

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 4, 2021

NEW ISSUE

BOND ANTICIPATION NOTES

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

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

\$30,840,000

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT AT ACCORD

ULSTER COUNTY, NEW YORK

GENERAL OBLIGATIONS

\$30,840,000 Bond Anticipation Notes, 2021

Dated: June 29, 2021

Due: June 29, 2022

The Notes are general obligations of the Rondout Valley Central School District at Accord, Ulster County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prepayment, with interest payable at maturity.

At the option of the Purchaser(s), the Notes will be issued as registered notes or registered in the name of the Purchaser(s). If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof.

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

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon, with the Purchaser(s), on or about June 29, 2021.

Facsimile or telephone bids will be received at R.G. Timbs, Inc. (11 Meadowbrook Road, Whitesboro, NY 13492), fax (315) 266-9212, phone (877) 315-0100 x5, on WEDNESDAY, June 16, 2021 until 11:00 a.m. Prevailing Time, pursuant to the terms of the Notice of Sale.

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

DATED: June 4, 2021

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT AT ACCORD
ULSTER COUNTY, NEW YORK**

School District Officials

2020-21 BOARD OF EDUCATION

Dawn Van Kleeck - President
Nicole Parete - Vice President

Breanna Casey
Christopher DePew
Brian Martin
Carolyn Peck
Chris Schoonmaker
Megan Snair



Dr. Joseph Morgan - Superintendent of Schools
Deanna Rosinski – Business Official
Claudia Dietz – Accountant
Debra Barbiani – District Clerk



School District Attorney

Guercio & Guercio

BOND COUNSEL

Orrick Herrington & Sutcliffe LLP

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:

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OFFICIAL STATEMENT

of the

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT AT ACCORD ULSTER COUNTY, NEW YORK

Relating To \$30,840,000 Bond Anticipation Notes, 2021

This Official Statement, which includes the cover page, has been prepared by the Rondout Valley Central School District at Accord, Ulster County, New York (the “District”, “County” and “State,” respectively) in connection with the sale by the District of \$30,840,000 Bond Anticipation Notes, 2021 (the “Notes”).

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

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

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

The Notes are dated June 29, 2021 and mature, without option of prior redemption, on June 29, 2022. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

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

Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

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

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

Purpose and Authorization

The Notes are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law, the Local Finance Law, and pursuant to a bond resolution dated February 14, 2019 authorizing the issuance of obligations of the District in the amount of \$59,776,634 for the cost of construction of additions to and reconstruction of various School District Buildings and Facilities, in and for said School District.

The proceeds of the Notes together with \$760,000 available funds of the District will partially redeem and renew the \$12,000,000 bond anticipation notes maturing June 30, 2021 and provide \$19,600,000 in new money for the aforementioned purpose.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered 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

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

The Notes will be issued in beater form denominations of \$5,000 each or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as a fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE DISTRICT

General Information

The District is located in the eastern portion of New York State, in the County of Ulster. It has a land area of approximately 50 square miles. The District includes the Towns of Marbletown, Rochester, Rosendale and Wawarsing. The City of Kingston is located 7 miles to the northeast.

Higher educational opportunities are readily accessible in the School District. SUNY Ulster Community College is located within the District while SUNY at New Paltz is located 5 miles to the east.

Major highways serving the District include U.S. Routes #44 and #209 and State Highways #32, #55 and #213, which connect the District with Interstate Highway #87.

Population

The 2019 population of the School District is estimated to be 16,415. (Source: 2019 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 Counties listed below. The Figures set below with respect to such Towns, Counties 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, Counties or State are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>
Towns						
Of:						
Marbletown	\$23,962	\$42,459	\$38,777	\$54,085	\$107,955	\$89,545
Rochester	21,065	26,873	36,176	47,257	60,701	72,054
Rosendale	21,303	30,009	34,787	51,444	74,415	90,699
Wawarsing	16,512	18,380	23,577	43,828	50,588	61,223
County						
Of:						
Ulster	20,846	28,954	34,834	51,708	70,513	82,828
State Of:						
New York	23,389	30,948	39,326	51,691	67,405	84,385

Note: 2016-2020 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 2015-2019 American Survey data.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Year Built</u>	<u>Current Maximum Capacity</u>	<u>Date of Last Addition or Alteration</u>
Kerhonkson Elementary School	K-3	1926	540	2020
Marbletown Elementary School	K-3	1952	540	2020
Rondout Valley Middle School	4-8	1968	1,200	2018
Rondout Valley High School	9-12	1960	1,200	2018
Rosendale School Building	NA	1968	NA	2001

Source: District Official

District Employees

The District employs a total of 369 full time and 19 part time employees with representation by the various bargaining units listed below.

<u>Employees</u>	<u>Bargaining Unit</u>	<u>Expiration Date</u>
227	Teachers' Association	6/30/2022
63	Teachers' Aides	6/30/2022
13	Principals/Admin.	6/30/2023
38	Secretarial	6/30/2023
33	Custodial/Maintenance	6/30/2025
20	Cafeteria	6/30/2024
	Mgr./Confidential	N/A

Source: District Officials

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2016-17	1,939	2021-22	1,909
2017-18	1,945	2022-23	1,903
2018-19	1,925	2023-24	1,938
2019-20	1,911	2024-25	1,968
2020-21	1,877	2025-26	1,976

Source: District Officials

Employee Pension Benefits

All non-teaching and non-certified administrative employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York and Local Employees' Retirement -System ("ERS"). 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 2020-21 and 2021-22 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2015-2016	\$988,956	\$3,084,529
2016-2017	815,966	2,749,476
2017-2018	827,458	2,273,418
2018-2019	781,629	2,573,768
2019-2020	791,752	2,064,630
2020-2021 (Budgeted)	956,914	2,787,965
2021-2022 (Budgeted)	1,035,282	2,281,751

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 did not participate in a statewide program, but did offer a retirement incentive to teacher unit members who retired between April and June 2021.

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 (2017 to 2021) is show below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2016-2017	15.5	11.72
2017-2018	15.3	9.80
2018-2019	14.9	10.62
2019-2020	14.6	8.86
2020-2021	14.6	9.53

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 will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten

percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS Reserve Fund on June 18, 2019 and has funded it in the amount of \$499,187.

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 - 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, 2020, the School District's beginning year total OPEB liability was \$144,213,964, the net change for the year was \$44,653,179 resulting in a total OPEB liability of \$188,867,14 for a fiscal year ending June 30, 2020. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2020 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

<u>Name</u>	<u>Nature of Business</u>	<u>Estimated Number of Employees</u>
Mohonk Mtn House	Hotel	800
Ulster County Community College	Higher Education	461
Rondout Valley CSD	Education	384
Charles River	Laboratory	135
Pine Ridge Ranch	Ranch	130
SP Industries	Manufacturer	80

Source: District Officials

Note: Due to the COVID-19 global pandemic the estimated number of employees may vary. See "COVID-19" herein.

Unemployment Rate Statistics

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

Year	County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2016	4.5%	4.9%	4.9%
2017	4.5%	4.6%	4.4%
2018	3.9%	4.1%	3.9%
2019	3.6%	3.8%	3.7%
2020	8.0%	10.0%	N/A

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

2020-2021 Monthly Figures

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr*	May*
Ulster County	11.6%	11.7%	8.8%	6.0%	5.5%	5.5%	5.8%	6.7%	6.9%	6.2%	N/A	N/A
New York State	14.8%	14.8%	11.6%	9.9%	8.3%	8.3%	8.5%	9.4%	9.7%	8.4%	7.8%	N/A

*Note: N/A - Figures not available as of the date of this Official Statement.

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

Note: Figures in this section are historical and do not speak as to current or projected unemployment rates. Unemployment drastically increased in the period immediately following mid-March 2020 due to the COVID-19 global pandemic, although it has since generally begun decreasing. See “COVID-19” herein.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the “GML”), the District is generally permitted to deposit moneys in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of 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 of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those bonds issued by the District; (5) certificates of participation issued 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, in obligations of the District.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The Board of Education had 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.

Form of School Government

The Board of Education, which is the policy-making body of the District, consists of nine members with overlapping three-year terms so that as nearly an equal number as possible is elected to the Board each year. Each Board member must be a qualified voter of the District and no Board member may hold certain other District offices or positions while serving on the Board of Education. The President and Vice President are selected by the Board members.

Budgetary Procedures

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

Pursuant to Chapter 97 of the Laws of 2011 of the State of New York ("Chapter 97"), beginning with the 2012-13 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% (plus certain adjustments, if applicable) or the rate of inflation (the "Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy increase that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the School District Tax Cap also must receive at least 60% voter approval.

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

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

The budget for the 2018-19 fiscal year was adopted by the qualified voters on May 15, 2018 by a vote of 725 to 218. The School District's 2018-19 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The State's 2018-19 Enacted Budget includes a school building-based budget approval review process. Beginning with the 2018-19 school year, any school district with at least four schools that receives at least 50% percent of its total revenue through State aid will be required to annually report its budgeted support for individual schools within the school district. The report

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

The budget for the 2019-20 fiscal year was adopted by the qualified voters on May 21, 2019 by a vote of 840 to 401. The School District's 2019-20 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2020-21 fiscal year was adopted by the qualified voters by a vote of 2,067 to 859. Due to COVID-19 and pursuant to an Executive Order issued by Governor Andrew Cuomo, voting was done by absentee ballots and all ballots were counted as of June 16, 2020. The School District's 2020-21 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2021-22 fiscal year was adopted by the qualified voters on May 18, 2021 by a vote of 606 to 282. The School District's 2021-22 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2020-21 fiscal year, approximately 37.03% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the School District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. Potential Reductions in Federal Aid Received by the State - The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State's current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues may arise.

State Aid History - The 2016-2017 State Budget included a school aid increase of \$991 million over 2015-2016, \$863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids (\$408 million), the Enacted 2016-2017 State Budget included a \$266 million increase in Foundation Aid and an \$189 million restoration to the Gap Elimination Adjustment (the "GEA"). The majority of the remaining increase (\$100 million) related to Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. Such funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

The State's 2017-18 Budget increased State aid to education by \$1.1 billion, including a \$700 million increase in Foundation Aid, bringing the total amount of State aid to education to \$25.8 billion or an increase of 4.4%. Expense-based aids

to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State's 2017-18 Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

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

The State's 2019-20 Enacted Budget includes a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6 percent and will provide additional funding for Foundation Aid of \$338.0 million and \$409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools setaside funding amount by \$49.99 million to a total of \$250 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-20 Budget increases the minimum community schools funding amount from \$75,000 to \$100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget is 3.7 percent lower than in the State's 2019-2020 Enacted Budget but is offset in part with increased Federal support. This reduction in State Operating Funds support will be offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid totals \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent.

The State's 2020-2021 Enacted Budget continues prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provides over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income.

Provisions in the State's 2020-2021 Enacted Budget grant the Budget Director the authority to reduce "aid-to-localities" appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by the New York State Division of the Budget. Aid-to-localities is a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and the State's not-for-profit partners. In addition, the Budget Director is authorized to withhold and reduce specific local aid payments during the fiscal year. The State's Enacted Budget is deemed out of balance for the fiscal year, and the Budget Director's powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1-December 31). The State's 2020-2021 Enacted Budget is premised on the assumption that the Budget Director's powers will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. Due principally to the COVID-19 pandemic, reduced receipts are expected through State fiscal year 2024. According to the four year financial plan released by the State on May 8, 2020, as a result of the COVID_19 pandemic, State spending will be significantly reduced. Such reductions will include reductions to "aid to localities" which includes State aid to school districts, including the School District. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. See "COVID-19" above

On January 19, 2021, Governor Cuomo presented 2021-22 Executive Budget. In his presentation, the Governor called on the federal government to provide substantial aid to New York State and its local governments. The 2021-22 Executive Budget is constructed to have two possible courses of action, depending on the amount of aid received from the federal government. According to the Governor's public comments, the State should receive at least \$6 billion in additional funding from a future federal COVID relief package. However, in his presentation, the Governor also offered different choices the State would make in the 2021-22 Executive Budget should the federal government allocate \$15 billion in funding for New York.

Should the State receive \$6 billion in federal funding, Governor Cuomo stated that the State would need to raise revenue, cut spending, and borrow additional funds. State aid to school districts in the 2021-22 Executive Budget, including STAR and the Local District Funding Adjustment, will decrease by approximately \$607 million, or (2.13) percent. However, total support to districts, including federal funds, will rise to \$31.7 billion in the 2021-22 school year, an increase of \$2.1 billion, or 7.13 percent. The 2021-22 Executive Budget includes the following:

- The continuation of the current law Foundation Aid total of \$18,411.79 million. Within Foundation Aid, the \$250.00 million Community Schools set-aside is also preserved.

- The merging of eleven existing aid categories, including Transportation Aid and BOCES Aid, into a new aid category - Services Aid -- starting in the 2021-22 school year. For the 2021-22 school year, Services Aid is expected to total \$3,332.76 million, a decrease of \$392.53 million, or 10.54 percent.

- The continuation of current formula for funding Universal Prekindergarten Aid expected to total \$848.61 million, an increase of \$12.49 million, or 1.49 percent. • The continuation of funding under the current statutory formulas for the remaining aid categories, including Building Aid, High Cost Excess Cost, Private Excess Cost, Full-Day Kindergarten Conversion Aid and Reorganization Incentive Operating Aid.

- Eliminates the \$1,130.65 million bottom-line Pandemic Adjustment reduction to 2020-21 aid in the 2021-22 school year.

President Biden has signed into law a \$1.9T COVID relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The package also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits. As of the date of this Official Statement it is not possible to predict the impact of the Biden covid relief package will have on the finances of the State and the School District. In addition, there is no assurance that federal aid to states, local governments and school districts will continue at similar levels in future years.

The State receives a substantial amount of Federal aid for health care, education, transportation and other governmental purposes, as well as Federal funding to respond to, and recover from, severe weather events and other disasters. There is no assurance that such Federal aid will continue at similar levels in future years. As described above the amount of State aid to school districts is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 fiscal year, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. Although the State's 2019-2020 Enacted Budget was adopted on March 31, 2019 and the State's 2018-2019 Enacted Budget was adopted on March 30, 2018, both in advance of the April 1 deadline, the State's 2017-2018 Enacted Budget was adopted on April 9, 2017, a delay of approximately 8 days, and the State's 2020-21 Enacted Budget was adopted on April 2, 2020, a one-day delay. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of Federal aid for health care, education, transportation and other governmental purposes, as well as Federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this Federal aid may be subject to change under the Federal administration and Congress. Current Federal

aid projections, and the assumptions on which they rely, are subject to revision because of changes in Federal policy and the impacts of the COVID-19 pandemic.

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

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

State Aid Litigation -In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

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

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

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

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

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2015-2016	\$58,386,228	\$21,506,599	36.84%
2016-2017	59,387,377	22,451,167	37.80
2017-2018	59,670,004	23,215,507	38.91
2018-2019	60,965,266	23,449,321	38.46
2019-2020	61,966,794	23,895,635	38.56
2020-2021 (Budgeted)	63,145,606	22,882,093	36.24
2021-2022 (Budgeted)	66,994,479	24,810,827	37.03

Source: Audited financial statements for the 2015-2016 fiscal year through the 2019-2020 fiscal year and the adopted budget of the District for the 2020-2021 and 2021-2022 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 five years if the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2020	No Designation	13.3
2019	No Designation	13.3
2018	No Designation	6.7
2017	No Designation	0.0
2016	No Designation	0.0

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, nor incorporation herein by reference.

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 February 19, 2016. The purpose of the audit was to examine the District's financial management for the period July 1, 2012 through July 27, 2015.

Key Finding

- The District's 2012-13 year-end unrestricted fund balance was 6.5 percent of the ensuing year's appropriations, exceeding the 4 percent statutory limit imposed on unrestricted fund balance.
- The District experienced operating surpluses from 2012-13 through 2014-15. During this time, revenues exceeded expenditures by more than \$2.5 million and no amount of appropriated fund balance was used to finance operations.

Key Recommendations

- Adopt budgets with reasonably estimated appropriations.
- Discontinue the practice of adopting budgets that result in the appropriation of unrestricted fund balance that is not actually needed to fund District operations.

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.

Note: Reference to website implies no warranty of accuracy of information therein, nor incorporation herein by reference.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are 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.

The School District is in compliance with the procedure for the validation of the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

Financial Statements

The School District retains an independent Certified Public Accountant, whose most recent report covers the period ended June 30, 2020 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:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Valuations:					
Marbletown	\$ 911,499,904	\$ 916,976,138	\$ 913,338,242	\$ 920,278,889	\$ 1,001,636,602
Rochester	759,173,101	770,033,124	784,281,271	855,537,212	910,308,234
Rosendale	203,311,189	204,308,755	209,305,049	216,930,370	230,496,706
Wawarsing	<u>101,574,541</u>	<u>101,497,090</u>	<u>100,024,418</u>	<u>100,653,400</u>	<u>100,568,431</u>
Total	<u>\$ 1,975,558,735</u>	<u>\$ 1,992,815,107</u>	<u>\$ 2,006,948,980</u>	<u>\$ 2,093,399,871</u>	<u>\$ 2,243,009,973</u>

Equalization Rates:

Marbletown	100.00%	100.00%	100.00%	100.00%	100.00%
Rochester	100.00%	97.00%	93.50%	100.00%	100.00%
Rosendale	100.00%	100.00%	100.00%	100.00%	100.00%
Wawarsing	110.78%	110.53%	105.41%	100.00%	94.00%

Full Valuations:

Marbletown	\$ 911,499,904	\$ 916,976,138	\$ 913,338,242	\$ 920,278,889	\$ 1,001,636,602
Rochester	759,173,101	793,848,581	838,803,498	855,537,212	910,308,234
Rosendale	203,311,189	204,308,755	209,305,049	216,930,370	230,496,706
Wawarsing	<u>91,690,324</u>	<u>91,827,640</u>	<u>94,890,824</u>	<u>100,653,400</u>	<u>106,987,693</u>
Total	<u>\$ 1,965,674,518</u>	<u>\$ 2,006,961,114</u>	<u>\$ 2,056,337,614</u>	<u>\$ 2,093,399,871</u>	<u>\$ 2,249,429,235</u>

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:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Marbletown	\$ 18.13	\$ 17.51	\$ 17.41	\$ 17.56	\$ 17.23
Rochester	18.13	18.06	18.62	17.56	17.23
Rosendale	18.13	17.51	17.41	17.56	17.23
Wawarsing	16.37	15.84	16.51	17.56	18.33

Tax Collection Procedure

Tax payments are due September 1st, payable during the month of September without penalty. Payment during the next 45 days is subject to a 2% penalty. A 3% penalty is added on payments received during the first five days of November. No payments are accepted after November 15. Uncollected school taxes are turned over to the County after November 15 for collection with a penalty and additional interest added. The County reimburses the School District in full for uncollected taxes before the end of the fiscal year for which the taxes were levied, thereby assuring the District of 100% tax collection annually.

Tax Collection Record

Fiscal Year Ended June 30:	2017	2018	2019	2020	2021
General Fund Tax Levy	\$32,568,741	\$32,568,741	\$33,046,768	\$34,171,857	\$38,755,413
STAR Program	\$3,071,771	\$3,071,771	\$2,757,459	\$2,596,621	\$2,444,161
Uncollected Date of Return to County	\$2,745,815	\$2,745,815	\$2,479,350	\$2,612,186	\$2,922,715
Percentage Uncollected	8.42%	8.42%	7.50%	7.59%	7.54%

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
2015-2016	\$58,386,228	\$32,395,696	55.49%
2016-2017	59,387,377	32,583,953	54.87
2017-2018	59,670,004	32,251,183	54.05
2018-2019	60,965,266	33,045,405	54.20
2019-2020	61,966,794	34,171,858	55.15
2020-2021 (Budgeted)	63,145,606	38,755,413	61.37
2021-2022 (Budgeted)	66,994,479	40,165,552	59.95

Source: Audited financial statements for the 2015-16 fiscal year through 2019-20 fiscal year and the adopted budget of the District for the 2020-2021 and 2021-2022 fiscal years. This table is not audited.

**Major Taxpayers 2020
For 2020-21 Tax Roll**

<u>Name</u>	<u>Type</u>	<u>Full Value</u>
Smiley Bros Inc		\$26,000,000
City of New York- DEP		25,455,936
Central Hudson Gas & Electric		6,324,478
Criterion Atlantic Property		4,600,000
Central Hudson Gas & Electric		4,242,456
Charles River Lab INC		4,150,000
Central Hudson Gas & Electric		4,055,947
Central Hudson Gas & Electric		3,840,690
Central Hudson Gas & Electric		3,742,198
Hudson Valley NY Holding LLC		3,645,000
Total		\$86,056,705

1. The above taxpayers represent 3.83% of the School District's 2020-21 Full value of \$2,249,429,235

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, 2020 is contained in the Appendices). As reflected in the Appendices, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$88,050 or less in 2020, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$68,700 for the 2019-20 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A new homeowner may receive a new personal income tax credit in the form of a check. 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 2015-2016 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 with a \$500,000 limit for the credit. 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. Homeowners with STAR Adjusted Gross Income of \$250,000 or less have the option to select the credit or the exemption.

The 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to \$250,000, compared with a \$500,000 limit for the credit.

Real Property Tax Rebate

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

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

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

TAX LEVY LIMITATION LAW

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

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

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

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

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

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a Justice of the State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. After the ruling, NYSUT amended its complaint to include a challenge to the Real Property Tax Rebate, also on Federal and State constitutional grounds. On March 16, 2015, all causes of action contained in the amended complaint were dismissed. On May 5, 2016, the dismissal was upheld by the New York Supreme Court, Appellate Division, Third Judicial Department to dismiss the complaint. An additional appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the grounds that no substantial constitutional question was directly involved, and thereafter, leave to appeal was denied on January 14, 2017 by the Court of Appeals.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is utilized, no

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

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

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specifications for such project have been approved by the Commissioner of Education of the State. The District has obtained such approval with respect to the project to be financed by the Notes.

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

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

- (1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations

and an action contesting such validity, is commenced within twenty days after the date of such publication or,

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

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

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

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

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

Status of Indebtedness
Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Serial Bonds	\$20,015,000	\$17,080,000	\$14,515,000	\$11,560,000	\$8,555,000
Bond Anticipation Notes	0	0	0	0	0
Capital Leases	0	0	0	0	0
Total Debt Outstanding	\$20,015,000	\$17,080,000	\$14,515,000	\$11,560,000	\$8,555,000

Status of Outstanding Bond Issues

Year of Issue:	2017	
Amount Issued:	\$8,780,000	
Purpose/Instrument	Refunding Serial Bond	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,680,000*	\$ 171,100
2022	1,685,000	137,500
2023	1,720,000	103,800
2024	1,725,000	69,400
2025	<u>1,745,000</u>	<u>34,900</u>
Totals:	\$ 8,555,000	\$ 516,700

*Principal reduction made prior to June 4, 2021.

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>%Paid</u>
2021	\$ 1,680,000	\$ 171,100	\$ 1,851,100	20.41%
2022	1,685,000	137,500	1,822,500	40.50%
2023	1,720,000	103,800	1,823,800	60.60%
2024	1,725,000	69,400	1,794,400	80.38%
2025	<u>1,745,000</u>	<u>34,900</u>	<u>1,779,900</u>	100.00%
Totals:	\$ 8,555,000	\$ 516,700	\$ 9,071,700	

Status of Short-Term Indebtedness

<u>Type</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
BAN	6/30/2020	6/30/2021	2.00%	\$12,000,000*

*To be redeemed at maturity utilizing the proceeds of this issue and current funds.

Cash Flow Borrowings

The District has no revenue anticipation notes or tax anticipation notes outstanding and has not issued them in recent years, nor does it reasonably expect to issue same, or budget, or deficiency notes in the foreseeable future. See "Budgetary Procedures" herein.

Capital Project Plans

On December 11, 2018 District voters approved a \$61,800,000 Capital Project. Construction began in the Spring of 2020. The first issuance against said authorization was a \$12,000,000 Bond Anticipation Note dated June 30, 2020. This issue will be the second borrowing against said authorization and will provide an additional \$19,600,000 in new money for the aforementioned purpose.

There are no additional Capital Projects contemplated at the time of this Official Statement.

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 65.5%.

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 4, 2021

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
Marbletown	\$ 1,001,636,602	100.00%	\$ 1,001,636,602
Rochester	910,308,234	100.00%	910,308,234
Rosendale	230,496,706	100.00%	230,496,706
Wawarsing	100,568,431	94.00%	106,987,693
			<u>\$ 2,249,429,235</u>
Debt Limit: 10% of Full Valuation			\$ 224,942,923
Inclusions:			
Serial Bonds			\$ 6,875,000
Bond Anticipation Notes			12,000,000
Total Inclusions:			<u>\$ 18,875,000</u>
Exclusions:			
Building Aid Estimate ¹			\$0
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 18,875,000
This Issue:		\$ 30,840,000	
Proceeds to Be Used to Renew Indebtedness Listed Under Inclusions:		<u>11,240,000</u>	<u>\$ 19,600,000</u>
Total Net Indebtedness			<u>\$ 38,475,000</u>
Net Debt Contracting Margin			\$ 186,467,923
Percentage of Debt-Contracting Power Exhausted			17.10%

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

<u>Overlapping Unit</u>	<u>Applicable Equalized Value</u>	<u>Percent</u>	<u>Gross Indebtedness</u>	¹	<u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>
Ulster County	\$ 2,249,429,235						
	\$ 18,412,845,909	12.22%	\$ 161,498,778		N/A	\$ 161,498,778	\$ 19,729,708
Town of Marletown	\$ 1,001,636,602						
	\$ 1,001,636,602	100.00%	-		N/A	-	-
Town of Rochester	\$ 910,308,234						
	\$ 910,308,234	100.00%	669,838		N/A	669,838	669,838
Town of Rosendale	\$ 230,496,706						
	\$ 495,098,803	46.56%	3,079,500		N/A	3,079,500	1,433,683
Town of Wawarsing	\$ 106,987,693						
	\$ 1,093,862,462	9.78%	7,209,631		N/A	7,209,631	<u>705,154</u>
Total							<u><u>\$ 22,538,383</u></u>

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2019

Notes: 1 Bonds and Bond Anticipation notes as of 2019 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 4, 2021:

	Amount	Per Capita ^(a)	Percentage of Full Value ^(b)
Net Indebtedness	\$ 38,475,000	\$ 2,343.89	1.710%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 61,013,383	\$ 3,716.93	2.712%

(a) The District's estimated population is 16,415 (Source: 2019 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2020-21 is \$2,249,429,235.

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be 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 said Section 99-b.

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

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

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization or any municipality in the State or its emergency control board

to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

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

TAX MATTERS

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

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Legislative proposals have been made in recent years which would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any

pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Notes will be covered by the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the School District, such opinion to be delivered with the Notes. The proposed form of such opinion is attached hereto as Appendix C.

CONTINUING DISCLOSURE COMPLIANCE

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

The School District's Continuing Disclosure Filing for the Fiscal Year ending June 30, 2011 was not filed within six months after the end of the fiscal year. This was the result of a delay in the audit process due to the GASB 45 Actuarial Study taking longer than anticipated. The School District also failed to file the 2011 audited financial statements within sixty days of receipt due to an oversight. The necessary information for Fiscal Year ending June 30, 2011 as well as a notice of failure to file have been filed on EMMA to bring the School District into compliance. Except as described above (without determining whether such events were material in any sense) the School District has in the previous five years otherwise complied, in all material respects, with any previous undertakings pursuant to Rule 15c2-12.

LITIGATION

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

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

COVID-19

COVID-19. The outbreak of COVID-19 has affected education, travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. Pursuant to Executive Order, the District suspended on-site instruction effective March 16, 2020, which suspension was extended for the balance of the academic year. The District commenced the 2020-2021 school year with a fully remote learning plan for all students. The District has developed both hybrid and fully in-person learning models which can be implemented as it becomes safer to do so. The District continues to follow guidelines as set forth by the Department of Health and CDC and to monitor positivity rates.

The amount of State aid to the District is dependent in part upon the financial condition of the State. With no assurance of direct Federal aid and in awareness that collections from taxes and other receipts are likely to fall materially below the level needed to fund authorized disbursements, the State's 2020 Enacted Budget grants the Budget Director the authority to reduce aid to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by the

New York State Division of the Budget. In addition, the Budget Director is authorized to withhold and reduce specific local aid payments during the fiscal year. (See “State Aid” herein for a description of the impact of COVID-19 on State Aid).

The degree of the impact of COVID-19 on the operations and finances of the District is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, (ii) severity and (iii) ultimate geographic spread, as well as with regard to what actions may be taken by governmental authorities to contain or mitigate its impact. There can be no assurances that the spread of COVID-19 will not result in a delay and/or reduction in State aid paid to the District. Any delay or reduction in State aid payments to the District would have a negative impact on the District’s finances and operations.

The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See “State Aid” herein).

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 cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against 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.

RATING

The Notes are not rated.

The most recent rating by Moody’s Investors Service, Inc. (“Moody’s”) is an underlying rating of “Aa3” to the District’s uninsured outstanding bonded indebtedness related to the \$8,780,000 School District Refunding Serial Bonds issued in 2017.

Such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency, at the following address: Moody’s Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody’s circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such bonds or the availability of a secondary market for those 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

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

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

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

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

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

R.G. Timbs, Inc. may place a copy of this Official Statement on its website at www.RGTimbsInc.net. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. R.G. Timbs, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the School District nor R.G. Timbs, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, R.G. Timbs, Inc. and the School District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website.

The School District contact information is as follows: Deanna Rosinski, telephone number 845-687-2400 x4806, email: drosinski@rondout.k12.ny.us.

Additional copies of the Notice of Sale and the Official Statement may be obtained from the offices of R.G. Timbs, Inc., telephone number (877) 315-0100 or at www.RGTimbsInc.net.

Rondout Valley Central School District at Accord

**Dated: June 4, 2021
Accord, New York**

Dawn Van Kleeck

President of Board of Education and Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	Budget <u>2021</u>
Beginning Fund Balance - July 1	\$8,944,002	\$10,685,967	\$12,468,163	\$10,894,659	\$9,978,820	\$8,729,819 ^E
Revenues:						
Real Property Taxes	\$32,395,696	\$32,583,953	\$32,251,183	\$33,045,405	\$34,171,858	\$38,755,413
Other Tax Items	3,479,719	3,227,192	3,044,892	2,895,564	2,723,648	125,000
Charges for Services	336,374	492,042	456,438	843,058	465,917	481,600
Use of Money & Property	93,310	77,593	101,198	81,122	86,321	45,000
Sale of Property/Comp. for Loss	12,691	2,942	2,808	786	2,971	29,500
Miscellaneous	543,425	518,496	583,674	599,813	577,221	727,000
State Aid	21,506,599	22,451,167	23,215,507	23,449,321	23,895,635	22,882,093
Federal Aid	18,414	33,992	14,304	50,197	43,223	50,000
Interfund Transfer	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Total Revenues	\$58,386,228	\$59,387,377	\$59,670,004	\$60,965,266	\$61,966,794	\$63,145,606
Expenditures:						
General Support	\$5,103,033	\$5,448,964	\$5,698,944	\$5,700,468	\$5,448,605	\$6,375,404
Instruction	28,552,777	29,110,309	30,970,598	31,215,953	31,530,895	33,011,339
Transportation	3,143,128	3,280,348	3,548,899	4,362,827	4,003,709	5,086,466
Employee Benefits	15,775,417	15,571,048	16,257,699	16,977,707	16,719,734	18,586,139
Debt Service	3,558,981	3,552,869	3,498,023	3,294,163	3,269,912	2,748,100
Capital Outlay	0	0	0	0	78,806	0
Interfund Transfer	<u>510,927</u>	<u>641,643</u>	<u>1,269,345</u>	<u>329,987</u>	<u>2,396,187</u>	<u>200,000</u>
Total Expenditures	\$56,644,263	\$57,605,181	\$61,243,508	\$61,881,105	\$63,447,848	\$66,007,448
Adjustments	0	0	0	0	232,053	0
Year End Fund Balance	\$10,685,967	\$12,468,163	\$10,894,659	\$9,978,820	\$8,729,819	\$5,867,977 ^E
Excess (Deficit) Revenues Over Expenditures	\$1,741,965	\$1,782,196	(\$1,573,504)	(\$915,839)	(\$1,481,054)	(\$2,861,842) 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

2021-22 Adopted Budget

Revenues:

Real Property Taxes	\$40,165,552
Other Tax Items	150,000
Charges for Services	481,600
Interest & Earnings	30,000
Sale of Property & Compensation for Loss	29,500
Miscellaneous	1,027,000
State Aid	24,810,827
Medicaid	
Reimbursement	50,000
Interfund Transfers	<u>250,000</u>
Total Revenues	<u>\$66,994,479</u>

Expenditures:

General Support	\$6,541,578
Instruction	33,319,046
Transportation	5,120,269
Employee Benefits	17,528,886
Debt Service	4,034,700
Interfund Transfers	<u>450,000</u>
Total Expenditures	<u>\$66,994,479</u>

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

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assets:					
Cash and Equivalents	\$11,647,794	\$12,768,927	\$10,776,656	\$11,079,503	\$9,172,240
Accounts Receivable	227,711	520,260	547,631	896,952	67,377
State and Federal Aid Receivable	521,937	443,706	456,714	527,591	564,280
Due from Other Governments	492,546	515,837	613,329	599,672	913,114
Due from Other Funds	1,304,526	1,759,259	1,866,729	1,981,596	2,187,173
Advances to Other Funds	335,035	0			
Prepaid Expenditures	<u>222,319</u>	<u>234,340</u>	<u>249,025</u>	<u>237,420</u>	<u>224,948</u>
Total Assets	<u>\$14,751,868</u>	<u>\$16,242,329</u>	<u>\$14,510,084</u>	<u>\$15,322,734</u>	<u>\$13,129,132</u>
Liabilities:					
Accounts Payable	\$225,318	\$424,270	\$524,931	\$2,143,306	\$467,002
Accrued Liabilities	147,480	275,975	359,321	221,256	439,331
Due to Retirement Systems	3,472,995	3,065,437	2,655,785	2,968,387	2,446,004
Due to Other Funds	211,625	0	66,905	10,965	5,498
Unearned Revenues	8,483	8,484	8,483	0	203,573
Due to Other Governments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>837,905</u>
Total Liabilities:	<u>\$4,065,901</u>	<u>\$3,774,166</u>	<u>\$3,615,425</u>	<u>\$5,343,914</u>	<u>\$4,399,313</u>
Fund Balances:					
Non-spendable	557,354	234,340	249,025	237,420	224,948
Restricted	1,665,342	1,525,704	2,735,398	3,390,886	3,445,611
Assigned:					
Encumbrances	0	0	0	0	0
Appropriated Fund Balance	2,563,120	5,272,937	4,362,067	3,725,023	3,300,685
Unassigned					
Unappropriated Fund Balance	<u>5,900,151</u>	<u>5,435,182</u>	<u>3,548,169</u>	<u>2,625,491</u>	<u>1,758,575</u>
Total Fund Balance	<u>\$10,685,967</u>	<u>\$12,468,163</u>	<u>\$10,894,659</u>	<u>\$9,978,820</u>	<u>\$8,729,819</u>
Total Liabilities and Fund Balance	<u>\$14,751,868</u>	<u>\$16,242,329</u>	<u>\$14,510,084</u>	<u>\$15,322,734</u>	<u>\$13,129,132</u>

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

APPENDIX B

Audited Financial Statements For The Fiscal Year Ended June 30, 2020

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.

FINANCIAL REPORT
AUDITED

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
For the Year Ended June 30, 2020

Audited for:

Board of Education

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

Audited By:

RBT CPAs, LLP
11 Racquet Road
Newburgh, NY 12550
(845) 567-9000

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Rondout Valley Central School District, New York
P.O. Box 9
122 Kyserike Road
Accord, NY 12404

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 Rondout Valley Central School District, New York (the "School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying 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 Supplementary Information

Our audit for the year ended June 30, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedules included under supplementary information in the accompanying table of contents and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) for the year ended June 30, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2020 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 information 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 November 10, 2020 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School 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 School District's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY

November 10, 2020

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Introduction

The accompanying discussion and analysis of the Rondout Valley Central School District, New York's ("the School District") financial performance has been prepared to provide an overview of the School District's financial activities for the year ended June 30, 2020. The discussion and analysis is only an introduction and should be read in conjunction with the School District's financial statements.

Financial Highlights

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,758,575, and this amount was within the statutory limit.
- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of \$9,901,213, a decrease of \$2,003,199 during the current fiscal year. This decrease is due largely to the District applying fund balance to help support the budget, health insurance increases and capital expenditures related to the Smart School Bond and District-wide Repairs projects.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded assets and deferred outflows of resources at the close of its most recent fiscal year by \$(87,312,464). The School District's total net position decreased by \$15,341,630 for the year ended June 30, 2020. This is mainly a result of substantial liability increase in Other Post-Employment Benefits ("OPEB") relating to of GASB Statement No. 75.
- For the year ending June 30, 2020, the School District recorded expenses of \$14,615,494 relating to OPEB. New York State has not authorized any legal mechanism to fund this liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements consist of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Basic Financial Statements

The first two statements in the basic financial statements are the District-wide Financial Statements. They provide short and long-term information about the School District's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual part of the School District. These statements provide more detail than the district-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental and fiduciary statements and (2) the reconciliations to the district-wide financial statements.

The next section of the financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

District-wide Financial Statements

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

- The statement of net position presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The governmental activities of the School District include instruction, pupil transportation, school lunch program and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- The School District maintains five individual governmental funds. The General Fund, Capital Projects Fund, School Lunch Fund, Debt Service Fund and Special Aid Fund are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund included in Required Supplementary Information to demonstrate compliance with the budget.
- The Fiduciary Funds (inclusive of student activity funds) are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DISTRICT-WIDE FINANCIAL ANALYSIS

RONDOUT VALLEY CENTRAL SCHOOL DISCTRICK'S NET POSITION

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 27,929,693	\$ 17,321,082	\$ 10,608,611	61.25%
Net Pension Asset	3,755,703	2,580,010	1,175,693	45.57%
Capital Assets, Net	47,322,766	46,556,131	766,635	1.65%
Total Assets	<u>79,008,162</u>	<u>66,457,223</u>	<u>12,550,939</u>	<u>18.89%</u>
Deferred Outflows of Resources				
Pensions	15,069,220	15,015,348	\$ 53,872	0.36%
Other Postemployment Benefits	47,762,112	18,638,484	29,123,628	156.26%
Bond Refunding	259,792	311,751	(51,959)	-16.67%
Total Deferred Outflows of Resources	<u>63,091,124</u>	<u>33,965,583</u>	<u>29,125,541</u>	<u>85.75%</u>
Current Liabilities	19,596,360	5,475,387	14,120,973	257.90%
Long-Term Liabilities	201,298,334	159,084,260	42,214,074	26.54%
Total Liabilities	<u>220,894,694</u>	<u>164,559,647</u>	<u>56,335,047</u>	<u>34.23%</u>
Deferred Inflows of Resources				
Pensions	5,254,690	3,657,570	1,597,120	43.67%
Other Postemployment Benefits	3,262,366	4,176,423	(914,057)	-21.89%
Total Deferred Inflows of Resources	<u>8,517,056</u>	<u>7,833,993</u>	<u>683,063</u>	<u>8.72%</u>
Net Position:				
Net Investment in Capital Assets	26,695,649	35,221,342	(8,525,693)	-24.21%
Restricted	5,093,531	4,456,712	636,819	14.29%
Unrestricted	(119,101,644)	(111,648,888)	(7,452,756)	6.68%
Total Net Position	<u>\$ (87,312,464)</u>	<u>\$ (71,970,834)</u>	<u>\$ (15,341,630)</u>	<u>21.32%</u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

By far, the largest component of the School District's net position, \$26,695,649 reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Those assets subject to external restrictions total \$4,812,499. The remaining balance is an unrestricted deficit of \$(118,820,612), primarily attributable to the accrual of other post-employment benefit obligations promulgated under the requirements of Governmental Accounting Standards Board Statement No. 75.

In addition, as a requirement of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date, new items are included in the Statement of Net Position. As of June 30, 2020, the School District reported a net pension asset/liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This asset/liability and the net deferrals are not in custody of, nor are they accessible by the School District. Rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note IX of the financial statements for more information on these pension items.

The negative unrestricted net position balance of \$(118,820,612) continues to be the result of recognizing the liability for Other Post - Employment Benefits ("OPEB"), without any legal mechanism to set-aside funds for this liability. For the 2019-2020 fiscal year, this liability increased by a net amount of \$44,653,179. The reason the negative unrestricted net position was larger than its previous negative balance of \$(111,648,888) as reported at June 30, 2019 is due primarily to the liability for Other Post-Employment Benefits ("OPEB"). Therefore, the negative unrestricted net position balance will continue to grow as a result of the OPEB liability and will be directly impacted, positively or negatively, by future swings in recording the pension asset/liability.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DISTRICT-WIDE FINANCIAL ANALYSIS

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT'S CHANGES IN NET POSITION

	2020	%	2019	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 674,164	18.23%	\$ 1,227,282	28.66%	\$ (553,118)	-45.07%
Operating Grants and Contributions	2,934,400	79.34%	2,763,509	64.55%	170,891	6.18%
Capital Grants and Contributions	89,924	2.43%	290,718	6.79%	(200,794)	-69.07%
Total Program Revenue	<u>3,698,488</u>	<u>100%</u>	4,281,509	100%	(583,021)	-13.62%
General Revenues:						
Real Property Taxes	34,171,858	55.88%	33,045,405	55.27%	1,126,453	3.41%
Other Tax Items	2,723,648	4.45%	2,895,564	4.84%	(171,916)	-5.94%
Use of Money and Property	91,502	0.15%	45,181	0.08%	46,321	102.52%
Sales of Property and Compensation for Loss	2,971	0.00%	786	0.00%	2,185	277.99%
Loss on Disposal of Assets	(32,281)	-0.05%	-	0.00%	(32,281)	100.00%
Unrestricted State Aid	23,620,785	38.62%	23,215,802	38.83%	404,983	1.74%
Miscellaneous	578,933	0.95%	585,848	0.98%	(6,915)	-1.18%
Total General Revenues	<u>61,157,416</u>	<u>100.00%</u>	59,788,586	100%	1,368,830	2.29%
Total Revenues	<u>64,855,904</u>		64,070,095		785,809	1.23%
Program Expenses:						
General Support	9,781,944	12.12%	7,679,680	11.25%	2,102,264	27.37%
Instruction	64,734,170	80.26%	54,692,206	80.13%	10,041,964	18.36%
Pupil Transportation	4,199,849	5.21%	4,386,481	6.43%	(186,632)	-4.25%
School Lunch Program	1,419,962	1.76%	1,125,610	1.65%	294,352	26.15%
Interest on Debt, net loss of refunding	521,369	0.65%	368,597	0.54%	152,772	41.45%
Total Expenses	<u>80,657,294</u>	<u>100.00%</u>	68,252,574	100.00%	12,404,720	18.17%
Decrease in Net Position	<u>\$ (15,801,390)</u>		<u>\$ (4,182,479)</u>			

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Rondout Valley Central School Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds: The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the School District's financing for spending at the end of the fiscal year.

The major changes from 2019-20 are as follows:

Revenues:

- Charges for services decreased by \$553,118. This was due to less students from other districts attending this School District for which tuition was accepted and reduction in school lunch program services.
- Real property taxes increased by \$1,126,453. Although greater than 2018-19, the increase was within the NYS mandated Tax Cap.
- Other tax items include the reimbursements received for the School Tax Relief Reimbursement Program ("STAR") which decreased by \$160,838. The STAR Program provides tax relief to homeowners through State reimbursement to the District.
- Unrestricted State Aid increased by \$404,983 due to the state increasing excess cost aid.

Expenses:

- General Support increased by \$2,102,264 mainly due to an increase in OPEB costs.
- Instructional Program expenses increased by \$10,041,964. This increase is mainly due to an increase in the OPEB costs and capital asset expenses.
- Pupil Transportation expenses decreased by \$186,632. This decrease was due to the closure of schools and 11% discount in the vendor rates from March 16, 2020 as a result of COVID-19.
- School Lunch Program expenses increased by \$294,352. This increase was mostly due to change in percentage of health insurance costs that were allocated to the fund.
- Interest expense increased by \$152,772 due to the way our debt repayment is structured.

Fund Balance Reporting

The District classifies its fund balances into the following categories:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the some action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Note: According to the Office of the State Comptroller, school districts in New York State will not have committed fund balance to report.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
 REQUIRED SUPPLEMENTARY INFORMATION
 MANAGEMENT'S DISCUSSION AND ANALYSIS**

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

Total Governmental Funds

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

As of the end of the current fiscal year, the School District's governmental funds, reported combined fund balances of \$9,901,213, a decrease of \$2,003,199 from the prior year. \$3,330,139 constitutes assigned fund balance, of which \$2,861,842 has been designated for subsequent year's expenditures in the General Fund and represents the amount estimated for use in the 2020-2021 budget and the remaining is assigned for purchases on order of \$468,297. The unassigned fund balance of \$1,758,575 is available for spending at the School District's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed. The restricted fund balance includes restrictions for Debt Service of \$1,014,066, for General Fund for capital projects of \$55,025, employment benefits of \$761,893, for workers compensation of \$250,000, for retirement contributions of \$2,226,450, for unemployment benefits of \$152,243, and for Capital Projects of \$379,776.

The summary of the combined fund balances are as follows:

Nonspendable	\$	254,078
Restricted		4,839,453
Assigned		3,330,139
Unassigned		1,477,543

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$8,729,819 of which \$1,758,575 or 2.66% of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the amount of unreserved fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

The fund balance of the School District's General Fund decreased by \$1,481,054 during the current fiscal year.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

General Fund Budgetary Highlights

During the year, the School District revised the General Fund budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital Assets: At June 30, 2020, the School District had \$47,322,766 net of accumulated depreciation invested in a broad range of capital assets, including land, vehicles, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

The increase in capital assets during the current fiscal year is a result of increased costs due to ongoing capital projects.

Debt: As of June 30, 2020 the School District had \$202,992,757 in general obligation and other long-term debt outstanding.

At June 30, 2020, the School District reported a liability of \$4,616,055 for its proportionate share of the net pension liability of ERS. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

More detailed information about the School District's capital assets and long-term debt is presented in the notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Rondout Valley Central School District

Attn: Dr. Joseph Morgan
Superintendent of Schools
P.O. Box 9
122 Kyserike Road
Accord, NY 12404

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 9,172,240
Restricted Cash	15,689,513
Accounts Receivable	67,832
State and Federal Aid Receivable	564,280
Due from Other Governments	1,711,949
Due From Other Funds (Note V)	289,657
Inventories	29,130
Prepaid Expenses	405,092
Net Pension Assets	3,755,703
	<u>31,685,396</u>
Capital Assets, not being depreciated	7,479,459
Capital Assets, being depreciated - net	39,843,307
Total Capital Assets, net (Note VI)	<u>47,322,766</u>
Total Assets	<u>79,008,162</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension (Note IX)	15,069,220
Other Postemployment Benefits (Note X)	47,762,112
Bond Refunding	259,792
Total Deferred Outflows of Resources	<u>63,091,124</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>142,099,286</u>
LIABILITIES	
Accounts Payable	1,711,646
Accrued Liabilities	686,456
Unearned Revenue	196,452
Due to Other Governments	837,989
Due to Retirement Systems	2,469,394
Bond Anticipation Notes	12,000,000
Non-Current Liabilities:	
Due and Payable Within One Year:	
Bonds Payable, Net of bond premium (Note VII)	1,694,423
Due and Payable More Than One Year:	
Bonds Payable, Net of bond premium (Note VII)	6,932,694
Compensated Absences (Note VII)	882,442
ERS Net Pension Liability-Proportionate Share (Note IX)	4,616,055
Other Postemployment Benefits	188,867,143
Total Liabilities	<u>220,894,694</u>
DEFERRED INFLOWS OF RESOURCES	
Pension (Note IX)	5,254,690
Other Postemployment Benefits (Note X)	3,262,366
Total Deferred Inflows of Resources	<u>8,517,056</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>229,411,750</u>
NET POSITION	
Net Investment in Capital Assets	26,695,649
Restricted	5,093,531
Unrestricted	(119,101,644)
Total Net Position	<u>\$ (87,312,464)</u>

See accompanying notes to basic financial statements.

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		Governmental Activities
<u>FUNCTIONS/PROGRAMS</u>					
Primary Government:					
Governmental Activities:					
General Support	\$ (9,781,944)	\$ -	\$ -	\$ -	\$ (9,781,944)
Instruction	(64,734,170)	465,917	2,510,918	89,924	(61,667,411)
Pupil Transportation	(4,199,849)	-	-	-	(4,199,849)
School Lunch Program	(1,419,962)	208,247	423,482	-	(788,233)
Interest on Debt and net loss on refunding	(521,369)	-	-	-	(521,369)
Total Primary Government	\$ (80,657,294)	\$ 674,164	\$ 2,934,400	\$ 89,924	(76,958,806)
General Revenues:					
Real Property Taxes					34,171,858
Other Tax Items					
School Tax Relief Reimbursement					2,596,621
Interest and Penalties on Real Property Taxes					127,027
Use of Money and Property					91,502
Sale of Property and Compensation for Loss					2,971
Loss on Disposal of Assets					(32,281)
Unrestricted State Aid					23,620,785
Miscellaneous					578,933
Total General Revenues					61,157,416
Change in Net Position					(15,801,390)
Net Position - Beginning, as previously reported					(71,970,834)
Prior Period Adjustment					459,760
Net Position - Beginning, as restated					(71,511,074)
Net Position - Ending					\$ (87,312,464)

See accompanying notes to basic financial statements.

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 9,172,240	\$ -	\$ -	\$ -	\$ -	\$ 9,172,240
Restricted Cash	-	335,668	14,130,195	209,584	1,014,066	15,689,513
Accounts Receivable	67,377	-	-	455	-	67,832
State and Federal Aid Receivable	564,280	-	-	-	-	564,280
Due from Other Governments	913,114	697,812	89,925	11,098	-	1,711,949
Due from Other Funds	2,187,173	-	1,692	3,806	-	2,192,671
Inventories	-	-	-	29,130	-	29,130
Prepaid Expenses	224,948	-	-	-	-	224,948
Total Assets	\$ 13,129,132	\$ 1,033,480	\$ 14,221,812	\$ 254,073	\$ 1,014,066	\$ 29,652,563
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 467,002	\$ 67,082	\$ 1,175,980	\$ 1,582	\$ -	\$ 1,711,646
Accrued Liabilities	439,331	-	-	-	-	439,331
Unearned Revenues	203,573	9,770	166,056	18,931	-	398,330
Due to Other Funds	5,498	956,628	500,000	440,888	-	1,903,014
Due to Other Governments	837,905	-	-	84	-	837,989
Due to Retirement Systems	2,446,004	-	-	15,036	-	2,461,040
Bond Anticipation Payable	-	-	12,000,000	-	-	12,000,000
Total Liabilities	4,399,313	1,033,480	13,842,036	476,521	-	19,751,350
Fund Balances:						
Nonspendable	224,948	-	-	29,130	-	254,078
Restricted	3,445,611	-	379,776	-	1,014,066	4,839,453
Assigned	3,300,685	-	-	29,454	-	3,330,139
Unassigned	1,758,575	-	-	(281,032)	-	1,477,543
Total Fund Balances	8,729,819	-	379,776	(222,448)	1,014,066	9,901,213
Total Liabilities and Fund Balances	\$ 13,129,132	\$ 1,033,480	\$ 14,221,812	\$ 254,073	\$ 1,014,066	\$ 29,652,563

See accompanying notes to basic financial statements.

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 9,172,240	\$ -	\$ -	\$ 9,172,240
Restricted Cash	15,689,513	-	-	15,689,513
Accounts Receivable	67,832	-	-	67,832
State and Federal Aid Receivable	564,280	-	-	564,280
Due From Other Governments	1,711,949	-	-	1,711,949
Due From Other Funds	2,192,671	-	(1,903,014)	289,657
Inventories	29,130	-	-	29,130
Prepaid Expenditures	224,948	180,144	-	405,092
Net Pension Assets	-	3,755,703	-	3,755,703
Capital Assets, net	-	47,322,766	-	47,322,766
Total Assets	29,652,563	51,258,613	(1,903,014)	79,008,162
Deferred Outflows of Resources - Pension	-	15,069,220	-	15,069,220
Deferred Outflows of Resources - OPEB	-	47,762,112	-	47,762,112
Deferred Outflows of Resources - Bond Refunding	-	259,792	-	259,792
Total Assets and Deferred Outflows	\$ 29,652,563	\$ 114,349,737	\$ (1,903,014)	\$ 142,099,286
LIABILITIES				
Accounts Payable	\$ 1,711,646	\$ -	\$ -	\$ 1,711,646
Accrued Liabilities	439,331	247,125	-	686,456
Unearned Revenues	398,330	(201,878)	-	196,452
Due to Other Funds	1,903,014	-	(1,903,014)	-
Due to Other Governments	837,989	-	-	837,989
Due to Retirement Systems	2,461,040	8,354	-	2,469,394
Bond Anticipation Notes Payable	12,000,000	-	-	12,000,000
Bonds Payable	-	8,555,000	-	8,555,000
Unamortized Bond Premium	-	72,117	-	72,117
Compensated Absences	-	882,442	-	882,442
Net Pension Liability-Proportionate Share	-	4,616,055	-	4,616,055
Other Postemployment Benefits	-	188,867,143	-	188,867,143
Total Liabilities	19,751,350	203,046,358	(1,903,014)	220,894,694
Deferred Inflows of Resources - Pension	-	5,254,690	-	5,254,690
Deferred Inflows of Resources - OPEB	-	3,262,366	-	3,262,366
Total Liabilities and Deferred Inflows	19,751,350	211,563,414	(1,903,014)	229,411,750
Total Fund Balances	9,901,213	(97,213,677)	-	(87,312,464)
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	\$ 29,652,563	\$ 114,349,737	\$ (1,903,014)	\$ 142,099,286

See accompanying notes to basic financial statements.

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds
Revenues:						
Real Property Taxes	\$ 34,171,858	\$ -	\$ -	\$ -	\$ -	\$ 34,171,858
Other Tax Items	2,723,648	-	-	-	-	2,723,648
Charges for Services	465,917	-	-	-	-	465,917
Use of Money and Property	86,321	-	-	262	4,919	91,502
Sale of Property and Compensation for Loss	2,971	-	-	-	-	2,971
State Aid	23,895,635	748,780	89,924	14,335	-	24,748,674
Federal Aid	43,223	1,242,187	-	409,147	-	1,694,557
Food Sales	-	-	-	208,247	-	208,247
Miscellaneous	577,221	856	-	856	-	578,933
Total Revenues	61,966,794	1,991,823	89,924	632,847	4,919	64,686,307
Expenditures:						
General Support	5,448,605	-	-	-	-	5,448,605
Instruction	31,530,895	2,037,530	-	-	-	33,568,425
Pupil Transportation	4,003,709	109,174	-	-	-	4,112,883
Employee Benefits	16,719,734	-	-	423,284	-	17,143,018
Cost of Food Sales	-	-	-	765,856	-	765,856
Debt Service	3,269,912	-	-	-	-	3,269,912
Capital Outlay	78,806	-	2,287,766	14,235	-	2,380,807
Total Expenditures	61,051,661	2,146,704	2,287,766	1,203,375	-	66,689,506
Excess/(Deficiency) of Revenues Over Expenditures	915,133	(154,881)	(2,197,842)	(570,528)	4,919	(2,003,199)
Other Financing Sources/(Uses):						
Operating Transfers In	-	154,881	2,000,000	241,306	-	2,396,187
Operating Transfers Out	(2,396,187)	-	-	-	-	(2,396,187)
Total Other Financing Sources/(Uses)	(2,396,187)	154,881	2,000,000	241,306	-	-
Change in Fund Balances	(1,481,054)	-	(197,842)	(329,222)	4,919	(2,003,199)
Fund Balances - Beginning, as previously reported	9,978,820	32,994	577,618	275,320	1,009,147	11,873,899
Prior Period Adjustment (Note XIV)	232,053	(32,994)	-	(168,546)	-	30,513
Fund Balances - Beginning, as restated	10,210,873	-	577,618	106,774	1,009,147	11,904,412
Fund Balances - Ending	\$ 8,729,819	\$ -	\$ 379,776	\$ (222,448)	\$ 1,014,066	\$ 9,901,213

See accompanying notes to basic financial statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
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, 2020**

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 34,171,858	\$ -	\$ -	\$ -	\$ -	\$ 34,171,858
Other Tax Items	2,723,648	-	-	-	-	2,723,648
Charges for Services	465,917	-	-	-	-	465,917
Use of Money and Property	91,502	-	-	-	-	91,502
Sale of Property and Compensation for Loss	2,971	-	-	-	-	2,971
Loss on Disposal of Assets	-	-	(32,281)	-	-	(32,281)
State Aid	24,748,674	201,878	-	-	-	24,950,552
Federal Aid	1,694,557	-	-	-	-	1,694,557
Food Sales	208,247	-	-	-	-	208,247
Miscellaneous	578,933	-	-	-	-	578,933
Total Revenues	\$ 64,686,307	\$ 201,878	\$ (32,281)	\$ -	\$ -	\$ 64,855,904
Expenditures:						
General Support	5,448,605	-	109,553	-	4,223,786	9,781,944
Instruction	33,568,425	-	1,099,948	-	30,065,797	64,734,170
Pupil Transportation	4,112,883	-	-	-	86,966	4,199,849
Employee Benefits	17,143,018	17,887,637	-	-	(35,030,655)	-
Cost of Food Sales	765,856	-	-	-	654,106	1,419,962
Debt Service	3,269,912	270,880	-	(3,019,423)	-	521,369
Capital Outlay	2,380,807	-	(2,380,807)	-	-	-
Total Expenditures	66,689,506	18,158,517	(1,171,306)	(3,019,423)	-	80,657,294
Excess/(Deficiency) of Revenues Over Expenditures	(2,003,199)	(17,956,639)	1,139,025	3,019,423	-	(15,801,390)
Other Financing Sources/(Uses)						
Operating Transfers In	2,396,187	-	-	-	(2,396,187)	-
Operating Transfers Out	(2,396,187)	-	-	-	2,396,187	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-
Change in Fund Balances	\$ (2,003,199)	\$ (17,956,639)	\$ 1,139,025	\$ 3,019,423	\$ -	\$ (15,801,390)

See accompanying notes to basic financial statements.

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ 406,615
Total Assets	\$ 406,615
LIABILITIES	
Accrued Liabilities	\$ 34
Due to Other Funds	289,657
Deposit Payable	58,272
Student Activity Funds	58,652
Total Liabilities	\$ 406,615

See accompanying notes to basic financial statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rondout Valley Central School District, New York, (the “School District”) as presently constituted, was established in 1938 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, which is the School District, (b) organizations for which the School District is financially accountable and (c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the school District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Ulster County Board of Cooperative Educational Services (“BOCES”). BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statement can be requested from Ulster County BOCES, 175 Route 32 North, New Paltz, New York 12561.

B. District-wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (2) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, reconciliations are presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds.

The following represents the School District's governmental funds:

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or local funds.

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Fiduciary Funds (Not Included in District-wide Statements) - Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for payroll tax withholdings that are payable to other jurisdictions.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial 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. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to judgments and claims, compensated absences, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, “Fair Value Measurements and Application” which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, “Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3”, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's same. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2020.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable mid-September through mid-October. The taxes for the property owners of the Towns of Marbletown, Rosendale, Rochester and Wawarsing, which are also included in the levy, are collected by the School District. Ulster County guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories in the School Lunch Fund consist of surplus food at a stated value which approximates market. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute “available spendable resources” even though they are a component of current assets.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consists of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute “available spendable resources” even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives ranging from 5 to 50 years.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the district wide financial statements, unearned revenues consist of revenue received in advance and/or revenue from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts have been deemed to be measurable but not “available” pursuant to generally accepted accounting principles.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows and inflows of resources have been reported on the district-wide Statement of Net Position for the following:

The School District reported deferred outflows of resources for a deferred loss on refunding bonds. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the School District's pension obligations and other post-employment benefits are detailed in Note IX and X respectively.

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the district wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

Net Position - Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints, on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to determine the amounts to report as restricted and unrestricted 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. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 10, 2020.

I. Tax Abatements

The School District does not have any real property tax abatement agreements exempt under Real Property Tax Law, Section 412-a and General Municipal Law, Section 874.

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

Due to the difference in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the government funds.

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

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

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED

A. Total Fund Balances of the Governmental Funds vs. Net Position of Governmental Activities - Continued

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statements of Net Position. In the description below, positive numbers represent increases to the Balance Sheet line items and negative numbers represent decreases.

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

Original Cost of Capital Assets	\$ 74,029,610
Accumulated Depreciation	(26,706,844)
Capital Assets, Net	<u>\$ 47,322,766</u>

- (2) The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, the liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Bonds Payable	\$ 8,627,117
Compensated Absences	882,442
Net Pension Liability	4,616,055
Other Postemployment Benefits	188,867,143
	<u>\$ 202,992,757</u>

- (3) Interest payable is recognized in the district-wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at June 30, 2020	<u>\$ 247,125</u>
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- (4) Deferred outflows and inflows of resources are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Deferred Outflows of Resources	<u>\$ 63,091,124</u>
Deferred Inflows of Resources	<u>\$ 8,517,056</u>

- (5) In the governmental funds, amounts due to the New York State Retirement Systems include costs incurred through year end that are expected to be liquidated with expendable available resources. In the Statement of Net Position, these amounts are recorded as of the retirement plan measurement date. This is the amount by which the fund liability is adjusted for the timing difference:

Due to New York State Retirement Systems	<u>\$ 8,354</u>
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RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED

A. Total Fund Balances of the Governmental Funds vs. Net Position of Governmental Activities - Continued

(6) Workers compensation costs are reported as expenditures in the year they are incurred and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes additional prepaid amounts in the assets of the School District as a whole.

Judgments and Claims - Prepaid Expenses	\$ <u>180,144</u>
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(7) Unearned revenue related to grants are reported on the accrual basis in the Statement of Net Position, but on the modified accrual basis in the governmental funds. The adjustments between the two bases at year end were:

Unearned Revenues	\$ <u>(201,878)</u>
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(8) In the Statement of Net Position, net pension asset is recognized for the School District’s proportionate share when pension plan’s fiduciary net position exceeds its total pension liability. However, these assets are excluded on the balance sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources.

Net Pension Assets (TRS)	\$ <u>3,755,703</u>
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B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities

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

- Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.
- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

<u>Total Revenues and Other Funding Sources</u>	
Total revenues reported in governmental funds	\$ 64,686,307
Recognition of deferred state grant revenue	201,878
Loss on disposal of assets	<u>(32,281)</u>
Total revenues reported in the Statement of Activities	<u>\$ 64,855,904</u>

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities - Continued

Total Expenditures/Expenses

Total expenditures reported in governmental funds	\$ 66,689,506
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences changed during the year.	(472,869)
In the Statement of Activities, the expenses for other postemployment benefits are measured based on the change in actuarially determined OPEB liability and related deferred inflows/outflows of resources of the School District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which the annual required contribution exceeded the amount of financial resources used during the year.	14,615,494
In the Statement of Activities, pension expense related to ERS and TRS defined benefit plans is measured as the change in the School District's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was more then the amount of financial resources expended during the year.	3,747,732
Interest payable is recognized in the government-wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year exceeds the interest payable for the prior year.	218,921
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$2,380,807 was greater than depreciation expense of \$1,209,501 in the current year.	(1,171,306)
Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.	(3,005,000)
The cost of prepaid assets are generally reported as expenditures in the year they incurred and the assets do not appear on the balance sheet, but the Statement of Net Position includes all prepaid assets of the School District as a whole.	(2,720)
The loss on refunding and debt premium are deferred and amortized into expense over the life of the debt. This is the current amortization expense for the bond refunding loss and premium.	<u>37,536</u>
Total expenses reported in the Statement of Net Position	<u><u>\$ 80,657,294</u></u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

III. STEWARDSHIP. COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General Fund are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch or Debt Service funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Final Budgeted amounts are as originally adopted, or as amended by the Board of Education.

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

C. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, 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 4% of the prior year's budget or 120% of the consumer price index ("CPI").

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

III. STEWARDSHIP. COMPLIANCE AND ACCOUNTABILITY -CONTINUED

C. Property Tax Limitation - Continued

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

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

D. Capital Projects Fund Deficits

Deficits in individual capital projects sometimes arise either because of expenditures exceeding current financing on the projects or from capital projects exceeding their budgetary authorization. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

E. Excess of Actual Expenditures Over Budget

The following capital projects exceeded their budgetary provision by the amount indicated creating a deficit in a like amount:

High School Addition	\$	144,857
Smart School Network	\$	327,851
District-Wide Repairs 2020	\$	207,337

IV. CASH

At June 30, 2020, the carrying amount of the District's deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$25,268,368 and the bank balance was \$26,011,450. The School District's deposits at June 30, 2020, and during the year ended, were entirely covered by FDIC Insurance or by pledged collateral held by the School District's agent bank in the School District's name. Petty Cash is included in Cash and Cash Equivalents and totaled \$785 at year end.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

V. INTERFUND ACTIVITY

The interfund receivables and payables at June 30, 2020 were as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 2,187,173	\$ 5,498
Capital Projects	1,692	500,000
Special Aid	-	956,628
School Lunch	<u>3,806</u>	<u>440,888</u>
 Total Government funds	 2,192,671	 1,903,014
Agency	<u>-</u>	<u>289,657</u>
 TOTAL	 <u>\$ 2,192,671</u>	 <u>\$ 2,192,671</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Interfund revenues and expenditures at June 30, 2020 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 2,396,187
Capital Projects	2,000,000	-
Special Aid	154,881	-
School Lunch	<u>241,306</u>	<u>-</u>
 TOTAL	 <u>\$ 2,396,187</u>	 <u>\$ 2,396,187</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and School Lunch funds expenditures.

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

VI. CAPITAL ASSETS

Capital Asset balances and activity for the year ended June 30, 2020 were as follows:

	Restated Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 5,272,122	\$ -	\$ -	\$ -	\$ 5,272,122
Construction in Progress	263,451	1,943,886	-	-	2,207,337
Total capital assets, not being depreciated	<u>5,535,573</u>	<u>1,943,886</u>	<u>-</u>	<u>-</u>	<u>7,479,459</u>
Capital assets, being depreciated:					
Buildings and Improvements	61,602,997	343,882	-	-	61,946,879
Machinery and Equipment	3,990,475	14,235	-	-	4,004,710
Vehicles	557,095	78,804	(37,337)	-	598,562
Total capital assets being depreciated	<u>66,150,567</u>	<u>436,921</u>	<u>(37,337)</u>	<u>-</u>	<u>66,550,151</u>
Accumulated depreciation for:					
Buildings and Improvements	(21,689,080)	(1,064,819)	-	-	(22,753,899)
Machinery and Equipment	(3,352,579)	(122,115)	-	-	(3,474,694)
Vehicles	(460,740)	(22,567)	5,056	-	(478,251)
Total accumulated depreciation	<u>(25,502,399)</u>	<u>(1,209,501)</u>	<u>5,056</u>	<u>-</u>	<u>(26,706,844)</u>
Total capital assets, being depreciated, net	<u>40,648,168</u>	<u>(772,580)</u>	<u>(32,281)</u>	<u>-</u>	<u>39,843,307</u>
Governmental activities capital assets, net	<u>\$ 46,183,741</u>	<u>\$ 1,171,306</u>	<u>\$ (32,281)</u>	<u>\$ -</u>	<u>\$ 47,322,766</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 109,553
Instruction	<u>1,099,948</u>
Total Depreciation Expense	<u>\$ 1,209,501</u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. LONG-TERM DEBT

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

Governmental Activities	Beginning Balance	Issued/Earned	Redeemed/Paid	Ending Balance	Current Portion
Serial Bonds	\$ 11,560,000	\$ -	\$ (3,005,000)	\$ 8,555,000	\$ 1,680,000
Unamortized Premium on Bonds	86,540	-	(14,423)	72,117	14,423
	11,646,540	-	(3,019,423)	8,627,117	1,694,423
Other liabilities:					
Compensated Absences	1,355,311		(472,869)	882,442	-
Pension Liability	1,244,232	3,371,823		4,616,055	-
Other Postemployment Benefits	144,213,964	44,653,179	-	188,867,143	-
Total long-term liabilities	\$ 158,460,047	\$ 48,025,002	\$ (3,492,292)	\$ 202,992,757	\$ 1,694,423

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately.

Each governmental fund's liability for general obligation bonds payable, judgments and claims, compensated absences, net pension liability and other post-employment benefit obligations is liquidated by the General Fund.

The following is a summary of the maturity of serial bonds:

	Principal	Interest	Total
2021	\$ 1,680,000	\$ 171,000	\$ 1,851,000
2022	1,685,000	137,500	1,822,500
2023	1,720,000	103,800	1,823,800
2024	1,725,000	69,400	1,794,400
2025	1,745,000	34,900	1,779,900
Total	\$ 8,555,000	\$ 516,600	\$ 9,071,600

Interest on long-term debt paid during the year was:

Interest Paid	\$ 264,912
Less: Interest accrued - prior year	(28,204)
Plus: Interest accrued - current year	7,125
	\$ 243,833

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. JUDGMENTS AND CLAIMS PAYABLE

The School District participates in a risk pool for workers' compensation claims. This is a public entity risk pool created under Article 5 of Workers' Compensation Law to finance liability and risks related to workers' compensation claims. The risk pool reported a net asset for the year ended June 30, 2020. The School District's share of this asset is \$180,144 at June 30, 2020. The district-wide financial statements reflect this asset. The School District's share of the workers compensation estimated incurred but not reported ("IBNR") as of December 31, 2019 is \$432,422. However, this IBNR does not meet the criteria for reporting it as a liability.

IX. PENSION PLANS

Plan Description

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, 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 School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2019 are as follows:

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

IX. PENSION PLANS – CONTINUED

	<u>Tier/Plan</u>	<u>Rates</u>
ERS	3 A14	15.9%
	3 A15	15.9%
	5 A15	13.3%
	6 A15 41J1	9.4%
	6 A15 41J2	9.4%
TRS	1-6	10.6%

At June 30, 2020, the School District reported the following for its proportionate share of the net pension asset/(liability) for ERS and TRS:

	<u>ERS</u>		<u>TRS</u>	
Measurement Date	March 31, 2020		June 30, 2019	
Net Pension asset/(liability)	\$	(4,616,055)	\$	3,755,703
School District's proportion of the net pension asset/(liability)		0.17431900%		0.14456100%

The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS and the total pension liability used to calculate the net pension asset/(liability) was determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2020, the School District recognized pension expense in the district-wide financial statements of \$6,393,651 (\$1,705,672 for ERS and \$4,687,979 for TRS). Pension expenditures of \$2,898,748 (\$834,118 for ERS and \$2,064,630 for TRS) were recorded in the fund financial statements and were charged to the General and School Lunch Funds.

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS – CONTINUED

At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows or Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 271,674	\$ 2,545,144	\$ 2,816,818
Changes of assumptions	92,945	7,095,025	7,187,970
Net difference between projected and actual earnings on pension plan investments	2,366,414	-	2,366,414
Changes in proportion and difference between the District's contributions and proportionate share of contributions	283,666	289,896	573,562
School District's contributions subsequent to the measurement date	-	2,124,456	2,124,456
Total	<u>\$ 3,014,699</u>	<u>\$ 12,054,521</u>	<u>\$ 15,069,220</u>

	Deferred Inflows or Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ 279,281	\$ 279,281
Changes of assumptions	80,257	1,729,968	1,810,225
Net difference between projected and actual earnings on pension plan investments	-	3,011,880	3,011,880
Changes in proportion and difference between the District's contributions and proportionate share of contributions	30,778	122,526	153,304
Total	<u>\$ 111,035</u>	<u>\$ 5,143,655</u>	<u>\$ 5,254,690</u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

IX. PENSION PLANS – CONTINUED

\$3,014,699 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2021. The \$2,124,456 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>		<u>TRS</u>	
2021	\$	541,469	\$	1,742,536
2022		744,848		151,218
2023		902,241		1,736,378
2024		715,106		1,158,612
2025		-		139,892
Thereafter		-		(142,226)
Total	\$	<u>2,903,664</u>	\$	<u>4,786,410</u>

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2020	June 30, 2019
Investment Rate of Return	6.80% compounded annually net of investment expense	7.10% compounded annually net of investment expense
Projected Salary Increases	4.20%	1.9%-4.72%
Cost of Living Adjustments	1.3% annually	1.3% annually
Decrement Tables	April 1, 2010 - March 31, 2015 System's Experience Study	June 1, 2009 - June 30, 2014 System's Experience Study
Inflation Rate	2.50%	2.20%
Mortality Improvement	Society of Actuaries Scale MP - 2014	Society of Actuaries Scale MP - 2014

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS – CONTINUED

For ERS, 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 return, net of investment expenses 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.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocations are summarized below:

Measurement Date	ERS		TRS	
	March 31, 2020		June 30, 2019	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Asset Class:				
Domestic Equity	36%	4.05%	33%	6.30%
International Equity	14%	6.15%	16%	7.80%
Private Equity	10%	6.75%	8%	9.90%
Real Estate	10%	4.95%	11%	4.60%
Domestic Fixed Income Securities	0%	0.00%	16%	1.30%
Global Fixed Income Securities	0%	0.00%	2%	0.90%
High Yield Fixed Income Securities	0%	0.00%	1%	3.60%
Global Equities	0%	0.00%	4%	7.20%
Private Debt	0%	0.00%	1%	6.50%
Real Estate Debt	0%	0.00%	7%	2.90%
Absolute Return Strategies	2%	3.25%	0%	0.00%
Opportunistic Portfolio	3%	4.65%	0%	0.00%
Real Assets	3%	5.95%	0%	0.00%
Bonds and Mortgages	17%	0.75%	0%	0.00%
Cash	1%	0.00%	1%	0.30%
Inflation-indexed Bonds	4%	0.50%	0%	0.00%
Total	<u>100%</u>		<u>100%</u>	

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

IX. PENSION PLANS – CONTINUED

The real rate of return is net of the long-term inflation assumption of 2.20% for TRS and 2.50% for ERS.

The discount rate used to calculate the total pension liability was 6.80% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% for ERS and 7.10% for TRS, as well as what the School 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 (5.80% for ERS and 6.10% for TRS) or 1 percentage point higher (7.80% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease 5.80%	Current Assumption 6.80%	1% Increase 7.80%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (8,471,765)	\$ (4,616,055)	\$ (1,064,931)

TRS	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ 16,952,851	\$ 3,755,703	\$ 21,127,842

The components of the collective net pension liability as of the March 31, 2020 ERS measurement date and the June 30, 2019 TRS measurement date were as follows.

Measurement Date	(Dollars in Thousands)	
	ERS March 31, 2020	TRS June 30, 2019
Employers' total pension liability	\$ (194,596,261)	\$ (119,879,474)
Plan net position	168,115,682	122,477,481
Employers' net pension asset/(liability)	<u>\$ (26,480,579)</u>	<u>\$ 2,598,007</u>
Ratio of plan net position to the employers' total pension asset/(liability)	86.39%	102.20%

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

IX. PENSION PLANS – CONTINUED

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2020 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2020 were \$214,795 to ERS and \$2,246,245 to TRS (inclusive of employee contributions of \$121,382).

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participate in the program.

X. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”)

Plan Description

The School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post-employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

X. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

At June 30, 2020, the following employees were covered by the benefit terms:

Active Employees	384
Inactive Employees currently receiving benefit payments	330
Total Employees Covered by Benefit Terms	<u>714</u>

The School District's total OPEB liability of \$188,867,143 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2018.

The total OPEB liability as of the June 30, 2020 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.20%
Projected Salary Increases, Including Wage Inflation	Varies by years of service and retirement system
Discount Rate	2.21%
Healthcare Cost Trend Rates	5.4% for 2019 decreasing to 3.84% by 2075
Retiree's Share of Benefit Related Costs	Varies depending on age, date of retirement and bargaining unit

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on recent mortality tables published by SOA (Pub-2010), which were based on the public pension plans mortality experience from calendar years 2008 to 2013.

The actuarial assumptions used in the June 30, 2020 valuation were based on the NYS ERS assumptions first adopted on April 1, 2015 and NYS TRS assumptions first adopted on June 30, 2015 with the exception of mortality rates.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

X. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

The School District's change in the total OPEB liability for the year ended June 30, 2020 is as follows:

Changes in the Current OPEB Liability	
Balance - Beginning	\$ 144,213,964
Changes for the Year:	
Service Cost	4,528,002
Interest	5,156,342
Differences Between Expected and Actual Experience	43,014
Changes in Assumptions or Other Inputs	38,633,037
Benefit Payments	(3,707,216)
Net Changes	<u>44,653,179</u>
Balance - Ending	<u>\$ 188,867,143</u>

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$ 228,429,470	\$ 188,867,143	\$ 158,097,099

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.4% decreasing to 2.84%) or 1 percentage point higher (6.4% decreasing to 4.84%) than the current healthcare cost trend rates:

	1% Decrease 4.4% decreasing to 2.84%	Healthcare Cost Trend Rate 5.4% decreasing to 3.84%	1% Increase 6.4% decreasing to 4.84%
Total OPEB Liability	\$ 152,470,301	\$ 188,867,143	\$ 237,450,499

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

X. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

For the year ended June 30, 2020, the School District recognized OPEB expense of \$14,615,494 in the district-wide financial statements. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,659,208	\$ -
Changes of Assumptions or other inputs	41,102,904	(3,262,366)
Total	<u>\$ 47,762,112</u>	<u>\$ (3,262,366)</u>

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

Year Ending June 30,	Amount
2021	\$ 8,638,366
2022	8,638,366
2023	8,638,366
2024	9,032,228
2025	9,552,420
Total	<u>\$ 44,499,746</u>

XI. NET POSITION

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted:

Restricted for ERS Retirement Contributions - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York. The restricted net position for ERS Retirement Contributions at June 30, 2020 was \$1,727,263.

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

XI. NET POSITION - CONTINUED

Restricted for TRS Retirement Contributions - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York. The restricted net position for TRS Retirement Contributions at June 30, 2020 was \$499,187

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of General Municipal Law of the State of New York. The restricted net position for Unemployment Benefits at June 30, 2020 was \$152,243.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, less unexpended bond proceeds and unrestricted interest earnings. The restricted net position for Capital Projects at June 30, 2020 was \$379,776.

Restricted for Future Capital Projects - the component of net position that reports the amounts restricted for capital improvements and represents a segregation of the funds for capital improvements in accordance with Section 6-c of the General Municipal Law of the State of New York. The restricted net position for Future Capital Projects at June 30, 2020 was \$55,025.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund and other assets with constraints placed on their use by Local Finance Law. The restricted net position for Debt Service at June 30, 2020 was \$1,014,066.

Restricted for Workers Compensation - the component of net position that has been established to set aside funds to be used for workers compensation claims. The restricted net position for Workers Compensation at June 30, 2020 was \$250,000.

Restricted for Employee Benefits - the component of net position that has been established to set aside funds to be used to pay out accrued leave time to employees retiring/leaving School District service. The restricted net position for Employee Benefits at June 30, 2020 was \$761,893.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

XII. CONTINGENCIES

Tax Certiorari Proceedings

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

Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the School 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 School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XII. CONTINGENCIES - CONTINUED

Risk Management

The School District and other school districts have formed a reciprocal insurance company (the “Company”) to be owned by these districts. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery, and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an “assessable” insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million and an excess catastrophe liability policy with coverage up to \$20 million. The School District maintains liability coverage for school board members up to \$1 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

XIII. SUBSEQUENT EVENTS

Subsequent to June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and any other impacts to the School District as of November 10, 2020, management believes that a material impact on the School District’s financial position and results of future operations is reasonably possible, whether reflecting an increased or decreased demand for its services and federal and state aid.

XIV. PRIOR PERIOD ADJUSTMENT

There were corrections for prior year expenses related to health insurance allocations, retirement accrual and fund balance distributions. The fund balance for School District’s General Fund, Special Aid Fund and School Lunch Funds have has been restated as of July 1, 2019.

Additionally, the net position as of July 1, 2019 was restated by \$459,760 including \$801,637 due to an adjustment of workers compensation payable and by \$(372,390) due to an adjustment of capital assets.

XV. NEW ACCOUNTING STANDARDS

In January of 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally 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 School District is required to implement this standard for the year ending June 30, 2021. The School District has not evaluated the effect of GASB 84 on its financial statements.

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

XV. NEW ACCOUNTING STANDARDS - CONTINUED

In June 2017, GASB issued Statement 87, *Leases*. 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 School District is required to implement this standard for the year ending June 30, 2022. The School District has not evaluated the effect of GASB 87 on its financial statements.

In March 2018, GASB issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The School District is required to implement this standard for the year ending June 30, 2021. The School District has not evaluated the effect of GASB 88 on its financial statements.

In May 2020, GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which delayed the effective dates of Statements 84, 87 and 88 to the dates reflected above.

GASB has also issued Statements 89 through 94, 96 and 97, none of which are expected to have any substantive effects on the School District's net position.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS

<u>Total OPEB Liability</u>	6/30/20	6/30/19	6/30/18
Service Cost	\$ 4,528,002	\$ 2,735,178	\$ 2,853,380
Interest	5,156,342	4,628,623	4,252,784
Differences Between Expected and Actual Experience	43,014	9,272,707	-
Changes in Assumptions or Other Inputs	38,633,037	12,472,191	(6,004,537)
Benefit Payments	(3,707,216)	(3,491,304)	(2,595,800)
Net Change in Total OPEB Liability	44,653,179	25,617,395	(1,494,173)
Total OPEB Liability - Beginning	144,213,964	118,596,569	120,090,742
Total OPEB Liability - Ending (a)	\$ 188,867,143	\$ 144,213,964	\$ 118,596,569
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	\$ 3,707,216	\$ 3,491,304	\$ 2,595,800
Benefit Payments	(3,707,216)	(3,491,304)	(2,595,800)
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -
District's Net OPEB Liability - Ending (a) - (b)	\$ 188,867,143	\$ 144,213,964	\$ 118,596,569
Plan Fiduciary Net position as a percentage of the total OPEB liability	0%	0%	0%
Covered Payroll	\$ 29,821,384	\$ 26,884,664	\$ 29,625,799
Total OPEB Liability as a percentage of covered payroll	633.3%	536.4%	400.3%

Notes to Schedule:

Changes in Assumptions:

Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

6/30/20	2.21%
6/30/19	3.51%

No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2019 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
AND RELATED RATIOS

ERS	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Actual Covered Member Payroll	Net Pension Asset/(Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Plan Year Ended					
3/31/2020	0.17431900%	\$ (4,616,055)	\$ 5,841,093	(79.0%)	0.00%
3/31/2019	0.01756070%	\$ (1,244,232)	\$ 5,717,362	(21.8%)	96.27%
3/31/2018	0.01821280%	\$ (587,808)	\$ 5,445,550	(10.8%)	98.24%
3/31/2017	0.01817810%	\$ (1,708,051)	\$ 5,427,044	(31.5%)	94.70%
3/31/2016	0.01855260%	\$ (2,977,747)	\$ 5,448,012	(54.7%)	90.70%
3/31/2015	0.01759460%	\$ (594,388)	\$ 4,823,539	(12.3%)	97.90%

TRS	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Actual Covered Member Payroll	Net Pension Asset/(Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Plan Year Ended					
6/30/2019	0.14456100%	\$ 3,755,703	\$ 23,855,122	15.74%	101.53%
6/30/2018	0.14267900%	\$ 2,580,010	\$ 24,712,290	10.44%	101.53%
6/30/2017	0.14505400%	\$ 1,102,557	\$ 23,761,746	4.70%	100.66%
6/30/2016	0.14795500%	\$ (1,584,663)	\$ 23,459,697	(6.8%)	99.01%
6/30/2015	0.14924600%	\$ 15,501,915	\$ 23,261,908	68.89%	110.46%
6/30/2014	0.14890200%	\$ 16,586,705	\$ 22,500,910	73.72%	111.48%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

ERS		Contractually		Actual		Contribution		Covered		Required Contributions
	Plan Year Ended	Required		Employer Contribution		(deficiency) excess		Employee Payroll		as a Percentage of
		Contribution								Covered Payroll
	3/31/2020	\$ 825,764	\$	825,764	\$	- \$		5,841,093		14.14%
	3/31/2019	\$ 826,701	\$	826,701	\$	- \$		5,717,362		14.46%
	3/31/2018	\$ 877,024	\$	877,024	\$	- \$		5,445,550		16.11%
	3/31/2017	\$ 815,966	\$	815,966	\$	- \$		5,427,044		15.04%
	3/31/2016	\$ 988,956	\$	988,956	\$	- \$		5,448,012		18.15%
	3/31/2015	\$ 975,577	\$	975,577	\$	- \$		4,823,539		20.23%

TRS		Contractually		Actual		Contribution		Covered		Required Contributions
	Plan Year Ended	Required Contribution		Employer Contribution		(deficiency) excess		Employee Payroll		as a Percentage of
										Covered Payroll
	6/30/2019	\$ 2,731,433	\$	2,731,433	\$	- \$		23,855,122		10.62%
	6/30/2018	\$ 2,624,445	\$	2,624,445	\$	- \$		24,712,290		10.62%
	6/30/2017	\$ 2,328,651	\$	2,328,651	\$	- \$		23,761,746		9.80%
	6/30/2016	\$ 2,749,476	\$	2,749,476	\$	- \$		23,459,697		11.72%
	6/30/2015	\$ 3,084,529	\$	3,084,529	\$	- \$		23,261,908		13.26%
	6/30/2014	\$ 3,944,410	\$	3,944,410	\$	- \$		22,500,910		17.53%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not fully available for 10 years. The data will be accumulated over time and presented according to GASB 68.

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Real Property Taxes	\$ 36,768,479	\$ 36,768,479	\$ 34,171,858	\$ (2,596,621)
Other Tax Items	150,000	150,000	2,723,648	2,573,648
Charges for Services	353,192	353,192	465,917	112,725
Use of Money and Property	85,000	85,000	86,321	1,321
Sale of Property and Compensation for Loss	29,500	29,500	2,971	(26,529)
State Aid	24,039,222	24,049,222	23,895,635	(153,587)
Federal Aid	50,000	50,000	43,223	(6,777)
Miscellaneous	727,000	734,503	577,221	(157,282)
Total Revenues	62,202,393	62,219,896	61,966,794	(253,102)
Expenditures:				
General Support	6,241,664	6,388,331	5,448,605	939,726
Instruction	33,060,111	33,433,451	31,530,895	1,902,556
Pupil Transportation	4,878,100	4,804,998	4,003,709	801,289
Employee Benefits	17,810,158	18,164,862	16,719,734	1,445,128
Debt Service	3,269,913	3,269,913	3,269,912	1
Capital Outlay	106,000	133,484	78,806	54,678
Total Expenditures	65,365,946	66,195,039	61,051,661	5,143,378
Excess/(Deficiency) of Revenues Over Expenditures	(3,163,553)	(3,975,143)	915,133	4,890,276
Other Financing Sources/(Uses):				
Operating Transfers In	300,000	300,000	-	(300,000)
Operating Transfers Out	(302,500)	(2,302,500)	(2,396,187)	(93,687)
Total Other Financing Sources/(Uses)	(2,500)	(2,002,500)	(2,396,187)	(393,687)
Net Change in Fund Balance	(3,166,053)	(5,977,643)	(1,481,054)	4,496,589
Appropriated Fund Balance	3,166,053	5,977,643	-	(5,977,643)
Change in Fund Balance	\$ -	\$ -	\$ (1,481,054)	\$ (1,481,054)

**OTHER
SUPPLEMENTARY
INFORMATION**

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
GENERAL FUND
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2020**

Adopted Budget	\$ 65,668,446
Additions:	
Encumbrances from Prior Year	<u>558,971</u>
Original Budget	66,227,417
Budget Amendments - Transfers Out	2,000,000
Budget Amendments - Other	<u>270,122</u>
Final Budget	<u><u>\$ 68,497,539</u></u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
GENERAL FUND
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
YEAR ENDED JUNE 30, 2020**

2020-2021 Voter-approved expenditure budget maximum allowed	<u>\$ 66,007,448</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance	
Assigned Fund Balance	\$ 3,300,685
Unassigned Fund Balance	<u>1,758,575</u>
Total Unrestricted Fund Balance	<u>5,059,260</u>
Less:	
Appropriated Fund Balance	2,861,842
Encumbrances Included in Assigned Fund Balance	<u>438,843</u>
Total Adjustments	<u>3,300,685</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,758,575</u></u>
Actual Percentage	<u><u>2.66%</u></u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
 CAPITAL PROJECTS FUND
 PROJECT - LENGTH SCHEDULE
 INCEPTION OF PROJECT THROUGH JUNE 30, 2020**

Project	Expenditures and Transfers to Date				Methods of Financing				Fund Balance (Deficit) at June 30, 2020	
	Project Budget	Prior Year	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Interfund Transfers		Totals
High School Renovation	\$ 25,247,047	\$ 24,850,876	\$ -	\$ 24,850,876	\$ 396,171	\$ 20,207,763	\$ 871,330	\$ 4,167,954	\$ 25,247,047	\$ 396,171
NYSERDA Grant	233,991	205,413	-	205,413	28,578	-	233,991	-	233,991	28,578
High School Addition	2,181,205	2,326,062	-	2,326,062	(144,857)	2,181,205	-	-	2,181,205	(144,857)
Smart School Network	1,426,380	360,578	343,881	704,459	721,921	-	376,608	-	376,608	(327,851)
District-Wide Repairs 2018	948,000	312,928	-	312,928	635,072	-	-	948,000	948,000	635,072
District-Wide Repairs 2020	61,800,000	263,452	1,943,885	2,207,337	59,592,663	-	-	2,000,000	2,000,000	(207,337)
Total	\$ 91,836,623	\$ 28,319,309	\$ 2,287,766	\$ 30,607,075	\$ 61,229,548	\$ 22,388,968	\$ 1,481,929	\$ 7,115,954	\$ 30,986,851	\$ 379,776

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
 SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2020**

Capital Assets, net		\$	47,322,766
Deductions:			
Short-term Portion of Bonds Payable	1,680,000		
Long-term Portion of Bonds Payable	6,875,000		
Unamortized Portion of Premium on Refunding Bonds	<u>72,117</u>		8,627,117
Plus:			
Unamortized portion of loss on refunding bonds			<u>259,792</u>
Net Investment in Capital Assets		\$	<u><u>56,209,675</u></u>

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2020

	Year of Issue	Year of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Amount of Interest Paid During Fiscal Year	Amount of Interest Accrued at 6/30/2020	Due Within the Next Year
<u>BOND ANTICIPATION NOTE</u>										
Improvements to buildings and fields	2020	2021	2.00%	\$ -	\$ 12,000,000	\$ -	\$ 12,000,000	\$ -	\$ 240,000	\$ 12,000,000
				-	12,000,000	-	12,000,000	-	240,000	12,000,000
<u>SERIAL BONDS</u>										
Advance Refunding	2011	2020	2.00%	1,125,000	-	1,125,000	-	25,312	-	-
Advance Refunding	2012	2020	2.00%	240,000	-	240,000	-	4,800	-	-
Construction	2012	2020	4.00%	1,545,000	-	1,545,000	-	61,800	-	-
Advance Refunding	2018	2025	2.00%	8,650,000	-	95,000	8,555,000	173,000	7,125	1,680,000
TOTAL SERIAL BONDS				11,560,000	-	3,005,000	8,555,000	264,912	7,125	1,680,000
TOTAL INDEBTEDNESS				\$ 11,560,000	\$ 12,000,000	\$ 3,005,000	\$ 20,555,000	\$ 264,912	\$ 247,125	\$ 13,680,000

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

The Board of Education
Rondout Valley Central School District, New York
P.O. Box 9
122 Kyserike Road
Accord, NY 12404

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 the Rondout Valley Central School District (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 10, 2020.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

RBT CPAs, LLP

Newburgh, NY

November 10, 2020



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

The Board of Education
Rondout Valley Central School District, New York
P.O. Box 9
122 Kyserike Road
Accord, NY 12404

Report on Compliance for Each Major Federal Program

We have audited the Rondout Valley Central School District, New York's (the "School District") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2020. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

RBT CPAs, LLP

Newburgh, NY

November 10, 2020

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture:				
Passed through New York State Department of Education:				
<i>Child Nutrition Cluster</i>				
National School Lunch Program - Cash	10.555	*	N/A	\$ - \$ 276,673
School Breakfast Program	10.553	*	N/A	- 85,896
National School Lunch Program - Commodities	10.555	*	N/A	- 46,578
Total U.S. Department of Agriculture				<u>409,147</u>
U.S. Department of Education:				
Passed through New York State Department of Education:				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA, Part B)	84.027		0032-20-0997	- 544,755
Special Education - Preschool Grants (IDEA Preschool)	84.173		0033-20-0997	- <u>17,534</u>
				562,289
Title I Grants to Local Educational Agencies (LEAs)	84.010		0011-20-3120	- 4,458
Title I Grants to Local Educational Agencies (LEAs)	84.010		0021-19-3410	- 27,828
Title I Grants to Local Educational Agencies (LEAs)	84.010		0021-20-3410	- 547,687
Supporting Effective Instruction State Grant	84.367		0147-19-3410	- 5,000
Supporting Effective Instruction State Grant	84.367		0147-20-3410	- 78,977
Student Support and Academic Enrichment Grants	84.424		0204-19-3410	- 10,219
Student Support and Academic Enrichment Grants	84.424		0204-20-3410	- <u>5,729</u>
Total U.S. Department of Education				<u>1,242,187</u>
Total All Programs				<u>\$ - \$ 1,651,334</u>

* Major Program

RONDOUT VALLEY CENTRAL SCHOOL, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Rondout Valley Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2020. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

NOTE 3 - Reconciliation to Financial Statements

Federal Expenditures as reported in the SEFA	\$ 1,651,334
Reconciling Item:	
Medicare Reimbursement	<u>43,223</u>
Federal Aid as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 1,694,557</u>

**RONDOUT VALLEY CENTRAL SCHOOL, NEW YORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

A. Internal Control Findings

None Noted

B. Compliance Findings

None Noted

**RONDOUT VALLEY CENTRAL SCHOOL, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

I. SUMMARY OF INDEPENDENT AUDIT RESULTS

Financial Statements

Type of auditors' report the auditor issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes _____ X No
- Significant deficiency(ies) identified? _____ Yes _____ X No

Noncompliance material to financial statements noted? _____ Yes _____ X No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? _____ Yes _____ X No
- Significant deficiency(ies) identified? _____ Yes _____ X No

Type of auditors' report issued on compliance for major federal programs:

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes _____ X No

Identification of major Federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program - Cash and Commodities
10.553	School Breakfast Program

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? _____ X Yes _____ No

**RONDOUT VALLEY CENTRAL SCHOOL, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

II. FINANCIAL STATEMENT FINDINGS

None Noted

III. FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

**EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECERIPTS, CASH DISBURSEMENTS
AND CASH BALANCES**

FOR THE YEAR ENDED

JUNE 30, 2020

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Rondout Valley Central School District
P.O. Box 9
122 Kyserike Road
Accord, NY 12404

Report on the Financial Statements

We have audited the accompanying statement of cash receipts, cash disbursements and cash balances of the Extraclassroom Activity Funds of the Rondout Valley Central School District, New York (the "School District") as of and for the year ended June 30, 2020, and the related note to 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 accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on this financial statement 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 statement is free from material misstatement.

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

Controls over cash receipts during the time period between when receipts are first received by student club members and when such receipts are given to School District personnel for initial entry in the accounting records are not sufficient to enable us to extend out audit procedures beyond the receipts recorded. Accordingly, we were unable to for an opinion with respect to the completeness of cash receipts.

Qualified Opinion

In our opinion, except for the possible effect of the matter discussed in the basis for qualified opinion paragraph, the financial statement referred to above present fairly, in all material respects, the cash receipts, cash disbursements and cash balances of the Extraclassroom Activity Funds of the School District, as of June 30, 2020, for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

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

Restrictions on Use

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

RBT CPAs, LLP

Newburgh, NY
November 10, 2020

**ROUNDOUT VALLEY CNETRAL SCHOOL DISTRICT, NEW YORK
EXTRACLSSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECIEPTS, CASH DISBURSEMENTS AND CASH BALANCES
YEAR ENDED JUNE 30, 2020**

	Cash Balances				Cash Balances	
	Beginning	Receipts	Disbursements	Ending		
HIGH SCHOOL						
Class of 2017	\$ 29	\$ -	\$ 29	\$ -		
Class of 2018	-	-	-	-		
Class of 2019	2,282	336	2,118	500		
Class of 2020	4,217	12,854	7,679	9,392		
Class of 2021	3,076	13,877	12,736	4,217		
Class of 2022	3,300	6,051	1,926	7,425		
Class of 2023	-	500	-	500		
Cheerleading Club	871	-	871	-		
Community Service Key Club	287	-	287	-		
Council Fires	8,596	1,521	61	10,056		
Interest Earned	128	544	-	672		
National Honor Society	93	1,897	-	1,990		
School Play	2,032	-	2,032	-		
Science Club	152	-	152	-		
Student Congress	10,878	7,083	5,106	12,855		
Synthesis/Diversity	450	-	193	257		
Paws Club	96	-	-	96		
Human Rights Club	469	245	659	55		
Total High School	36,956	44,908	33,849	48,015		
MIDDLE SCHOOL						
4-5-6 Student Council	8,706	3,015	2,333	9,388		
7-8 Student Council	1,556	174	1,600	130		
Diversity	529	-	-	529		
Honor Society	347	-	347	-		
Interest Earned	29	12	-	41		
Memory Book	549	-	-	549		
Total Middle School	11,716	3,201	4,280	10,637		
Total All Schools	\$ 48,672	\$ 48,109	\$ 38,129	\$ 58,652		

See the accompanying note to financial statement.

ROUNDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
NOTE TO FINANCIAL STATEMENT
JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Rondout Valley Central School District, New York (the "School District"). These funds are reflected in the financial statements of the School District within the Agency Fund.

Basis of Accounting

This financial statement was prepared on the basis of cash receipts and disbursements in conformity with the accounting principles prescribed by the New York State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposits accounts and short term investments with original maturities of less than three months from the date of acquisition.

The Extraclassroom Activity Funds investment and deposit policies follow the School District's policies. The School District's investment and deposit policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposits accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposits accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Such obligations include, among other instruments, obligation of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligation of New York State or its political subdivisions.

The School District follows the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 72, "Fair Value Measurement and Application", which defines fair value and establishes a fair value hierarchy organized into 3 levels based in the input assumptions used in pricing levels. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted price in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted price for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent observable inputs do not exist.

ROUNDOUT VALLEY CNETRAL SCHOOL DISTRICT, NEW YORK
NOTE TO FINANCIAL STATEMENT
JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Risk Disclosure

Interest Rate Risk – Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term obligation.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. GASB Statement No. 40, “Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3”, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institutions trust department but not in the School District’s name. The School District’s aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2020.

Credit Risk – Credit Risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the School District’s compete failure. The School District does not have a formal credit risk policy other than restrictions to obligation allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk – Concentration of credit risk attributed to the magnitude of a government’s investments in a single issuer. The School District’s investment policy limits the amount on deposit at each of its banking institutions.

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Reply to: Farmingdale
Latham x

November 23, 2020

Dr. Rick Timbs
President and CEO
R.G. Timbs, Inc
24 Sherman Oaks Drive
New Hartford, NY 13413

RE: Rondout Valley Central School District

Dear Mr. Timbs:

By letter dated November 17, 2020 (the "Request Letter") from Deanna Rosinski, School Business Official, Rondout Valley Central School District ("District"), I have been requested to furnish you certain information in connection with your examination of the District's financial statements.

My response is limited to matters to which lawyers currently practicing law in our Firm who have devoted substantive attention as legal counsel to the District; this response does not include information received in any other role. The information contained in this response also is limited to matters that existed as of December 31, 2019 or during the period from that date to November 23, 2020.

The District does not intend to waive attorney-client privilege or the attorney work product privilege with respect to any document, information or communication which the District has provided to us or that we have provided to the District. In addition, my response to you should not be construed in any way to constitute a waiver of the protection of the attorney work-product privilege with respect to any of our related files, records or documents involving the District.

Subject to the limitations heretofore and hereafter set forth in this letter, we advise you that, as of the date of this letter, we are aware of the following pending or threatened legal actions, involving the District with respect to which we have been engaged to represent or advise the District and to which we have devoted substantive attention:

- **Ioannis Argitis v. Rondout Valley Central School District** – It is alleged that on September 28, 2020, Ioannis Argitis, an employee of a roofing subcontractor for the District’s capital improvement project, “was caused to fall [from a ladder] due to the failure and fall of an unsecured ladder.” It is alleged that this was in violation of NY Labor Law §§ 240(1), 241(6), and 200. As a result of this fall, it is alleged that Mr. Argitis suffered a “comminuted calcaneus fracture, ankle fracture, multiple fractures to his pelvis and coccyx, and left wrist fracture.” It is also alleged that he has had to undergo “two major orthopedic open reduction and internal fixation surgeries and was an in-patient for over one (1) month.”

In accordance with Paragraph 5 of the ABA Statement, it is my policy to refrain from expressing judgments as to the outcome of the District’s legal proceedings and matters unless an unfavorable outcome is either probable or remote. I also refrain from estimating the amount or range of potential loss resulting from any matter unless I believe that the probability of inaccuracy of the estimate is slight. In view of these consideration, I express no judgments as to the probably future outcome or range of loss which may result from any of the matters described above or referenced in this letter. In the absence of any such judgments, no inference should be drawn that the District will or will not prevail in any matter or that my views with respect to any matter may or may not differ from those expressed by others.

This response is limited by, and in accordance with, the ABA Statement; without limiting the generality of the foregoing, the limitations set forth in the ABA Statement on the scope and use of this response (Paragraph 2 and 7) are specifically incorporated herein by reference, and any description herein of any “loss contingencies” is qualified in its entirety by Paragraph 5 of the ABA Statement and the accompanying Commentary (which is an integral part thereof). Consistent with the Commentary relating to Paragraph 6 of the ABA Statement, this will confirm that whenever, in the course of performing legal services for the District with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, I have formed a professional conclusion that the District must disclose or consider disclosure concerning such possible claim or assessment, I, as a matter of professional responsibility to the District, will so advise the management of the District and will consult with the management of the District concerning the question of such disclosure and the applicable requirements of FASB ASC Subtopic 450-20, Contingencies – Loss Contingencies (a codification of Statement of Financial Accounts Standards No. 5).

This letter speaks as of the date hereof only, and I disclaim any undertaking to advise you of changes which hereafter may be brought to my attention or to the attention of the attorneys practicing law in this Firm.

This letter is solely for your information and assistance in connection with your audit of and report with respect to the financial condition of the District and is not to be quoted or otherwise referred to in any financial statements of the District or related document, nor is it to be filed with, furnished to or relied upon by any governmental agency or other person without my prior written consent.

Very truly yours,

Anthony J. Fasano

ANTHONY J. FASANO

AJF/mjl

Via US Mail

cc: Deanna Rosinski (*via email*)

APPENDIX C
Form of Legal Opinion

DRAFT

June 29, 2021

Rondout Valley Central School District at Accord,
County of Ulster,
State of New York

Re: Rondout Valley Central School District at Accord, Ulster County, New York
\$30,840,000 Bond Anticipation Note, 2021

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$30,840,000 Bond Anticipation Note, 2021 (the "Obligation"), of the Rondout Valley Central School District at Accord, Ulster County, New York (the "Obligor"), dated June 29, 2021, numbered 1, of the denomination of \$30,840,000, bearing interest at the rate of _____% per annum, payable at maturity, and maturing June 29, 2022.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

DRAFT

Rondout Valley Central School District at Accord

June 29, 2021

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

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

DRAFT

Rondout Valley Central School District at Accord

June 29, 2021

Page 3

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

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

Very truly yours,

/s/ORRICK, HERRINGTON & SUTCLIFFE LLP

/zmt

APPENDIX D
Material Event Notices

Material Event Notices

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) Defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Note holders, if material: and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

With respect to events (o) and (p), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii)

guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

For the purposes of the event identified in paragraph (1) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

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

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