, the District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as "APPENDIX C." A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Notes as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

The District has established procedures designed to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through the Electronic Municipal Market Access System.

LITIGATION

In common with other local governments and school districts, the District from time to time receives notices of claim and is a party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which if determined against the District would have an adverse material effect on the financial condition of the District.

CYBERSECURITY

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyberattacks, the District invests in various forms of cybersecurity and operation controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard again cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

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 District by Moody's Rating Service is an Aa3 rating, which was assigned in connection with the issuance by the District of $23,935,000 School District Serial Bonds, 2017.

A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the District's outstanding serial bonds may have an adverse effect on the market price of the bonds.

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. Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements 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 District is not guaranteed as to accuracy, completeness or fairness, the District has no reason to believe and does not believe that such information is materially inaccurate or misleading, and to the knowledge of the 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 District and no material adverse changes in the general affairs of the 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 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.

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel to the District expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but to limited to, the financial or statistical information in this Official Statement.

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: William Thiel, Director of Finance, phone: (716) 926-1717; email: wthiel@frontiercsd.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.

Frontier Central School District

Dated: June 30, 2020
Hamburg, New York

PATRICK T. BOYLE
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:	2015	2016	2017	2018	2019	Budget 2020	
Beginning Fund Balance - July 1	$6,702,241	$7,041,123	$11,937,839	$15,146,571	$15,475,518	$17,875,761	E
Revenues:							
Real Property Taxes	$36,229,965	$36,996,183	$37,846,431	$38,727,313	$39,763,863	$40,998,287	
Real Property Tax Items	$670,820	$724,442	$669,435	$745,826	$802,434	$757,233	
Non-Property Tax Items	5,472,316	5,269,961	5,405,756	5,587,800	5,775,109	5,460,000	
Charges for Services	1,170,626	1,190,075	1,172,762	979,982	1,089,540	1,155,250	
Use of Money & Property	70,363	81,536	79,923	135,626	288,656	145,498	
Sale of Property/Comp. for Loss	120,325	19,575	89,767	46,700	80,733	55,250	
Miscellaneous	383,137	390,096	611,345	491,955	531,435	349,448	
State Aid	28,305,563	31,642,980	31,907,712	32,931,659	33,942,561	35,174,540	
Federal Aid	304,245	213,940	280,984	314,337	293,887	250,000	
Interfund Transfer	0	0	218,000	0	0	0	
Total Revenues	$72,727,360	$76,528,788	$78,282,115	$79,961,198	$82,568,218	$84,345,506	
Expenditures:							
General Support	$6,140,090	$6,048,430	$6,224,921	$6,516,830	$6,960,672	$7,287,617	
Instruction	40,501,772	40,093,967	42,492,301	44,721,299	47,065,981	49,891,699	
Pupil Transportation	3,239,495	2,981,803	3,266,681	3,358,481	3,472,564	3,620,167	
Employee Benefits	18,935,379	17,582,915	18,154,197	17,060,189	18,034,374	20,548,494	
Debt Service	3,439,932	4,690,028	4,706,361	4,287,536	4,347,708	4,696,017	
Interfund Transfer	131,810	234,929	228,922	3,687,916	286,676	250,000	
Total Expenditures	$72,388,478	$71,632,072	$75,073,383	$79,632,251	$80,167,975	$86,293,994	
Adjustments	0	0	0	0	0	0	
Year End Fund Balance	$7,041,123	$11,937,839	$15,146,571	$15,475,518	$17,875,761	$15,927,273	E
Excess (Deficit) Revenues Over Expenditures	$338,882	$4,896,716	$3,208,732	$328,947	$2,400,243	($1,948,488)	1

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

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

E. Estimated

General Fund – Budget Summary

2020-21 Adopted Budget	
Revenues:	
Real Property Taxes	$42,374,013
Other Tax Items	627,000
Interest & Penalties on Real Property	2,400
Non Property Tax	5,460,000
Charges for Services	1,155,250
Use of Money & Property	137,161
Sale of Property/Comp. for Loss	55,250
Miscellaneous	349,448
State Aid	36,460,916
Federal Aid	250,000
Interfund Transfers	166,665
Planned Use of EBALR	500,000
Appropriation of Fund Balance	1,948,488
Total Revenues	$89,486,591
Expenditures:	
General Support	$7,337,746
Instruction	50,487,924
Transportation	3,717,957
Employee Benefits	21,717,053
Debt Service	5,925,911
Interfund Transfer	300,000
Total Expenditures	$89,486,591

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

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Assets:					
Cash	$8,970,606	$13,007,836	$15,992,370	$15,325,259	$17,707,563
Accounts Receivable	178,404	220,910	253,893	161,531	232,989
Due from Other Funds	1,734,140	1,317,596	753,211	1,588,740	1,483,720
State and Federal Aid Receivable	975,353	1,490,524	939,572	1,048,840	995,910
Due from Other Governments	2,994,108	2,909,387	2,944,813	3,060,916	3,547,733
Cash Value of Life Insurance	344,493	344,493	344,493	344,493	344,493
Total Assets	$15,197,104	$19,290,746	$21,228,352	$21,529,779	$24,312,408
Liabilities:					
Accounts Payable	$609,457	$1,195,502	$849,976	$1,470,246	$1,201,984
Accrued Liabilities	799,818	878,305	810,183	709,262	1,049,253
Unearned Revenue	3,102	33,400	57,135	47,858	12,510
Due to Other Funds	1,076,460	721,093	115,781	61,987	0
Due to Retirement Systems	5,667,144	4,524,607	4,248,706	3,764,908	4,172,900
Total Liabilities:	$8,155,981	$7,352,907	$6,081,781	$6,054,261	$6,436,647
Fund Balances:					
Nonspendable	344,493	344,493	344,493	344,493	344,493
Restricted	3,508,395	7,628,869	10,209,389	10,087,671	11,946,990
Assigned:	930,736	821,230	1,237,505	1,723,613	2,132,518
Unassigned	2,257,499	3,143,247	3,355,184	3,319,741	3,451,760
Total Fund Balance	$7,041,123	$11,937,839	$15,146,571	$15,475,518	$17,875,761
Total Liabilities and Fund Balance	$15,197,104	$19,290,746	$21,228,352	$21,529,779	$24,312,408

APPENDIX B

Audited Financial Statements

For The Fiscal Year Ended June 30, 2019

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

AUDITED
BASIC FINANCIAL STATEMENTS

FRONTIER CENTRAL SCHOOL DISTRICT

HAMBURG, NEW YORK

JUNE 30, 2019

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FINANCIAL SECTION

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INTERNAL CONTROL AND COMPLIANCE	

FINANCIAL SECTION

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FreedMaxick™ CPAs, P.C.

INDEPENDENT AUDITOR'S REPORT

The President and Members of the
Board of Education of
Frontier Central School District
Hamburg, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Frontier Central School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York
October 10, 2019

FreedMaxick CPAs, P.C.

Management's Discussion and Analysis
Frontier Central School District
Fiscal Year ended June 30, 2019

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

Financial Highlights

The net position of the District increased by $2,752,000. The net position of the District includes all of the governmental funds and the value of the District's land, buildings, and equipment (net of accumulated depreciation). This increase was primarily due to an increase in cash and investments and capital assets. At June 30, 2019 unrestricted net position was $10,833,000. Other components of net position were net investment in capital assets of $38,597,000, net position restricted for worker's compensation of $2,078,000, restricted for employee benefit accrued liability of $2,764,000, restricted for capital project costs of $3,127,000, restricted for tax certiorari claims of $150,000 and restricted for Employee Retirement System contributions of $3,828,000.

Other issues of significance for the fiscal year ended June 30, 2019 included:

- The General Fund's (the primary operating fund) fund balance increased by $2,400,000.
- The governmental activities revenues increased by $2,400,000 (or 2.85%). The total cost of all the District's activities increased by approximately $149,000 (or 0.18%).
- In 2017-2018 the results of activities produced an increased in net position of $485,235 while in 2018-2019 the net position increased by $2,752,000.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of Frontier Central School District's Annual Financial Report

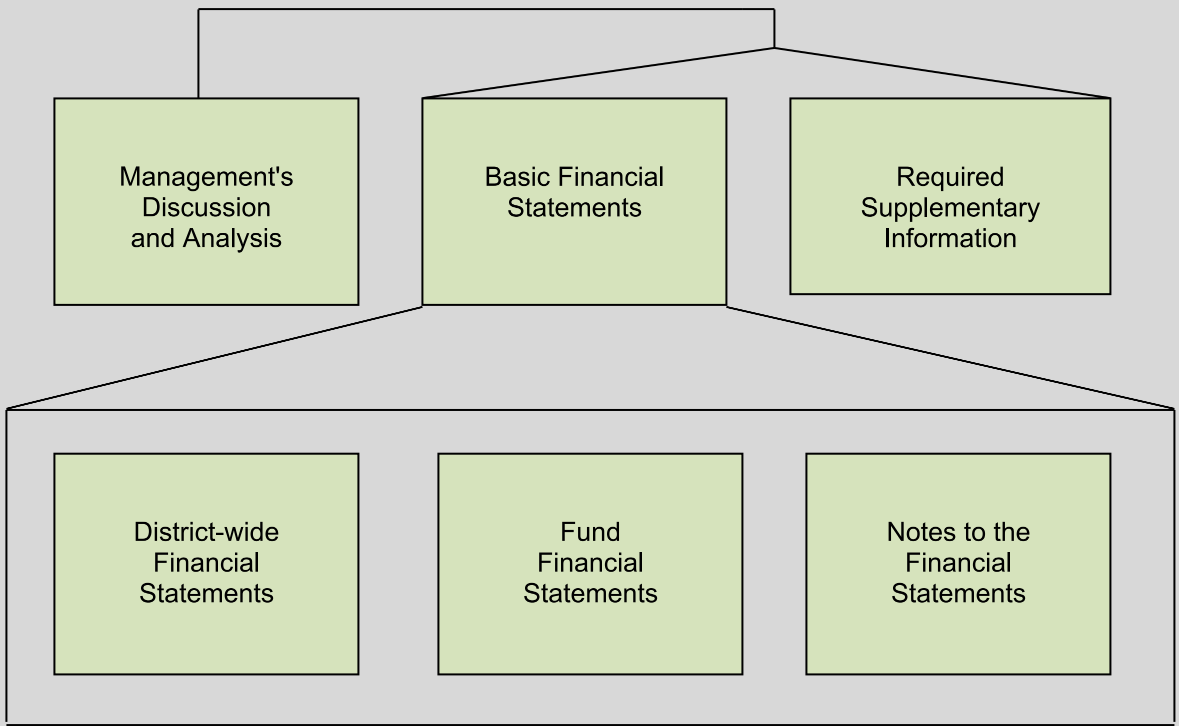

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 ***Major Features of the District-wide and Fund Financial Statements***			
		Fund Financial Statements	
	District-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District (except Fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Acitvities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position – Fiduciary Funds • Statement of Changes in Net Position – Fiduciary Fund
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	Generally assets and deferred outflows expected to be used up and liabilities and deferred inflows, that come due during the year or soon thereafter; generally no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out-flow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

- Some funds are required by state law.

- 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).

The District has two kinds of funds:

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

- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds 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 district-wide financial statements because it cannot use these assets to finance its operations.

<u>Financial Analysis of the District as a Whole</u>

The District's financial picture continues to improve with conservative budgeting and cost control. 2019 Excess Revenues over Expenditures in the General Fund totaled $2,400,000 vs. $4,016,863, before transfers, in 2018. In 2018, the District utilized $3.5 million of this surplus to fund capital project needs.

The District maintains an Employee Benefit Accrued Liability Reserve to help fund payment of accumulated vacation and sick time due to employees who leave the District and a Workers Compensation Reserve which is available for expenses associated with the self-insured workers compensation program. The District also maintains a Capital Reserve to fund future capital projects and a Retirement Contribution Reserve which can be used to pay for annual contributions due to the Employees' Retirement System.

Contractual obligations related to salary and benefits are likely to increase disproportionately, however, savings from replacing retiring employees with lower salaried employees will help offset these increases. State retirement plan costs have been contained in recent years due to declining rates, and will likely see increases in the near term. The District has been successful in controlling annual health insurance increases by moving to a self-insured health insurance plan.

Figure A-3

Condensed Statement of Net Assets
(in thousands of dollars)

	Governmental Activities and Total District			Total Percentage Change	Total Percentage Change
	2019	2018	2017	2018-2019	2017-2018
Current and other assets	$ 26,551	$ 25,577	$ 23,109	3.81%	10.68%
Capital assets not being depreciated	6,143	2,147	1,007	186.12%	113.21%
Capital assets, net of accumulated depreciation	64,778	66,390	67,501	-2.43%	-1.65%
TRS pension asset	3,692	1,541	-	100.00%	100.00%
Total assets	101,164	95,655	91,617	5.76%	4.41%
Deferred outflow of resources - Pension	21,370	23,754	23,394	-10.04%	1.54%
Deferred outflow of resources - OPEB	2,126	-	-	100.00%	0.00%
	23,496	23,754	23,394	-1.09%	1.54%
Current liabilities	10,613	7,446	6,312	42.53%	17.97%
Long term liabilities	47,071	45,877	45,743	2.60%	0.29%
Total liabilities	57,684	53,323	52,055	8.18%	2.44%
Deferred inflow of resources - Pension	5,600	7,462	1,254	-24.95%	495.06%
Invested in capital assets, net of related debt	38,597	34,989	32,604	10.31%	7.32%
Restricted for:					
Tax certioari	150				
Employee benefit accrued liability	2,764	2,492	2,386	10.91%	4.44%
Workers' compensation	2,078	2,060	2,129	0.87%	-3.24%
Capital projects	3,127	2,604	4,244	20.08%	-38.64%
Retirement	3,828	2,932	1,451		
Unrestricted (deficit)	10,833	13,547	18,888	-20.03%	-28.28%
Total net assets	$ 61,376	$ 58,624	$ 61,702	4.69%	-4.99%

Figure A-4

Changes in Net Position
(in thousands of dollars)

	Governmental Activities and Total District 2019	2018	2017	Total Percentage Change 2018-2019	Total Percentage Change 2017-2018
Revenues:					
Real property taxes	$ 39,764	$ 38,727	$ 37,846	2.68%	2.33%
Real property tax items	802	746	669	7.51%	11.51%
Non-property taxs	5,775	5,588	5,406	3.35%	3.37%
Charges for services	1,090	980	1,173	11.22%	-16.45%
Use of money and property	313	147	81	112.93%	81.48%
Other miscellaneous revenues	651	564	810	15.43%	-30.37%
State and federal aid	37,996	37,228	35,922	2.06%	3.64%
School lunch	657	652	625	0.77%	4.32%
Total revenues	87,048	84,632	82,532	2.85%	2.54%
Expenses:					
General support	8,557	8,345	8,166	2.54%	2.19%
Instruction	65,864	65,783	60,036	0.12%	9.57%
Pupil transportation	4,645	4,761	4,354	-2.44%	9.35%
Debt service	851	857	1,022	-0.70%	-16.14%
School lunch	1,617	1,516	1,505	6.66%	0.73%
Depreciation	2,762	2,885	2,824	-4.26%	2.16%
Total expenses	84,296	84,147	77,907	0.18%	8.01%
Changes in net positions	$ 2,752	$ 485	$ 4,625	467.42%	-89.51%

Governmental Activities

This section presents the cost of six major District activities: general support, instruction, pupil transportation, debt service, school lunch and depreciation. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Depreciation expense increased due to the ongoing capital improvements. All other expenditure categories increased due to conservative spending increases that are consistent with increases in available funding.

Figure A-5

Net Cost of Governmental Activities
(in thousands of dollars)

	Net Cost of Services			Percentage Change	Percentage Change
	2019	2018	2017	2018-2019	2018-2019
General support	$ 7,689	$ 7,531	$ 7,301	2.10%	3.15%
Instruction	53,826	54,243	49,088	-0.77%	10.50%
Pupil transportation	1,075	1,385	1,028	-22.38%	34.73%
Debt service - interest	851	857	1,022	-0.70%	-16.14%
School lunch	101	(6)	48	-1783.33%	-112.50%
Depreciation	2,762	2,885	2,824	-4.26%	2.16%
Total	$ 66,304	$ 66,895	$ 61,311	-0.88%	9.11%

<u>Financial Analysis of The District's Funds</u>

General Fund

Revenues exceeded expenditures in the General Fund, resulting in an increase of fund balance of $2,400,000 for the year ended June 30, 2019.

The key factors for spending variances in the general fund are listed below with explanations for each.

- Revenue
  - Property taxes – increased $1,100,000 due to an increase in levy up to the tax cap limit and a slight increase in payments in lieu of taxes (PILOTS)
  - State and Federal Aid rose by $990,000 driven by higher Building and BOCES expense driven aid.

- Expenditures
  - An increase in total wages of $1,600,000 due to restoration of positions and contractual wage increases
  - Employee benefits increased by $974,000 due to higher health insurance and retirement system costs
  - Increased BOCES expenses of $1,400,000 resulted from higher purchase of student computer devices.

School Lunch Fund

The issue of net cost related to school lunch is related to approved state and federal aid, menu pricing and student participation. Operations of the school lunch program for the 2018-2019 year ended with a decifit of $87,275, compared to a deficit in 2017-2018 of $10,321 due to higher salary and employee benefit costs.

Capital Projects Fund

Spending activity in the capital projects fund increased as the District continues the planned long term phased capital project work. Project expenditures totalled $4,100,000 in 2018-2019. An additional $843,000 was spent on new bus purchases. Capital project spending is anticipated to further accelerate in 2019 as the District completes Phase II of the 2018 Capital Project, as well as the Multi-Purpose Field and Track project.

General Fund Budgetary Highlights

A very conservative approach to the budget process was again taken for the 2018-2019 school year due to the volatility of the economy and the uncertainty of state aid revenue.

Cautious budget administration continued to be practiced to protect against revenue cuts by conservative restoration of expenditures and programs.

In addition, due to close and conservative monitoring of controllable expenditures, the District had the ability to decrease its reliance of reserve funds and fund balance. This resulted in a increase in fund balance for the 2018-2019 school year of $2,400,000. The District recognizes the need to continue to rebuild fund balance for long-term financial health. Extending the "life" of these reserves and making an effort to rebuild them will assist with budgeting in future years and will assist in reducing the local share and providing taxpayer relief.

Figure A-6

Revenues, Expenditures and Changes in Fund Balances - Governmental Major Funds (in thousands of dollars)

	Revenues	Expenditures	Fund Balances
2019			
General Fund	$ 82,568	$ 80,168	$ 17,876
Special Aid Fund	3,041	3,041	-
Capital Projects Fund	457	4,938	(2,992)
2018			
General Fund	$ 79,961	$ 79,632	$ 15,476
Special Aid Fund	3,300	3,300	-
Capital Projects Fund	3,515	2,464	1,489
2017			
General Fund	$ 78,282	$ 75,073	$ 15,147
Special Aid Fund	3,042	3,042	-

Capital Asset and Debt Administration

Increases in the value of capital assets due to the District's continuing capital project work are being offset by depreciation on those assets as the project nears completion.

Figure A-7

Capital Assets Net of Depreciation
(in thousands of dollars)

	Governmental Activities and Total District			Percentage Change	Percentage Change
	2019	2018	2017	2018-2019	2017-2018
Land	$ 802	$ 802	$ 802	0.00%	0.00%
Construction in process	5,341	1,345	205	297.10%	556.10%
Building and improvement	60,738	62,342	63,549	-2.57%	-1.90%
Vehicles and equipment	4,040	4,048	3,952	-0.20%	2.23%
Total	$ 70,921	$ 68,537	$ 68,508	3.48%	3.52%

Long-Term Debt

Long-term liabilities increased by $1,194,000 as Serial Bond payments of $2,640,000 and reduction in capital leases of $542,000 were offset by increased estimates and payments on workers' compensation and compensated absences and adjustments to pensions and postemployement benefits. Postemployment benefits at June 30, 2019 stand at $8,296,000 after GASB 75 implmentation.

Figure A-8

Outstanding Long-Term Debt
(in thousands of dollars)

	Governmental Activities and Total District			Percentage Change	Percentage Change
	2019	2018	2017	2018-2019	2017-2018
Serial bonds payable	$ 28,415	$ 31,055	$ 33,780	-8.50%	-8.07%
Bond premium	448	499	550	-10.22%	100.00%
Capital leases	569	1,111	1,819	-48.78%	200.00%
Workers' Compensation	3,219	3,218	888	0.03%	300.00%
Compensated absences	4,001	3,588	2,182	11.51%	64.44%
Pension - ERS	2,123	932	5,036	127.79%	-81.49%
Post employeement benefits	8,296	5,474	1,488	51.55%	267.88%
	$ 47,071	$ 45,877	$ 45,743	-100.00%	2.90%

Factors Bearing on the District's Future

- Challenges posed to local sources of revenue due to the continuation of the property tax cap.
- The ability to fund reserves with future budgetary appropriations.
- Continued addition of unfunded federal and state mandates.
- Contractual payroll obligations that could increase by a greater percentage than revenue increases.

Contacting the District's Financial Management

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

FRONTIER CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

		2019		2018 (Memo Only)
ASSETS				
Cash and cash equivalents	$	19,125,135	$	19,486,136
Cash and cash equivalents - restricted		803,131		-
Receivables		247,805		181,802
State and federal aid receivable		2,218,306		2,430,405
Due from other governments		3,547,733		3,060,916
Due from fiduciary fund		197,769		-
Cash value of life insurance		344,493		344,493
Inventory		66,630		73,757
Capital assets not being depreciated		6,143,239		2,146,809
Capital assets, net of accumulated depreciation		64,777,590		66,390,240
Net TRS pension asset - proportionate share		3,692,246		1,540,688
Total assets		101,164,077		95,655,246
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension ouflows		21,370,426		23,511,815
Deferred postemployment outflows		2,125,741		242,169
Total deferred outflows of resources		23,496,167		23,753,984
LIABILITIES				
Accounts payable		1,436,692		1,905,073
Accrued liabilities		1,049,253		710,936
Retainages payable		33,170		-
Accrued interest payable		145,603		53,458
Bond anticipation notes payable		3,695,111		883,701
Due to retirement systems		4,199,724		3,788,911
Due to fiduciary fund		-		23,876
Unearned revenue		54,174		79,991
Long-term liabilities:				
Due and payable within one year		4,486,226		4,602,023
Due and payable after one year		42,584,511		41,275,244
Total liabilities		57,684,464		53,323,213
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows		5,599,583		7,462,431
Total deferred inflows of resources		5,599,583		7,462,431
NET POSITION				
Net investment in capital assets		38,596,503		34,988,689
Restricted for:				
Tax certiorari		150,000		-
Employee benefit accrued liability		2,764,037		2,492,251
Workers' compensation		2,077,984		2,059,976
Capital reserve		3,126,803		2,604,040
Retirement reserve		3,828,166		2,931,404
Unrestricted		10,832,704		13,547,226
Total net position	$	61,376,197	$	58,623,586

See notes to basic financial statements.

FRONTIER CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

			Program Revenues		2019	2018 (Memo Only)
Functions/Programs	**Expenses**	**Indirect Cost Allocation**	**Charges for Services**	**Operating Grants and Contributions**	**Net (Expense) Revenues and Changes in Net Position**	**Net (Expense) Revenues and Changes in Net Position**
Governmental activities						
General support	$ 6,882,779	$ 1,674,533	$ 867,952	$ -	$ (7,689,360)	$ (7,530,629)
Instruction	49,855,634	16,007,455	221,588	11,815,506	(53,825,995)	(54,242,515)
Transportation	3,456,074	1,189,076	-	3,569,751	(1,075,399)	(1,385,203)
Interest	850,839	-	-	-	(850,839)	(856,518)
School lunch	1,285,912	331,437	657,333	859,303	(100,713)	5,625
Unallocated employee benefits	19,202,501	(19,202,501)	-	-	-	-
Unallocated depreciation	2,762,074	-	-	-	(2,762,074)	(2,885,206)
Total governmental activities	$ 84,295,813	$ -	$ 1,746,873	$ 16,244,560	(66,304,380)	(66,894,446)
General revenues:						
Real property taxes					39,763,863	38,727,313
Real property tax items					802,434	745,826
Non-property taxes					5,775,109	5,587,800
Use of money and property					313,375	147,123
State and federal aid not restricted for a specific purpose					21,751,677	21,607,585
Other miscellaneous revenues					650,533	564,034
Total general revenues					69,056,991	67,379,681
Change in net position					2,752,611	485,235
Net position - beginning of year					58,623,586	58,138,351
Net position - end of year					$ 61,376,197	$ 58,623,586

See notes to basic financial statements.

FRONTIER CENTRAL SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Capital Projects	Special Aid	Nonmajor Governmental Funds	2019 Total Governmental Funds	2018 (Memo Only) Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 17,707,563	$ 5,950	$ 56,573	$ 1,355,049	$ 19,125,135	$ 19,486,136
Cash and cash equivalents - restricted	-	803,131	-	-	803,131	-
Receivables	232,989	-	-	14,816	247,805	181,802
State and federal aid receivable	995,910	-	1,161,978	60,418	2,218,306	2,430,405
Due from other funds	1,483,720	-	-	-	1,483,720	1,626,851
Due from other governments	3,547,733	-	-	-	3,547,733	3,060,916
Cash value of life insurance	344,493	-	-	-	344,493	344,493
Inventory	-	-	-	66,630	66,630	73,757
Total assets	$ 24,312,408	$ 809,081	$ 1,218,551	$ 1,496,913	$ 27,836,953	$ 27,204,360
LIABILITIES						
Accounts payable	$ 1,201,984	$ 105,638	$ 85,340	$ 43,730	$ 1,436,692	$ 1,905,073
Accrued liabilities	1,049,253	-	-	-	1,049,253	710,936
Bond anticipation notes payable	-	3,695,111	-	-	3,695,111	883,701
Due to retirement systems	4,172,900	-	-	26,824	4,199,724	3,788,911
Due to other funds	-	-	1,114,310	171,641	1,285,951	1,650,727
Unearned revenue	12,510	-	18,901	22,763	54,174	79,991
Total liabilities	6,436,647	3,800,749	1,218,551	264,958	11,720,905	9,019,339
FUND BALANCES (DEFICIT)						
Nonspendable	344,493	-	-	66,630	411,123	418,250
Restricted	11,946,990	-	-	-	11,946,990	10,087,671
Assigned	2,132,518	17,159,574	-	1,231,955	20,524,047	13,499,442
Unassigned (deficit)	3,451,760	(20,151,242)	-	(66,630)	(16,766,112)	(5,820,342)
Total fund balances (deficit)	17,875,761	(2,991,668)	-	1,231,955	16,116,048	18,185,021
Total liabilities and fund balances (deficit)	$ 24,312,408	$ 809,081	$ 1,218,551	$ 1,496,913	$ 27,836,953	$ 27,204,360

See notes to basic financial statements.

FRONTIER CENTRAL SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019
(Continued)

	2019 Governmental Funds	2018 (Memo Only) Governmental Funds
Total fund balances - governmental funds (page 15)	$ 16,116,048	$ 18,185,021
Amounts reported for governmental activities in the Statement of Net Position (page 13) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	70,920,829	68,537,049
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Retainages payable	(33,170)	-
Serial bonds payable	(28,415,000)	(31,055,000)
Premium amortization payable	(447,929)	(498,887)
Capital leases	(569,417)	(1,110,772)
Compensated absences	(4,001,045)	(3,588,219)
Workers compensation	(3,218,757)	(3,218,757)
Total OPEB Liability	(8,296,054)	(5,473,721)
TRS pension asset	3,692,246	1,540,688
ERS pension liability	(2,122,535)	(931,911)
Interest is accrued and reported in the district-wide statement of net position but not on the fund basis balance sheet because it is not due and payable in the current period.	(145,603)	(53,458)
Deferred outflows and inflows are not assets or liabilities of the current period and therefore are not reported in the funds:		
Net postemployment deferred outflows and inflows of resources	2,125,741	242,169
Net pension deferred outflows and inflows of resources	15,770,843	16,049,384
Net position of governmental activities	$ 61,376,197	$ 58,623,586

See notes to basic financial statements.

FRONTIER CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General	Capital Projects	Special Aid	Nonmajor Governmental Funds	2019 Total Governmental Funds	2018 (Memo Only) Total Governmental Funds
REVENUES						
Real property taxes	$ 39,763,863	$ -	$ -	$ -	$ 39,763,863	$ 38,727,313
Real property tax items	802,434	-	-	-	802,434	745,826
Non-property taxes	5,775,109	-	-	-	5,775,109	5,587,800
Charges for services	1,089,540	-	-	-	1,089,540	979,982
Use of money and property	288,656	-	-	24,719	313,375	147,123
Sale of property and compensation for loss	80,733	-	-	1,488	82,221	61,569
Miscellaneous local sources	531,435	49	-	26,060	557,544	495,396
State sources	33,942,561	-	1,003,968	28,358	34,974,887	34,004,591
Federal sources	293,887	-	1,896,518	830,945	3,021,350	3,223,223
School lunch	-	-	-	657,333	657,333	651,970
Total revenues	82,568,218	49	2,900,486	1,568,903	87,037,656	84,624,793
EXPENDITURES						
Current:						
General support	6,960,672	-	-	-	6,960,672	6,516,830
Instruction	47,065,981	-	2,873,431	-	49,939,412	47,623,358
Pupil transportation	3,472,564	-	-	-	3,472,564	3,358,481
School lunch	-	-	-	1,300,057	1,300,057	1,223,541
Employee benefits	18,034,374	-	167,496	331,437	18,533,307	17,769,636
Debt service:						
Principal	3,538,056	-	-	-	3,538,056	3,433,518
Interest	809,652	-	-	-	809,652	854,018
Capital outlay:						
General support	-	4,095,012	-	-	4,095,012	1,582,090
Transportation	-	842,718	-	-	842,718	881,901
Total expenditures	79,881,299	4,937,730	3,040,927	1,631,494	89,491,450	83,243,373

See notes to basic financial statements.

FRONTIER CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

	General	Capital Projects	Special Aid	Nonmajor Governmental Funds	2019 Total Governmental Funds	2018 (Memo Only) Total Governmental Funds
Excess (deficit) of revenues over expenditures	2,686,919	(4,937,681)	(140,441)	(62,591)	(2,453,794)	1,381,420
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	-	100,000	140,441	46,235	286,676	3,687,916
Interfund transfers out	(286,676)	-	-	-	(286,676)	(3,687,916)
BANs redeemed from appropriations	-	356,701	-	-	356,701	-
Premium on obligation	-	-	-	28,120	28,120	7,069
Total other financing sources (uses)	(286,676)	456,701	140,441	74,355	384,821	7,069
Net change in fund balances	2,400,243	(4,480,980)	-	11,764	(2,068,973)	1,388,489
Fund balances - beginning	15,475,518	1,489,312	-	1,220,191	18,185,021	16,796,532
Fund balances - ending (deficit)	$ 17,875,761	$ (2,991,668)	$ -	$ 1,231,955	$ 16,116,048	$ 18,185,021

See notes to basic financial statements.

FRONTIER CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018 (Memo Only)
Net change in fund balances - total governmental funds (page 18)	$ (2,068,973)	$ 1,388,489
Amounts reported for governmental activities in the Statement of Activities (page 14) are different because:		
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays ($5,261,788) excluding construction in process placed in service ($98,582) in the current year exceeded depreciation expense ($2,762,074),	2,401,132	29,047
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trades) is to decrease net position.	(17,352)	-
The governmental funds report bond proceeds and other long-term debt as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of these differences is as follows:		
Repayment of serial bonds	2,640,000	2,725,000
Amortization of debt premium	50,958	50,958
Repayment of capital leases	541,355	708,518
Interest expense	(92,145)	(53,458)
In the Statement of Activities, certain operating expenses are measured by the amounts accrued or earned during the year. In the governmental funds, however, expenditures for these are items are measured by the amount of financial resources used. The net effect of these differences are:		
Retainages	(33,170)	-
Compensated absences	(412,826)	(1,405,894)
Workers compensation	-	(2,330,990)
Change in proportionate share of net pension asset/(liability) and OPEB reported in the Statement of Net Position do not provide for or require the use of current financial resources and therefore is not reported as revenues or expenditures in the governmental funds.		
Net pension - proportionate share - TRS	2,151,558	3,691,761
Net pension - proportionate share - ERS	(1,190,624)	1,952,704
Other postemployment benefits	(2,822,333)	(422,669)
Change in proportionate share of net pension and OPEB deferred inflows and outflows reported in the Statement of Net Position during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems subsequent to the measurement date do not provide for or require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Net pension - proportionate share - TRS	(1,312,664)	(4,285,966)
Net pension - proportionate share - ERS	1,034,123	(1,804,434)
Other postemployment benefits	1,883,572	242,169
Change in net position of governmental activities	$ 2,752,611	$ 485,235

See notes to basic financial statements.

FRONTIER CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2019

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	$ -	$ 1,208,322
Cash and cash equivalents - restricted	622,775	189,882
Total assets	622,775	$ 1,398,204
LIABILITIES		
Agency liabilities	-	$ 249,364
Post retirement liabilities	-	761,189
Due to other funds	-	197,769
Extraclassroom activity balances	-	189,882
Total liabilities	-	$ 1,398,204
NET POSITION		
Restricted for scholarships	$ 622,775	

See notes to basic financial statements.

FRONTIER CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

		Private Purpose Trust
ADDITIONS		
Scholarship revenue	$	1,851
Interest		5,380
Total additions		7,231
DEDUCTIONS		
Scholarship expense		13,000
Change in net position		(5,769)
Net position - beginning		628,544
Net position - ending	$	622,775

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Frontier Central School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. REPORTING ENTITY

The District is governed by Education Law and other laws of the State of New York. The District is an independent entity governed by an elected Board of Education. 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 are primarily accountable for all fiscal matters.

The scope of activities included within the accompanying financial statements are those transactions which comprise District operations and are governed by, or significantly influenced by, the Board of Education. Essentially, the primary function of the District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function. The financial reporting entity includes all funds, account groups, functions and organizations over which the District officials exercise oversight responsibility.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*; as amended by GASB Statement No. 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. INCLUDED IN THE REPORTING ENTITY

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

2. JOINT VENTURE

The District is a component school district in the Erie 1 Board of Cooperative Educational Services (BOCES). The 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 is organized under Section 1950 of NYS Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards are also considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of New York State 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 costs is determined by resident public school district enrollment as defined in Education Law Section 1950 (4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate. During the year ended June 30, 2019, the District was billed $8,353,503 for BOCES administrative and program costs. Financial statements for the BOCES are available from the BOCES administrative office at 355 Harlem Road, Buffalo, New York 14224.

B. BASIS OF PRESENTATION

1. DISTRICT-WIDE STATEMENTS:

While separate district-wide and fund financial statements are presented, they are interrelated. The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall District 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 property taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include specific operating and discretionary (either operating or capital) 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 direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. 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. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources such as Federal and State grants that are legally restricted to expenditures for a specific purpose. These legal restrictions may be imposed either by governments that provide the funds or by outside parties.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Additionally, the District reports the following fund types:

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

Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income 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 from these trust arrangements.

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

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the district-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the district-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within one year of the end of the current fiscal period with the exception of property taxes, which the period of availability is sixty days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and sales taxes associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenue in the current year. Real property taxes are levied annually by the Board of Education no later than September 1. Taxes are collected during the period of September through November. Uncollected real property taxes are subsequently enforced by the County of Erie, in which the District is located. Uncollected real property taxes transmitted to the County for enforcement are paid by the County to the District no later than the forthcoming April 1.

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The Agency Fund has no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. CASH AND CASH EQUIVALENTS

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.

2. RESTRICTED ASSETS

Certain assets are classified on the Balance Sheet and Statement of Net Position as restricted because their use is limited. Donations to be used towards scholarships in the Private Purpose Trust Fund and funds supporting extraclassroom activities in the Agency Fund are restricted specifically for those purposes. Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment, are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

3. CASH VALUE OF LIFE INSURANCE

Cash value of life insurance is stated at the lower of accumulated premiums paid or surrender value of the contracts.

4. RECEIVABLES

Receivables are carried at their net realizable value. Receivables are written-off as uncollectible after the likelihood of payment is considered remote by management. Generally accepted accounting principles require the establishment of an allowance for uncollectible receivables, however, no allowance for uncollectible receivables has been provided since management believes that such allowance would not be material.

5. INVENTORY

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

These assets are classified as nonspendable to signify that portion of fund balance that is not in a spendable form.

6. INTERFUND TRANSACTIONS

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

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

The governmental funds report all inter-fund transactions as originally recorded. Inter-fund receivables and payables may be netted on the accompanying governmental funds Balance Sheet when it is the District's practice to settle these amounts as a net balance based upon the right of legal offset.

Refer to Note 3.J for a detailed disclosure by individual fund for inter-fund receivables, payables, expenditures, and revenues activity.

7. CAPITAL ASSETS

Capital assets, which include property and equipment are reported in the district-wide financial statements.

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2004. For assets acquired prior to June 30, 2004, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair value at the time received. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land improvements	$ 5,000	straight-line	20 years
Buildings and improvements	5,000	straight-line	20-50 years
Furniture, equipment and vehicles	5,000	straight-line	5-20 years

8. INSURANCE

The District insures against liability for most risks including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension (asset)/liability, the difference during the measurement period between the District's contributions and its proportional share of total contributions to the pension systems not included in pension expense and any contributions to the pension systems subsequent to the measurement date. See details of deferred pension outflows in Note 3.E. The second is related to Other Postemployment Benefits (OPEB) reported in the district-wide Statement of Net Position. This represents the effect of the change in the actual and expected experience. See details of deferred OPEB outflows in Note 3.F.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. This is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension (asset)/liability and difference during the measurement period between the District's contributions and its proportional share of total contributions to the pension systems not included in pension expense. See details of deferred pension inflows in Note 3.E.

10. UNEARNED REVENUE

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

11. ACCRUED LIABILITIES AND LONG-TERM LIABILITIES

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in 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 governmental 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 governmental 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.

Premiums received upon the issuance of debt are included as other financing sources in the governmental fund statements when issued. In the district-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a components of interest expense over the life of the related obligation.

Bond Defeasance - In the district-wide financial statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of retired debt, and are recorded as either a deferred outflow or inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

12. VESTED EMPLOYEE BENEFITS

Compensated Absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (LIFO) basis. Upon retirement, resignation or death, employees may receive a payment or a credit to be used towards health insurance based on unused accumulated sick leave, based on contractual provisions. These payments are budgeted annually without accrual.

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability at year-end in the district-wide financial statements. The compensated absences liability is calculated based on contractually negotiated rates in effect at year end.

In the governmental fund statements only, the amount of matured vacation time is accrued within the General Fund based on expendable and available financial resources. Sick time is expensed on a pay-as-you-go basis.

13. POSTEMPLOYMENT BENEFITS/OTHER BENEFITS

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. The obligation of the District and its retirees to contribute to the cost of providing these benefits has been established pursuant to Board resolution and various collective bargaining agreements. Payments are budgeted annually without accrual and are based on the pay-as-you go method (See Note 3.F).

14. SHORT TERM DEBT

The District may issue Bond Anticipation Notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the fund that will actually receive the proceeds from the issuance of the Bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date, if not completely repaid. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

15. NET POSITION FLOW ASSUMPTION

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

It is the District's policy that the District's Board of Education will assess the current financial condition of the District and then determine the order of application of expenditures to which restricted and unrestricted net position will be applied.

16. FUND BALANCE FLOW ASSUMPTIONS

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

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

17. FUND BALANCE POLICIES

Fund balance of the District's funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the Director of Finance to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

E. PROGRAM REVENUES

Amounts reported as *program revenues* include 1) charges to tax payers or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes and other internally dedicated resources are reported as general revenues rather than as program revenues.

F. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

G. ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended June 30, 2019, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and Statement No. 88, *Certain Disclosures Related to Debt*, *including Direct Borrowing and Direct Placements*.

The District has evaluated Statements No. 83 and 88 and have determined that they have no impact on the District's operations in the current year.

The GASB has issued the following new pronouncements:

- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending June 30, 2020.
- Statement No. 87, *Leases*, which will be effective for the year ending June 30, 2021.
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* which will be effective for the year ending June 30, 2021.
- Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and 61*, which will be effective for the year ending June 30, 2020.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending June 30, 2022.

The District is currently reviewing these statements and plans on adoption, as required.

NOTE 2 - STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. LEGAL COMPLIANCE BUDGETS

BUDGET POLICIES

The District's administration prepares a proposed budget for approval by the Board of Education for the general fund. The proposed appropriation budget is then approved by the voters within the District. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

B. DEFICIT FUND EQUITY

At June 30, 2019, the Capital Projects Fund, a major fund, has a deficit fund balance of $2,991,668. The deficit is the result of the issuance of bond anticipation notes (BANs), which do not qualify for treatment as a long-term liability. Accordingly, the BANS are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances). When the cash from the BANS is spent, expenditures are reported and fund balance is reduced. Because the BANS are the main source of resources for the fund, the result is an overall fund deficit. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANS.

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. DEPOSITS AND INVESTMENTS

The District's investment policies are governed by State statutes. In addition, the District has its own written investment policy. The District funds must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include demand accounts and certificates of deposit, 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 deposits, 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, obligations of New York State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

The District's aggregate bank balances were fully collateralized at June 30, 2019.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contract to be reserved for various purposes. Restricted cash as of year-end includes $189,882 within the Agency Fund restricted for extraclassroom activities, $622,775 in the Private Purpose Trust Fund restricted for scholarships and $803,131 in the Capital Projects Fund for unexpended debt proceeds.

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

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

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

B. RECEIVABLES

Significant revenues accrued by the District at June 30, 2019, include the following:

State and federal aid receivable:

General Fund:		
State aid - excess cost aid	$	991,492
Miscellaneous		4,418
Total General Fund		995,910
Special Aid		1,161,978
School Lunch		60,418
Total	$	2,218,306

Due from other governments:

General Fund:		
BOCES aid	$	1,344,667
Salse Tax		2,203,066
Total	$	3,547,733

C. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019, were as follows:

	Balance 7/1/2018	Increases	Decreases	Balance 6/30/2019
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 802,150	$ -	$	$ 802,150
Construction work in progress	1,344,659	4,095,012	98,582	5,341,089
Total capital assets not being depreciated	2,146,809	4,095,012	98,582	6,143,239
Capital assets being depreciated:				
Land improvements	2,815,848	-	-	2,815,848
Buildings and building improvements	92,314,725	98,582	-	92,413,307
Furniture, equipment and vehicles	13,387,995	1,068,194	1,691,499	12,764,690
Total capital assets, being depreciated	108,518,568	1,166,776	1,691,499	107,993,845

		Balance 7/1/2018		Increases		Decreases		Balance 6/30/2019
Less accumulated depreciation:								
Land improvements		2,786,851		10,809		-		2,797,660
Buildings and building improvements		30,001,901		1,691,998		-		31,693,899
Furniture, equipment and vehicles		9,339,576		1,059,267		1,674,147		8,724,696
Total accumulated depreciation		42,128,328		2,762,074		1,674,147		43,216,255
Total capital assets being depreciated, net		66,390,240		(1,595,298)		17,352		64,777,590
Governmental activities capital assets, net	$	68,537,049	$	2,499,714	$	115,934	$	70,920,829

Depreciation has not been allocated to the individual functions of the District operation as no allocation methodology has been established.

D. ACCRUED LIABILITIES

Accrued liabilities reported by the District at June 30, 2019, were as follows:

		General Fund
Salary and employee benefits	$	70,542
Self funded health insurance		790,854
Tax certiorari settlements		187,857
Total accrued liabilities	$	1,049,253

E. PENSION OBLIGATIONS

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

Provisions and Administration
The TRS 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. The System’s financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable, and investments are recognized at fair value. TRS issues a publicly available financial report that contains financial statements and required supplementary information. 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 NYSTRS Comprehensive Annual Financial report which can be found on the System’s website at www.nystrs.org.

The ERS 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. The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable, and investments are recognized at fair value. ERS issues a publicly available financial report that contains financial statements and required supplementary information. 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.

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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. 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 31st.

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

At June 30, 2019, the District reported the following amount for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of June 30, 2018, for TRS and March 31, 2019, for ERS. The total pension amount used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The District's proportion of the net pension 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 TRS and ERS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2019
Net pension (asset)/liability	$ (3,692,246)	$ 2,122,535
District's portion of the Plan's total Net pension (asset)/liability	0.204187%	0.029957%
Change in proportion since the prior measurement date	0.001491	0.001082

For the year ended June 30, 2019, the District's recognized pension expense of $2,824,230 for TRS and $1,634,184 for ERS, respectively. At June 30, 2019, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	Deferred Ouflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	$ 2,759,186	$ 417,972	$ 499,796	$ 142,482
Change of assumptions	12,906,823	533,519	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	4,098,675	544,760
Changes in proportion and differences between the District's contributions and proportionate share of contributions	15,112	633,775	227,451	86,419
District's contributions subsequent to the measurement date	3,660,284	443,755	-	-
Total	$ 19,341,405	$ 2,029,021	$ 4,825,922	$ 773,661

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	TRS	ERS
Year ended:		
2020	$ 3,659,553	$ 640,961
2021	2,471,361	(261,826)
2022	223,678	72,818
2023	2,462,662	359,652
2024	1,659,532	-
Thereafter	378,413	-

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.

Significant actuarial assumptions used in the valuations were as follows:

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2019
Actuarial valuation date	June 30, 2017	April 1, 2018
Interest rate	7.25%	7.00%
Salary scale	1.90% - 4.72%	4.20%
Decrement tables	July 1, 2009 June 30, 2014 System's Experience	April 1, 2010 March 31, 2015 System's Experience
Inflation rate	2.25%	2.50%
Cost of living adjustments	1.50%	1.30%

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

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

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

	Target Allocation		Long-Term Expected Real Rate of Return	
Measurement Date			June 30, 2018	May 31, 2019
	TRS	ERS	TRS	ERS
Asset Class:				
Domestic equity	33.0 %	36.0 %	5.8 %	4.6 %
International equity	16.0	14.0	7.3	6.4
Private equity	8.0	10.0	8.9	7.5
Real estate	11.0	10.0	4.9	5.6
Global equities	4.0	-	6.7	-
Absolute return strategies	-	2.0	-	3.8
Opportunistic portfolio	-	3.0	-	5.7
Real assets	-	3.0	-	5.3
Bond and mortgages	7.0	17.0	2.8	1.3
Cash/short term	1.0	1.0	0.3	-0.3
Inflation-indexed bonds	-	4.0	-	1.3
Domestic fixed income securities	16.0	-	1.3	-
Global fixed income securities	2.0	-	0.9	-
Private debt	1.0	-	6.8	-
High yield income securities	1.0	-	3.5	-
Total	100.0 %	100.0 %		

Discount Rate

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

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

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

	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
TRS			
Employer's proportionate share of the net pension (asset)/liability	$ 25,366,335	$ (3,692,246)	$ (28,035,262)

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS			
Employer's proportionate share of the net pension (asset)/liability	$ 9,280,063	$ 2,122,535	$ (3,890,296)

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	TRS	ERS
Measurement date	June 30, 2018	March 31, 2019
Employers' total pension liability	$ 118,107,254	$ 189,803,429
Plan net position	119,915,518	182,718,124
Employers' net pension (asset)/ liability	$ (1,808,264)	$ 7,085,305
Ratio of plan net position to the employers' total pension (asset)/liability	101.5%	96.3%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019, are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019, represent employee and employer contributions for the fiscal year ended June 30, 2019, based on paid TRS wages multiplied by the employer’s contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019, amounted to $3,755,970.

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2019, represent the projected employer contribution for the period of April 1, 2019, through June 30, 2019, based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2019, amounted to $443,754.

F. OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS (OPEB)

Plan Description

The Frontier Central School District administers the Frontier Central School District Retiree Medical, Prescription Vision and Dental Plan (the Plan) as a single-employer defined benefit Other Post-employment Benefit Plan (OPEB). The Plan provides for continuation of medical, prescription vision and dental benefits for certain retirees and their spouses and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement.

The employer currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the District.

Employees Covered by Benefit Terms

As of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	133
Inactive employees entitled to but not yet receiving benefits	-
Active employees not eligible to retire	441
Active employees, eligible to retire	208
Total	782

The District's total OPEB liability of $8,296,054 was measured as of March 31, 2019, using updated procedures to roll forward the total OPEB actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Other Inputs

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

Inflation	2.31%
Salary Increases	3.36%, average, including inflation
Discount Rate	3.44%
Healthcare Cost Trend Rates	6.20% as of 2019, with an ultimate rate of 4.23% for 2071 and later years
Retirees' Share of Benefit-Related Costs	Currently only administrators are eligible for an employer subsidy at retirement.

The discount rate was based on the Fidelity Mutual General Obligation AA 20 year Bond rate as of the measurement date.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, distinct for Teachers, General and Safety, without separate Contingent Survivor mortality, fully generational using Scale MP-2018.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2017 – June 30, 2018.

Changes in the Total OPEB Liability

Balance at July 1, 2018	$ 5,473,721
Changes for the year:	
Service cost	195,231
Interest	197,990
Changes of benefit terms	-
Differences between expected and actual experience	2,538,890
Changes in assumptions or other inputs	74,678
Benefit payments	(184,456)
Net changes	2,822,333
Balance at June 30, 2019	$ 8,296,054

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following present the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44 percent) or 1 percentage point higher (4.44 percent) than the current discount rate.

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB Liability	$ 8,951,064	$ 8,296,054	$ 7,691,930

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 (5.20 percent) or 1 percentage point higher (7.20 percent) than the current healthcare cost trend rate:

	1% Decrease (5.20% decreasing to 3.23%)	Healthcare Cost Trend Rates (6.20% decreasing to 4.23%)	1% Increase (7.20% decreasing to 5.23%)
Total OPEB Liability	$ 7,504,692	$ 8,296,054	$ 9,209,898

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2019, the District recognized OPEB expense of $1,135,054. At June 30, 2019, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,986,108	-
Changes of assumptions	93,519	-
Contributions subsequent to the measurement date	46,114	-
Total	$ 2,125,741	-

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 Ended June 30,	Amount
2020	$ 741,833
2021	734,661
2022	603,133
2023	-
2024	-
Thereafter	-

G. SHORT-TERM LIABILITIES

The purpose of all of the short-time borrowings was to provide resources for bus purchases and various capital improvement projects. The form of financing used in all cases was bond anticipation notes (BAN). The amounts issued are accounted for in the capital projects fund.

The schedule below details the changes in short-term capital borrowings during the year ended June 30, 2019:

	Balance 7/1/2018	Issues	Redeemed	Balance 6/30/2019
BAN maturing 8/14/19 at 2.25%	883,701	-	883,701	-
BAN maturing 7/24/19 at 2.75%	-	3,695,111	-	3,695,111
	$ 883,701	$ 3,695,111	$ 883,701	$ 3,695,111

H. CAPITAL LEASES

The District entered into lease agreements as lessee for financing the acquisition of buses. The buses have a ten-year estimated useful life. These lease agreements qualify as a capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year ending June 30,	
2020	378,486
2021	203,338
Total minimum lease payments	581,824
Less: amount representing interest	12,407
Present value of minimum lease payments	569,417

I. LONG-TERM LIABILITIES

1. GENERAL OBLIGATION BONDS

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

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

2. SERIAL BONDS

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

The following is a summary of maturities of indebtedness:

Description	Original Issue Date	Original Borrowing	Final Maturity	Interest Rates to Maturity	Outstanding Balance 6/30/2019
Governmental activities:					
Refunding Serial Bond	6/15/2015	$ 4,580,000	6/15/2032	$ 2.00-3.00%	3,675,000
Refunding Serial Bond	12/20/2016	5,715,000	6/15/2025	1.00-4.00%	4,400,000
Serial Bond	5/23/2017	23,935,000	6/1/2031	2.00-3.00%	20,340,000
					$ 28,415,000

3. OTHER LONG-TERM LIABILITIES

In addition to the above long-term debt, the District had a non-current liability for compensated absences, pensions (Note 3.E) and other postemployment benefits. (Note 3.F.)

4. CHANGES IN LONG-TERM LIABILITIES

Changes in the District's long-term liabilities for the year ended June 30, 2019 are as follows:

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Due Within One Year
Government activities:					
Serial Bonds	$ 31,055,000	$ -	$ 2,640,000	$ 28,415,000	$ 2,655,000
Unamortized premium	498,887	-	50,958	447,929	50,958
Capital leases	1,110,772	-	541,355	569,417	369,278
Total bonds and leases payable	32,664,659	-	3,232,313	29,432,346	3,075,236
Other liabilites:					
Compensated absences*	$ 3,588,219	$ 412,826	$ -	$ 4,001,045	$ 400,104
Workers compensation	3,218,757	-	-	3,218,757	1,010,886
Net pension liability (ERS) - proportionate share *	931,911	1,190,624	-	2,122,535	-
Total OPEB liability	5,473,721	3,006,789	184,456	8,296,054	-
Total long-term liabilities	$ 45,877,267	$ 4,610,239	$ 3,416,769	$ 47,070,737	$ 4,486,226

*Additions to net pension liabilty and compsenated absences are shown net of reductions.

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

The following is a summary of maturing debt service requirements for the District's serial bonds:

Fiscal Year	Principal	Interest	Premium
2020	$ 2,655,000	$ 705,824	$ 50,958
2021	2,555,000	652,724	50,958
2022	2,605,000	599,562	50,958
2023	2,665,000	543,250	50,958
2024	2,740,000	483,462	50,958
2025-2029	11,690,000	1,511,911	137,136
2030-2032	3,505,000	160,600	56,003
Total	$ 28,415,000	$ 4,657,333	$ 447,929

As of June 30, 2019, the District has authorized but unissued debt in an amount not to exceed $2,690,324.

In the prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. $16,035,000 of bonds outstanding are considered defeased.

J. INTERFUND ACTIVITY

Interfund activity at June 30, 2019, are as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General Fund	$ 1,483,720	$ -	$ -	$ 286,676
Capital Projects Fund	-	-	100,000	-
Special Aid Fund	-	1,114,310	140,441	-
School Lunch Fund	-	171,641	46,235	-
Agency Fund	-	197,769	-	-
Total	$ 1,483,720	$ 1,483,720	$ 286,676	$ 286,676

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

Interfund receivables and payables were incurred primarily due to salaries and other expenditures paid by general fund on behalf of the special aid fund and school lunch fund.

Interfund revenues and expenses were transfers from the general fund to the special aid fund for the summer school handicap program, to the school lunch fund for payroll and benefits expenditures and the capital fund to fund the current capital outlay project.

I. NET POSITION AND FUND BALANCE

1. NET POSITION

The District's financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and debt used to fund capital asset purchases reduce the balance in this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net position is consistent with restricted fund balance at June 30, 2019.

Unrestricted net position – This category represents net position of the District not restricted for any project or other purpose.

2. FUND BALANCE

In the fund financial statements there are five classifications of fund balance:

Nonspendable – represents amounts that cannot be spent they are either not in spendable form/or legally or contractually required to be maintained intact. Nonspendable fund balances maintained by District at June 30, 2019, include:

- *Inventory* – represents nonspendable inventory in the school lunch fund.

Restricted – represents amounts with constraints placed on the use of resources and are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed – represents amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority, the Board of Education. As of June 30, 2019, the Board had no committed fund balances.

Assigned – represents amounts that are constrained by the District's intent to be used for the specified purposes noted below, but are neither restricted nor committed.

- *Assigned to specific use* – represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment's purpose related to each fund's operations and represents amounts within funds that are not restricted or committed.
- *Assigned to subsequent year's expenditure* – represents available fund balance being appropriated to meet expenditure requirements in the 2020 fiscal year.

Unassigned – represents all amounts not included in other spendable classifications. The General fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

As of June 30, 2019, fund balances were classified as follows:

	General	Capital Projects	Nonmajor Funds	Total
Nonspendable				
Inventory	$ -	$ -	$ 66,630	$ 66,630
Life insurance	344,493	-	-	344,493
Restricted:				
Workers' compensation	2,077,984	-	-	2,077,984
Retirement	3,828,166	-	-	3,828,166
Capital	3,126,803	-	-	3,126,803
Employment benefit accrued liabiltiy	2,764,037	-	-	2,764,037
Tax certiorari	150,000	-	-	150,000
Assigned:				
Subsequent years' expenditures	1,948,488	-	-	1,948,488
Debt service	-	-	1,231,955	1,231,955
Encumbrances:				
General support	29,059	17,159,574	-	17,188,633
Instruction	154,971	-	-	154,971
Unassigned:				
General fund	3,451,760	-	-	3,451,760
Capital projects	-	(20,151,242)	-	(20,151,242)
School lunch	-	-	(66,630)	(66,630)
Total	$ 17,875,761	$ (2,991,668)	$ 1,231,955	$ 16,116,048

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.

NOTE 4 - RISK MANAGEMENT

A. GENERAL

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks has not yet exceeded commercial insurance coverage for the past three fiscal years.

B. WORKERS' COMPENSATION PLAN

The District is exposed to various risks of loss related to workers' compensation. The District is self-insured pursuant to Article 5 of the Workers' Compensation law to finance the liability and risks related to workers' compensation claims. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The District maintains excess insurance that limits self-insured claims to $550,000 per incident and $1,000,000 in the aggregate.

The schedule below presents the changes in the District's estimated claims since June 30, 2017. The estimated claims represent claims that have occurred and are open due to an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board. Estimated claims represents anticipated future payouts based on prior experience with actual payments of claims.

Estimated claims as of June 30, 2017	$	887,767
Current claims and changes in estimates		3,242,626
Payments made during the year, net		911,636
Estimated claims as of June 30, 2018		3,218,757
Current claims and changes in estimates		860,530
Payments made during the year, net		860,530
Estimated claims as of June 30, 2019	$	3,218,757

C. SELF-FUNDED HEALTH INSURANCE PLAN

The District maintains a self-insured plan for health insurance claims. Effective March 1, 2015 all employees are covered by the self-insured plan. Prior to this date only employees of the Frontier Teachers Association were covered by this plan. Generally, liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated with consideration of the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other benefit costs. The District's program is managed by a third party administrator. The District has calculated its best estimate of health insurance losses and claims paid subsequent to year end based on claim reports provided by the third party administrator. This does not include an estimate of the claims incurred but not reported since management believes that any such estimated would not be material. The District purchases excess insurance limiting its self-funded risk to $150,000 per employee with $1,000,000 in the aggregate.

Estimated claims as of June 30, 2017	$	674,309
Current claims and changes in estimates		8,188,097
Payments made during the year, net		8,255,784
Estimated claims as of June 30, 2018		606,622
Current claims and changes in estimates		8,266,584
Payments made during the year, net		8,082,352
Estimated claims as of June 30, 2019	$	790,854

NOTE 5 - COMMITMENTS AND CONTINGENCIES

A. GRANT AWARDS

The District participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District anticipates such amounts, if any, will be immaterial.

B. ENCUMBRANCES

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were $184,030 recorded in the General Fund.

C. CONSTRUCTION COMMITMENTS

The District has active construction projects as of June 30, 2019. Outstanding construction commitments are estimated at $17,159,574.

The District has entered into a joint agreement with Erie 1 BOCES and its nineteen component school districts for the construction of improvements to various BOCES school facilities, pursuant to section 1950 of education law. The District's portion of total capital project costs is $1,466,020. This will be paid in three installments between 2022 and 2024.

NOTE 6 - TAX ABATEMENTS

The Hamburg Industrial Development Agency, a public benefit corporation, created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively "the Act"), has 32 real property tax abatement agreements with various businesses in the District under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of economic development in the District.

Generally, these agreements provide for a specific percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements. Should the property owner not comply with the policies and laws as set forth in each agreement, the PILOT will discontinue as outlined in each agreement.

As a result of these tax abatement agreements, for the year ended June 30, 2019, the District's total tax revenues were reduced by $863,553.

Copies of the agreements may be obtained from the Sean P. Doyle, Executive Director, Hamburg IDA, 6122 South Park Avenue, Hamburg, NY.

NOTE 7 - SUBSEQUENT EVENTS

On July 23, 2019 the District issued Bond Anticipation Notes in the amount of $15,726,063 for various capital projects and bus purchases.

Management has evaluated subsequent events through October 10, 2019, which is the date the financial statements are available for issuance, and have determined there are no subsequent events other than those noted above that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

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FRONTIER CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (NON-GAAP BASIS) AND ACTUAL GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Amended Budget	Current Year's Revenues	Over (Under) Amended Budget
REVENUES				
Local sources:				
Real property taxes	$ 39,741,467	$ 39,741,467	$ 39,763,863	$ 22,396
Real property tax items	757,233	757,233	802,434	45,201
Non-property taxes	5,460,000	5,460,000	5,775,109	315,109
Charges for services	1,155,250	1,155,250	1,089,540	(65,710)
Use of money and property	145,498	145,498	288,656	143,158
Sale of property and compensation for loss	55,250	55,250	80,733	25,483
Miscellaneous local sources	349,448	349,448	531,435	181,987
State sources:				
Basic formula	24,945,927	24,945,927	24,870,097	(75,830)
Lottery aid	6,120,357	6,120,357	6,302,095	181,738
BOCES aid	1,594,869	1,594,869	2,225,882	631,013
Other state aid	768,231	768,231	544,487	(223,744)
Federal sources	250,000	250,000	293,887	43,887
Total revenues	81,343,530	81,343,530	82,568,218	1,224,688
Other sources:				
Appropriated fund balance	1,650,000	1,723,613	-	(1,723,613)
Total revenues and other sources	$ 82,993,530	$ 83,067,143	$ 82,568,218	$ (498,925)

The notes to the required supplementary information is an integral part of this schedule.

FRONTIER CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (NON-GAAP BASIS)
AND ACTUAL GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

	Original Budget	Amended Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
EXPENDITURES					
General support:					
Board of education	$ 45,750	$ 49,800	$ 37,624	$ -	$ 12,176
Central administration	299,133	299,363	290,511	-	8,852
Finance	620,068	700,852	655,586	27,525	17,741
Staff	586,860	610,315	546,031	-	64,284
Central services	4,824,515	4,863,836	4,546,620	1,534	315,682
Special items	791,040	969,760	884,300	-	85,460
Instruction:					
Instruction, administration and improvements	2,369,462	2,429,750	2,384,936	97	44,717
Teaching - regular school	25,915,881	25,848,165	24,923,392	21,242	903,531
Programs for children with handicaps	11,536,192	11,825,928	11,389,850	-	436,078
Occupational education	1,312,954	1,312,954	1,312,954	-	-
Teaching - special schools	554,219	527,419	496,410	-	31,009
Instructional media	2,595,254	3,490,289	3,307,166	127,284	55,839
Pupil services	3,310,267	3,331,998	3,251,273	6,348	74,377
Pupil transportation	3,450,534	3,562,995	3,472,564	-	90,431
Debt service - principal	3,548,058	3,548,058	3,538,056	-	10,002
Debt service interest	834,651	821,278	809,652	-	11,626
Employee benefits	20,148,692	18,624,383	18,034,374	-	590,009
Total expenditures	82,743,530	82,817,143	79,881,299	184,030	2,751,814
Other uses:					
Interfund transfers out	250,000	250,000	286,676	-	(36,676)
Total expenditures and other uses	$ 82,993,530	$ 83,067,143	80,167,975	$ 184,030	$ 2,715,138
Net change in fund balance			$ 2,400,243		

The notes to the required supplementary information is an integral part of this schedule.

FRONTIER CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORATIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY
LAST FIVE FISCAL YEARs*

	Year Ended June 30, 2015	2016	2017	2018	2019
Teachers' Retirement System (TRS)					
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
District's proportion of the net pension (asset)/liability	0.199165%	0.201219%	0.200839%	0.202696%	0.204187%
District's proportionate share of the net pension (asset)/liability	$ (22,185,698)	$ (20,900,283)	$ 2,151,073	$ (1,540,688)	$ (3,692,246)
District's covered payroll	$ 29,419,717	$ 30,225,884	$ 30,991,259	$ 32,120,579	$ 33,606,676
District's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	-75.4%	-69.1%	6.9%	-4.8%	-11.0%
Plan fiduciary net position as a percentage of the total pension (asset) liability	-111.5%	-110.5%	99.0%	-100.7%	-101.5%
Employees' Retirement System (ERS)					
Measurement date	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
District's proportion of the net pension liability	0.033097%	0.031920%	0.030700%	0.028875%	0.029957%
District's proportionate share of the net pension liability	$ 1,118,096	$ 5,123,257	$ 2,884,615	$ 931,911	$ 2,122,535
District's covered payroll	$ 9,249,399	$ 9,447,556	$ 9,320,776	$ 9,945,946	$ 10,151,868
District's proportionate share of the net pension liability as a percentage of its covered payroll	12.1%	54.2%	30.9%	9.4%	20.9%
Plan fiduciary net position as a percentage of the total pension liability	97.9%	90.7%	97.9%	98.2%	96.3%

* This schedule is intended to show information for ten years. Since 2015 was the first year for this presentation, ten years of data is not available. Additional years will be included as they become available.

The notes to the required supplementary information is an integral part of this schedule.

FRONTIER CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
LAST TEN FISCAL YEARS
FOR THE YEAR ENDED JUNE 30,

TEACHERS' RETIREMENT SYSTEM

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	$ 2,162,062	$ 2,884,436	$ 3,622,913	$ 3,573,130	$ 4,868,910	$ 5,371,978	$ 4,186,421	$ 3,758,675	$ 3,258,316	$ 3,660,284
Contributions in relation to the contractually required contribution	2,162,062	2,884,436	3,622,913	3,573,130	4,868,910	5,371,978	4,186,421	3,758,675	3,258,316	3,660,284
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	30,464,373	30,532,802	30,779,149	29,103,062	29,419,717	30,225,884	30,991,259	32,120,579	33,606,676	34,720,230
Contributions as a percentage of covered payroll	7.1%	9.4%	11.8%	12.3%	16.5%	17.8%	13.5%	11.7%	9.7%	10.5%

EMPLOYEES' RETIREMENT SYSTEM

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	$ 703,912	$ 1,176,696	$ 1,529,164	$ 1,929,451	$ 2,055,555	$ 1,848,331	$ 1,642,155	$ 1,548,078	$ 1,433,342	$ 1,482,268
Contributions in relation to the contractually required contribution	703,912	1,176,696	1,529,164	1,929,451	2,055,555	1,848,331	1,642,155	1,548,078	1,433,342	1,482,268
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	9,594,019	9,851,204	10,176,896	9,809,100	10,056,949	9,511,756	9,397,076	9,513,256	10,080,677	10,225,157
Contributions as a percentage of covered payroll	7.3%	11.9%	15.0%	19.7%	20.4%	19.4%	17.5%	16.3%	14.2%	14.5%

The notes to the required supplementary information is an integral part of this schedule.

FRONTIER CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS*

Measurement Date	2018 March, 31	2019 March, 31
Total OPEB Liability		
Service cost	$ 159,015	$ 195,231
Interest	190,152	197,990
Changes in benefit terms	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	201,601	2,538,890
Changes of assumptions or other inputs	77,979	74,678
Benefit payments	(206,078)	(184,456)
Net change in total OPEB liability	422,669	2,822,333
Total OPEB liability - beginning	5,051,052	5,473,721
Total OPEB liability - ending	$ 5,473,721	$ 8,296,054
Covered employee payroll	$ 39,932,376	$ 38,769,297
Total OPEB liability as a percentage of covered employee payroll	13.71%	21.40%

* This schedule is intended to show information for ten years. Since 2018 was the first year for this presentation, ten years of data is not available. Additional years will be included as they become available.

NOTE 1 - BUDGETARY INFORMATION

BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2019, and, therefore, is the only fund presented in the Budgetary Comparison Schedule.

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 that was not determined at the time the budget was adopted.

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

Other special revenue funds and the private purpose trust fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

NOTE 2 - FACTORS AFFECTING TRENDS IN OTHER POSTEMPLOYMENT BENEFITS AND PENSIONS

The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go-basis. Changes of assumptions and other inputs reflect a change in the discount rate from 3.61 percent in 2018 to 3.44 percent in 2019 and changes in the inflation rate from 2.20 percent in 2018 to 2.31 percent in 2019.

The District's proportionate share of the net pension (asset)/liability of the pension systems is significantly dependent on the performance of the stock market and the funds that the retirement system invest in. In addition, the discount factor has varied from 7.5 percent to 7.0 percent over the past four years.

SUPPLEMENTARY INFORMATION

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FRONTIER CENTRAL SCHOOL DISTRICT
COMBINING STATEMENT BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Debt Service	School Lunch	Total
ASSETS			
Cash and cash equivalents	$ 1,231,955	$ 123,094	$ 1,355,049
Receivables	-	14,816	14,816
State and federal aid receivable	-	60,418	60,418
Inventory	-	66,630	66,630
Total assets	$ 1,231,955	$ 264,958	$ 1,496,913
LIABILITIES			
Accounts payable	$ -	$ 43,730	$ 43,730
Due to retirement systems	-	26,824	26,824
Due to other funds	-	171,641	171,641
Unearned revenue	-	22,763	22,763
Total liabilities	-	264,958	264,958
FUND BALANCES			
Nonspendable	-	66,630	66,630
Assigned	1,231,955	-	1,231,955
Unassigned (deficit)	-	(66,630)	(66,630)
Total fund balances	1,231,955	-	1,231,955
Total liabilities and fund balances	$ 1,231,955	$ 264,958	$ 1,496,913

FRONTIER CENTRAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Debt Service	School Lunch	Total
REVENUES			
Use of money and property	$ 24,684	$ 35	$ 24,719
Miscellaneous local sources	-	26,060	26,060
Sale of property and compensation for loss	-	1,488	1,488
State sources	-	28,358	28,358
Federal sources	-	830,945	830,945
School lunch	-	657,333	657,333
Total revenues	24,684	1,544,219	1,568,903
EXPENDITURES			
School lunch	-	1,300,057	1,300,057
Employee benefits	-	331,437	331,437
Total expenditures	-	1,631,494	1,631,494
Excess (deficit) of revenues over expenditures	24,684	(87,275)	(62,591)
OTHER FINANCING SOURCES			
Interfund transfers in	-	46,235	46,235
Premium on obligation	28,120	-	28,120
Total other financing sources	28,120	46,235	74,355
Net change in fund balances	52,804	(41,040)	11,764
Fund balances - beginning	1,179,151	41,040	1,220,191
Fund balances - ending	$ 1,231,955	$ -	$ 1,231,955

FRONTIER CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2019

Adopted Budget			
		$	82,993,530
Additions:			
Encumbrances from prior year			73,613
Final Budget		$	83,067,143

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-20 expenditure budget		$	86,293,994
Maximum allowed			3,451,760
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:			
Unrestricted fund balance:			
Assigned fund balance	2,132,518		
Unassigned fund balance	3,451,760		
Total unrestricted fund balance	5,584,278		
Less:			
Appropriated fund balance	1,948,488		
Encumbrances included in assigned fund balance	184,030		
Total adjustments	2,132,518		
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$	3,451,760
Actual percentage			4.00%

FRONTIER CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Expenditures to Date			
Project Title	**Original Appropriations**	**Revised Appropriations**	**Prior Years**	**Current Year**	**Total**	**Available Balance**
2018 Project - Phase 1	$ 12,243,587	$ 5,725,000	$ 844,442	$ 3,439,346	$ 4,283,788	$ 1,441,212
2018 Project - Phase 2	12,156,413	18,675,000	364,968	448,203	813,171	17,861,829
Capital Outlay 2018/2019	100,000	100,000	-	98,582	98,582	1,418
High School Pole Barn	65,205	65,205	1,250	18,182	19,432	45,773
Multi-Use Field	-	-	4,654	68,577	73,231	(73,231)
Smart Schools Bond Act	3,056,630	3,056,630	129,344	22,122	151,466	2,905,164
Buses	842,718	842,718	-	842,718	842,718	-
Total	$ 28,464,553	$ 28,464,553	$ 1,344,658	$ 4,937,730	$ 6,282,388	$ 22,182,165

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

Capital assets, net	$	70,920,829
Deduct:		
Bond anticipation notes payable		(3,695,111)
Bonds payable		(28,415,000)
Unamortized bond premium		(447,929)
Capital leases payable		(569,417)
Add:		
Unspent debt proceeds		803,131
Net investment in capital assets	$	38,596,503

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INTERNAL CONTROL AND COMPLIANCE

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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*

INDEPENDENT AUDITOR'S REPORT

The President and Members of the
Board of Education of
Frontier Central School District
Hamburg, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Frontier Central School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 the 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
October 10, 2019

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AUDITED
EXTRACLASSROOM ACTIVITY FINANCIAL STATEMENTS

FRONTIER CENTRAL SCHOOL DISTRICT

HAMBURG, NEW YORK

JUNE 30, 2019

FreedMaxick CPAs, P.C.

INDEPENDENT AUDITOR'S REPORT ON THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS NET POSITION OF THE EXTRACLASSROOM ACTIVITY FUNDS

The President and Members of the
Board of Education of
Frontier Central School District
Hamburg, New York

Report on the Financial Statements

We have audited the accompanying Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Position of the Extraclassroom Activity Funds of Frontier Central School District (the District), as of and for the year ended June 30, 2019, and the related note to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls over Extraclassroom Activity relevant to the District's preparation and fair presentation of the financial statement 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used as well as evaluating the overall presentation of the financial statement.

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

Basis for Qualified Opinion

Insufficient accounting controls are exercised over cash receipts from the point of collection to the time of submission to the Central Treasurer. Accordingly, it was impractical to extend our audit of receipts beyond the amounts recorded and were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the cash receipts, disbursements and changes in cash basis net position of the Extraclassroom Activity Funds of the District for the year ended June 30, 2019, arising from cash collected and disbursements made during the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

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

Freed Maxick CPAs, P.C.

Batavia, New York
October 10, 2019

FreedMaxick CPAs, P.C.

FRONTIER CENTRAL SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS NET POSITION OF THE EXTRACLASSROOM ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
Class of 2018	$ 13,217	$ -	$ 13,217	$ -
Class of 2019	5,970	45,606	38,821	12,755
Class of 2020	2,708	12,471	7,524	7,655
Class of 2021	1,342	7,211	5,795	2,758
Class of 2022	-	1,691	279	1,412
Advanced Placement Club	10,390	250	2,100	8,540
Art Club	2,216	1,843	1,975	2,084
Athletic Supporters Club	6,347	13,879	16,818	3,408
Band Club	15,048	32,092	32,123	15,017
Bookstore Club	17,678	20,187	23,710	14,155
Character Club	6,197	9,192	12,011	3,378
Drama Club	1,798	5,961	6,169	1,590
Ecology Club	149	2,806	2,646	309
ETHOS	289	627	627	289
FMS Athletics	2,144	1,161	2,228	1,077
French Club	2,308	6,010	5,605	2,713
Gateway Club	26,761	10,184	4,589	32,356
In-flight Club (newspaper)	203	221	25	399
International Club	1,024	3,756	3,161	1,619
Media Arts Club	51	-	-	51
Music Club	2,466	56,361	57,561	1,266
National Junior Honor Society	2,265	5,161	5,030	2,396
National Honor Society	4,775	10,797	10,887	4,685
School Fund	7,630	6,425	6,135	7,920
Ski Club	1,612	-	-	1,612
Student Government	44,938	95,110	91,514	48,534
Talon Fund	477	-	477	-
Technology Club	554	-	-	554
Teen Activities Club	1,088	2,316	1,914	1,490
The Voice	-	5,000	3,507	1,493
Varsity Club	2,001	14,270	14,246	2,025
Yearbook Club	5,709	2,838	3,232	5,315
Interest	630	4,109	3,712	1,027
Total	$ 189,985	$ 377,535	$ 377,638	$ 189,882

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are not considered part of the reporting entity of the Frontier Central School District (the District). Consequently, such transactions are included in the basic financial statements of the District only to the extent that cash and a corresponding liability are recorded in the Agency Fund in the District's Statement of Net Position-Fiduciary Funds at June 30, 2019.

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

REPORT TO THE BOARD OF EDUCATION

FRONTIER CENTRAL SCHOOL DISTRICT

HAMBURG, NEW YORK

JUNE 2019

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Trust earned.

FreedMaxick®

October 10, 2019

To Members of the Board of Education
Frontier Central School District
5120 Orchard Avenue
Hamburg, New York 14075

Members of the Board:

We are pleased to present this report related to our audit of the basic financial statements of the Frontier Central School District, (the District) as of and for the year ended June 30, 2019. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Education, Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

Freed Maxick CPAs, P.C.

Freed Maxick CPAs, P.C.

One Evans Street
Batavia, New York 14020
585.344.1967
Fax 585.344.4156

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditors Communications with Those Charged with Governance)* require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States; have been described to you in our arrangement letter dated February 7, 2019. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies nor have there been any changes in significant exiting policies during the current period. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Management's Judgments and Accounting Estimates** Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates."
Basis of Accounting	The financial statements were prepared on assumption that the entity will continue as a going concern.
Audit Adjustments	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached "Summary of Uncorrected Misstatements."

Area	Comments
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Letter Communicating Other Matters	Other matters identified during the audit is attached as Exhibit A.
Significant Written Communication Between Management and Our Firm	A copy of the representation letter provided to us by management is attached as Exhibit B

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's June 30, 2019, financial statements:

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Depreciation of Property, Plant & Equipment	Management depreciates property and equipment over the estimated lives of the assets.	Useful lives were assigned based on the District's useful life policy. Management was consistent in calculating depreciation based on the useful lives assigned to each asset.	The methods and lives used to estimate depreciation expense appears reasonable.
Compensated Absence Liability	Management estimates compensated absence liability using unpaid sick time.	At the end of the year management reviews time sheets and payroll registers to calculate unpaid sick time. Management then multiplies the unpaid hours by the employee's pay rate to estimate the liability.	Management's process to estimate compensated absence liability appears reasonable.
Postemployment Benefit Liability, Deferred Outflows and Deferred Inflows of Resources	Management estimates the long-term postemployment benefit liability, deferred outflows and deferred inflows of resources based on information obtained from an actuarial valuation of the District's postemployment benefit liabilities. Management estimates deferred outflows of resources contributions subsequent to the measurement date based on the actuarial valuation for the net of retiree claims less employee contributions, subsequent to the measurement date.	Management receives a full actuarial valuation every two years. Interim actuarial valuations are performed in alternate years. Management's most recent full valuation was completed as of June 30, 2018. Estimates for postemployment benefits, liabilities, deferred inflows and deferred outflows of resources are based on the actuarial report.	Management's process to estimate postemployment benefits liability appears reasonable.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Workers' Compensation Liabilities	Management uses actuarial valuations to estimate workers' compensation liabilities every other year.	Management receives actuarial valuations every other year. Estimates for workers' compensation liabilities are based on the actuarial report along with actual contributions/payments made during the year.	Management's process to estimate workers' compensation liabilities appears reasonable.
Health Insurance Claim Liability	Management uses claim lag information provided by their third party administrator to estimate health insurance claim liabilities.	Estimates for health insurance claim liabilities are based on claim lag information provided by the District's third party administrator.	Management's process to estimate health insurance claim liabilities appears reasonable.
Retirement System Asset, Liability, and Deferred Outflows and Deferred Inflows of Resources	Management estimates the long-term retirement system asset, liability, deferred outflows and deferred inflows of resources based on information provided by the New York State Teachers' Retirement System (TRS) and the New York State Employees' Retirement System (ERS). Management estimates deferred outflows of resources, contributions subsequent to the measurement date, based on eligible salaries subsequent to the most recent measurement date multiplied by the current contribution rate for TRS and based on 30% of the ERS invoice for the current fiscal year.	Estimates are based upon the annual invoice provided by the New York State Employees' and Teachers' Retirement Systems and additional information provided by the Systems.	Management's process to estimate retirement system asset, liabilities and deferred outflows and deferred inflows of resources appears reasonable.

Frontier Central School District
Summary of Uncorrected Misstatements
Year Ended June 30, 2019

Name	Fund	Balance Sheet Dr	Balance Sheet Cr	Income Statement Dr	Income Statement Cr	Net Effect Dr (Cr)
Workers' Compensation Liability	Governmental		1,181,292			
Workers' Compensation Expense	Activities			1,181,292		
To record estimated increase in Workers' Compensation Liability based on summary loss run report as of 6/30/19.						
				$ 1,181,292	$ -	$ 1,181,292

Recently Issued Accounting Standards

The GASB has issued several statements not yet implemented by the District. The District's management has not yet determined the effect these Statements will have on the District's financial statements. However, the District plans to implement all standards by the required dates. The Statements which might impact the District are as follows:

Summary of GASB Statement No. 84, *Fiduciary Activities*

This Statement issued in January 2017 will be effective for the District beginning with its fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Summary of GASB Statement No. 87, *Leases*

This Statement was issued in June 2017 and will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of GASB Statement No. 87 are effective for financial periods beginning after December 15, 2019. Earlier application is encouraged.

EXHIBIT A - LETTER COMMUNICATING OTHER MATTERS

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Communication of Other Matters

To Members of the Board of Education
Frontier Central School District
Hamburg, New York 14075

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of Frontier Central School District, (the District) as of and for the year ended June 30, 2019. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the District's practices and procedures.

OTHER MATTERS

Budgeted Transfers

Observation
During the audit, we noticed the District made a transfer to the School Lunch Fund that was in excess of the amount budgeted and not approved by the board prior to the end of the year.

Recommendation
We recommend the District ensure all transfers are properly budgeted or approved by the Board of Education prior to the end of the fiscal year.

Student Activity Funds

Observation
Consistent with most other school districts, during our audit, we noted that insufficient accounting controls exist over cash collections prior to the initial entry in the accounting records by the Central Treasurers. This deficiency resulted in a limitation on the sufficiency of our audit procedures and a qualification of our audit opinion.

During our current year audit, we noted instances of the following:

- Insufficient documentation was present to support funds received from fundraising activities, or disbursed by the club.
- One instance where a club was not maintaining independent general ledgers of their fundraising activities that also provided a running balance of the cash available to the club for their club activities.
- Instances where the student ledgers did not agree to the ledger being maintained by the Central Treasurer.
- Instances of missing approvals for cash disbursements.

Recommendation
We suggest the Central Treasurers and advisors review the Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds - Finance Pamphlet 2, issued by the State Education Department for suggested internal controls for various fundraising events. We further recommend that periodic reconciliations be performed between the student ledgers to the Center Treasurers' ledgers to ensure all transactions are properly recorded.

This communication is intended solely for the information and use of the Board of Education, Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Freed Maxick CPAs, P.C.

Batavia, New York
October 10, 2019

FreedMaxick™ CPAs, P.C.

EXHIBIT B - CERTAIN WRITTEN COMMUNICATIONS BETWEEN MANAGEMENT AND OUR FIRM

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Frontier Central School District
5120 Orchard Avenue
Hamburg, New York 14075

October 10, 2019

Freed Maxick CPAs, P.C.
One Evans Street
Batavia, New York 14020

This representation letter is provided in connection with your audit of the basic financial statements of the Frontier Central School District, (the District) as of and for the year ended June 30, 2019, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of the auditor's report:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 7, 2019, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party transactions, including those with other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting of the District's financial statements to be misleading or incomplete, including interfund transactions, interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of the U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
    a. Net positions and fund balance classifications.
    b. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.

c. Debt issue provisions.

d. All leases or material amounts of rental obligations under long-term leases.

e. All significant estimates and material concentrations known to management which are required to be disclosed.

f. Authorized but unissued bonds and/or notes.

g. Risk financing activities.

h. The effect on the financial statements of Governmental Accounting Standards Board Pronouncements, which have been issued, but which we have not yet adopted.

i. Deposits and investment securities category of risk.

9. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statement.

10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are subject to the requirements of the Single Audit Act, because we have received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

11. We have informed you of all uncorrected misstatements. As of and for the year ended June 30, 2019, we believe that the effects of the uncorrected misstatements aggregated by you and summarized in the attached Summary of Uncorrected Misstatements are immaterial, both individually and in the aggregate, to the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

12. We agree with the findings of specialists in evaluating the liability for postemployment benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

13. We have adequately considered the qualifications of other auditors in determining the disclosures included in the financial statements with respect to certain pension information provided for the New York State and Local Employees' Retirement System and New York State Teachers' Retirement System.

Information Provided

14. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence; and

    d. Minutes of the meetings of the governing board and committees of board members, or summaries of actions of recent meetings for which minutes have not yet been prepared.

15. All transactions have been recorded in the accounting records and are reflected in the financial statements.

16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

17. We have no knowledge of allegations of fraud or suspected fraud affecting the District's financial statements involving:

    a. Management.

    b. Employees who have significant roles in the internal control.

    c. Others where the fraud could have a material effect on the financial statements.

18. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.

19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

21. We have disclosed to you the identity of the District's related parties and all the related-party relationships and transactions of which we are aware.

22. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the District's ability to record, process, summarize and report financial data.

23. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

24. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

25. With respect to supplementary information presented in relation to the financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

    d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.

    e. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

26. With respect to the management's discussion and analysis, the budgetary comparison schedules, the schedule of the District's proportionate share of net pension (asset)/liability, schedule of District pension contributions and schedule of change in OPEB liability and related ratios presented as required by GASB to supplement the basic financial statements:

    a. We acknowledge our responsibility for the presentation of such required supplementary information.

    b. We believe such required supplementary information is measured and presented in accordance with guidelines presented by U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in prior period.

    d. Underlying significant assumptions or interpretations regarding the measurement or presentation of such information is adequately disclosed in the financial statements for pension and other postemployment liability.

Compliance Considerations

In connection with your audit, conducted in accordance with Government Auditing Standards, we confirm that management:

1. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
2. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
3. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
4. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
5. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
6. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
7. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
8. Has a process to track the status of audit findings and recommendations.
9. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented, if applicable.
10. Has provided views on the auditor's reported findings, conclusions, and recommendations as well as management's planned corrective actions for the report.
11. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating William Thiel, Director of Finance, who possesses suitable skill, knowledge, or experience; they will evaluate the adequacy and results of the services performed; and accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

1. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
2. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
3. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.
4. Management assumes responsibility for the Schedule of Expenditures of Federal Awards, in accordance with Uniform Guidance, prepared by the auditor as a non-audit service and ensures it includes all expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property) cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

5. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.

6. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

7. Management has made available federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

8. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was not such non-compliance.

9. Management believes that the auditee has complied with the direct and material compliance requirements.

10. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

11. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.

12. Management has disclosed to the auditor any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor’s report.

13. Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor’s report, if applicable.

14. Management has provided the auditor with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

15. Management has disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

16. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor’s report or stated that there were no such known instances.

17. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor’s report.

18. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

19. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

20. If applicable, management has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

21. If applicable, management has issued management decisions for audit findings that relate to federal awards it makes to subrecipients and that such management decisions are issued within six months of acceptance of

the audit report by the FAC. Additionally, management has followed up to ensure that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews and other means that pertain to the federal award provided to the subrecipient from the pass-through entity.

22. If applicable, management has considered the results of subrecipient monitoring and audits, and has made any necessary adjustments to the auditee's own books and records.
23. Management has charged costs to federal awards in accordance with applicable cost principles.
24. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance.
25. The reporting package does not contain protected personally identifiable information.
26. Management has accurately completed the appropriate sections of the data collection form.
27. If applicable, management has disclosed all contracts or other agreements with service organizations.
28. If applicable, management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

William Thiel
Director of Finance

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APPENDIX C

FORM OF DISCLOSURE UNDERTAKING

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the "Disclosure Undertaking") is executed and delivered by the Frontier Central School District, a School District of the State of New York (the "Issuer") in connection with the issuance of its [$22,567,851] Bond Anticipation Note, 2020 (such Note, including any interests therein, being collectively referred to herein as the "Security"). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

(1) Principal and interest payment delinquencies;

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

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

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

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

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

(7) Modifications to rights of Security Holders, if material;

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

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Security, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) 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 an obligated person 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 obligated person, 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 obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

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

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. <u>Definitions</u>.

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

"Financial Obligation" means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"MSRB" means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

"Purchaser" means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

"Rule 15c2-12" means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

"Security Holder" means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

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

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

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

(b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;

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

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

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

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

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

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

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

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

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of the Issuer to this Disclosure Undertaking as of [July 22, 2020].

FRONTIER CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK

By:__________SPECIMEN__________
President of the Board of Education

(SEAL)

ATTEST:

________SPECIMEN________
District Clerk