



CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO

SAUGERTIES CENTRAL SCHOOL DISTRICT

ULSTER COUNTY, NEW YORK

General Obligation Bonds

\$8,085,000 School District Refunding (Serial) Bonds, 2015

Bonds Dated: June 30, 2015

Due: June 15, 2016-2022

\$3,250,000 School District Refunding (Serial) Bonds, 2017

Bonds Dated: June 12, 2017

Due: June 15, 2018-2022

Updated With Respect to Financial Information and Operating Data

December 5, 2019

**SAUGERTIES CENTRAL SCHOOL DISTRICT
ULSTER COUNTY, NEW YORK
CUSIP# 804192**

\$8,085,000 School District Refunding (Serial) Bonds, 2015

Dated: June 30, 2015

Due: June 15, 2016-2022

Credit Rating: S&P A+

Bond Insurance: BAM (2018-2022 only)

<u>Year</u>	<u>CUSIP</u>	<u>Year</u>	<u>CUSIP</u>	<u>Year</u>	<u>CUSIP</u>	<u>Year</u>	<u>CUSIP</u>
2020	804192 HG0	2021	804192 HH8	2022	804192 HJ4		

\$3,250,000 School District Refunding (Serial) Bonds, 2017

Dated: June 12, 2017

Due: June 15, 2018-2022

Credit Rating: S&P A+

Bond Insurance: Not Applicable

<u>Year</u>	<u>CUSIP</u>	<u>Year</u>	<u>CUSIP</u>	<u>Year</u>	<u>CUSIP</u>	<u>Year</u>	<u>CUSIP</u>
2020	804192 HM7	2021	804192 HN5	2022	804192 HP0		

SAUGERTIES CENTRAL SCHOOL DISTRICT
ULSTER COUNTY, NEW YORK

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BOND RATING

The underlying rating assigned to the School District by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, is an A+ rating, which was assigned in connection with the issuance by the School District of \$3,250,000 School District Refunding (Serial) Bonds dated June 12, 2017.

SCHOOL DISTRICT OFFICIALS

The 2019-20 Board of Education consists of:

	<u>Term Expires</u>
Robert Thomann, President	06-30-21
James Mooney, Jr., Vice President	06-30-21
Krista Barringer	06-30-20
Dr. Katie Emerson-Hoss	06-30-22
Damion Ferraro	06-30-20
Susan Gage	06-30-20
Raymond M. Maclary	06-30-21
Elena Maskell	06-30-22
Paul VanSchaack	06-30-22

The administrative officers and professional advisors of the School District consist of:

Kirk Reinhardt	Superintendent
Jane St. Amour	Business Manager
Sharon Francello	School District Clerk
Nanette Weeks	Treasurer
Thomas, Drohan, Waxman, Petigrow & Mayle, LLP	School District Attorney
Raymond G. Preusser, CPA, P.C.	Certified Public Accountants
Timothy R. McGill, Esq.	Bond Counsel
Bernard P. Donegan, Inc.	Municipal Advisor

HISTORICAL/PROJECTED ENROLLMENT

2015-16	2,619
2016-17	2,569
2017-18	2,575
2018-19	2,505
2019-20	2,583
2020-21	2,404
2021-22	2,377
2022-23	2,346
2023-24	2,305
2024-25	2,325

SCHOOL FACILITIES

<u>Name of School</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Date of Last Addition or Alteration</u>	<u>Current Maximum Capacity</u>
Grant D. Morse Elementary	K - 6	1964	2008	460
Mt. Marion Elementary	K - 6	1958	2008	460
L. M. Cahill Elementary	K - 6	1907	2014	552
Charles M. Riccardi Elementary	K - 6	1915	2015	529
Saugerties Jr/Sr High School	7 - 12	1957	2017	1,773
Hildebrandt Multi-Purpose Bldg.	N/A	1979	2004	<u>23</u>
Total Capacity				<u>3,797</u>

Note: N/A Not Applicable.

EMPLOYEE CONTRACTS

<u>Association</u>	<u>Periods Covered</u>	<u>Number of Employees Covered</u>	<u>Affiliation</u>
Saugerties Teachers' Association	07-01-15/06-30-19 ¹	233	NYSUT
Saugerties Educational Support Association	07-01-12/06-30-20	180	NYSUT
Civil Service Employees' Association	07-01-13/06-30-20	27	CSEA
Administrative & Supervisory Personnel Association	07-01-16/06-30-21	17	SAANYS

The School District currently has 362 full-time and 144 part-time employees.

Note: 1 The School District is currently negotiating with the Association.

STATUS AND FINANCING OF EMPLOYEE PENSION BENEFITS

All non-teaching and non-certified administrative employees of the School District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State are members of the New York State and Local Employees' Retirement System ("ERS"). In the School District's 2019-20 Budget, the appropriation for payments to the ERS is \$624,596.

Teachers and certified administrators are members of the New York State Teachers' Retirement System ("TRS" and, collectively with ERS, the "Retirement Systems"). Payments to the TRS are deducted from the School District's State aid payments. In the School District's 2019-20 Budget, the appropriation for payments to the TRS is \$2,321,810.

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 (as described below), 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.

The investment of monies, and assumptions underlying the same, of the Retirement Systems covering the School District's employees are not subject to the direction of the School 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 School 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.

The State's 2019-2020 Budget, which was signed into law on March 31, 2019, will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement, the School District has not yet determined whether it will establish such a fund.

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law ("Chapter 49"). Chapter 49 empowered the State Comptroller to implement a comprehensive structural reform program for the 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 Chapter 49, a contribution for a given fiscal year is now 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.

On July 20, 2004, Chapter 260 of the Laws of 2004 ("Chapter 260") was enacted amending the New York State General Municipal Law, Local Finance Law and the Retirement and Social Security Law.

Chapter 260 contained three components which altered the way municipalities and school districts contribute to the State pension system: (1) revision of the payment due date, (2) extension of the period of time for pension debt amortization, and (3) authorization to establish a pension reserve fund. Prior to the effective date of Chapter 260, the annual retirement bill sent to municipalities and school districts from the State had reflected pension payments due between April 1 and March 31, consistent with the State fiscal year.

Chapter 260 provided for the following changes:

- **Contribution Payment Date Change:** The law changed the date on which local pension contributions are due to the State. The annual required contribution is now due February 1 annually instead of December 15.

Continued on following page.

STATUS AND FINANCING OF EMPLOYEE PENSION BENEFITS - Continued

- Pension Cost Amortization-Extension of Payout Period: The law also extended the ability of municipalities and school districts to amortize a portion of the current year pension cost over a period of 10 years, extending the term from five years as authorized under Chapter 49. Municipalities and school districts could choose to amortize, either directly through the State retirement system at a fixed interest rate annually determined by the State Comptroller, or through the capital markets, pension payments in excess of 9.5% in 2006 and 10.5% in 2007.
- Pension Contributions Reserve Fund: The law created special authorization to create a new category of reserve fund under the General Municipal Law. Municipalities and school districts may now establish a retirement contribution reserve fund that can be funded from other available current government resources.

On December 10, 2009, 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 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.
- There is a cap on the amount of overtime that can be considered in the calculation of pension benefits. The cap for 2019-20 for Tier V is \$19,571.60 and the cap for Tier VI is \$16,779.00.

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 level. The Tier VI plan only applies to those employees hired on or after April 1, 2012.

Below is a brief summary (compiled from information provided by the Governor's office) highlighting a number of components from the Tier VI legislation:

- The employee contribution rates vary based on a salary sliding scale from 3% to 6% of salary.
- 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 legislation includes an optional defined contribution plan for new non-union employees with annual salaries of \$75,000 and over. The employer will make an 8% contribution to employee contribution accounts. This is a voluntary option for those employees.
- The new tier increases the minimum retirement age from 62 to 63 and allows for early retirement with penalties. There will be a permanent reduction of a pension payout for each year a person retires prior to age 63.
- The pension multiplier for Tier VI is 1.75% for the first 20 years of service and 2% starting in the 21st year.
- Employees will vest after 10 years of service. This is not a change from Tier V.
- The number of sick and leave days that can be applied toward retirement service credit is reduced from 200 to 100.
- The final average salary is based on a five-year average instead of the previous Tiers' three-year average. The annual growth in salary used to determine pension allowances is capped at 10% of the average salary of the previous four years (lump sum payments of unused sick and vacation time are eliminated from the calculation).
- Pension eligible overtime for civilian and non-uniformed employees will be capped at \$15,000 plus inflation. For uniformed employees (primarily police and fire) outside of New York City, the cap is set at 15% of base pay.
- The State is required to fund any pension enhancements on an ongoing basis. This is a potential future cost savings for local governments.

Concluded on following page.

STATUS AND FINANCING OF EMPLOYEE PENSION BENEFITS - Concluded

The average contribution rate for the ERS for the 2019-20 fiscal year is 14.6%. The average contribution rate for the TRS for the 2019-20 fiscal year is 8.86%.

The 2013-14 State Budget included a provision that provides local governments and school districts, including the School District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and TRS. The stable rates were 12% for ERS and 14% for TRS for 2013-14 and 2014-15; 2015-16 and beyond were subject to adjustment. The pension contribution rates under this program reduced near-term payments for employers, but required higher than normal contributions in later years. This provision describes this savings as a "spin up" of future savings from the implementation of Tier VI of the State Retirement System last year. The School District did not avail itself of this option.

The School District and other municipal units of government in the State are prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees.

The School District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB") requires governmental entities, such as the School District, to account for the cost of certain non-pension postemployment benefits as it accounts for vested pension benefits.

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

GASB 75 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. However, GASB 75 also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity and requires: (a) explanations of how and why the OPEB liability changed from year to year (b) amortization and reporting of deferred inflows and outflows due to assumption changes, (c) use of a discount rate that takes into account resources of an OPEB plan and how they will be invested to maximize coverage of the liability (d) a single actual cost method and (e) immediate recognition of OPEB expense and effects of changes to benefit terms.

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

Based on the most recent actuarial valuation dated June 30, 2019 and financial data as of June 30, 2019, the School District's beginning year total OPEB liability was \$104,414,612, the net change for the year was \$53,026,491, resulting in a total OPEB liability of \$157,441,103 for the fiscal year ending June 30, 2019. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2019 financial statements.

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

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

The School District's total OPEB liability is expected to increase. As is the case with most municipalities and school districts, this is being handled by the School District on a "pay-as-you-go" 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>Type of Product or Service</u>	<u>Approximate Number of Employees</u>
Saugerties Central School District	Public Education	506
Price Chopper	Grocery Store	129
Center for Spectrum Services	School for Handicapped Children	100
Marpac Industries, Inc.	Plastic Products	97
Tower Products, Inc.	Catalog Sales	80

UNEMPLOYMENT RATES

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 County is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the School District is necessarily representative of the County or vice versa.

<u>Year</u>	<u>County Unemployment Rate</u>	<u>New York State Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2009	7.7%	8.3%	9.3%
2010	7.8%	8.6%	9.6%
2011	7.8%	8.3%	8.9%
2012	8.3%	8.5%	8.1%
2013	7.1%	7.7%	7.4%
2014	5.7%	6.3%	6.2%
2015	4.8%	5.3%	5.3%
2016	4.4%	4.9%	4.9%
2017	4.6%	4.7%	4.4%
2018	3.9%	4.1%	3.9%

Source: New York State Department of Labor, abstracted March 25, 2019. Rates shown are not seasonally adjusted.

INVESTMENT POLICY

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

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the School District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian. The School District is not authorized by State Law to invest in reverse repurchase agreements or similar derivative-type investments.

BUDGETARY PROCEDURES

Pursuant to the Education Law, the Board of Education of the School District annually prepares, or causes to be prepared, 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 "School District Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy increase that exceeds the School District 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 2019-20 fiscal year was adopted by the qualified voters on May 21, 2019. The School District's 2019-20 Budget remained within the School District Tax Cap imposed by Chapter 97.

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

STATE AID

The School District receives financial assistance from the State. In its budget for the current fiscal year, approximately 35.30% of the revenues of the School District are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, should the State budget not be adopted in a timely manner, municipalities and school districts in the State, including the School District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the School District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the School District requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

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 and/or the State's cash flow difficulties. Certain State aid payments to the School District were delayed during the School District's 2010-11 fiscal year due to the State's cash flow problems. All such delayed payments were received prior to the end of the School District's 2010-11 fiscal year, however.

The State's 2011-12 Budget included school aid of \$19.6 billion. This reflected a reduction of \$1.3 billion or 6.1% from the State's 2010-11 Budget, including State operating funds and \$608 million of federal Jobs Bill funding. This reduction represented 2.5% of an average school district's total spending.

The State's 2011-12 Budget provided a two-year appropriation and reflected permanent law changes to limit future school aid increases to growth in the State personal income rate. The State's 2011-12 Budget created new education performance and efficiency grants with \$500 million in total appropriations for districts that demonstrate significant student performance improvements or that undertake long-term structural changes to reduce costs and improve efficiency.

The State's 2012-13 Budget provided for school aid of approximately \$20 billion, which represented an increase of approximately \$805 million, or 4% in total education spending from the prior fiscal year. Most of this approximately \$805 million increase was targeted at high-needs school districts. The State's 2012-13 Budget continued a two-year appropriation methodology established in the 2011-12 State fiscal year and limited future school aid increases to growth as measured by the total personal income of residents of the State. Such two-year appropriation provided for an approximately 3% increase in school aid for State fiscal year 2013-14 based on estimated growth of New York State personal income. The State's 2012-13 Budget also continued programs established in the 2011-12 State fiscal year for education performance and efficiency grants, with \$50 million in total appropriations for districts that demonstrate significant student performance improvements, or that undertake long-term structural changes to reduce costs and improve efficiency. The State's 2012-13 Budget also provided for the linking of the provision of a portion of such additional State Aid to compliance with a new teacher evaluation process which provided that school districts would not be eligible for such portion of the additional aid unless they had fully implemented the new teacher evaluation process by January 17, 2013. The School District complied with this requirement.

The State's 2013-14 Budget provided for school aid of approximately \$21.1 billion, which represented an increase of approximately \$936.6 million, or 4.4% in total school aid spending from the 2012-13 school year. Most of this approximately \$936.6 million increase was targeted at high-needs school districts. The State's 2013-14 Budget continued a two-year appropriation methodology established in the budget for the 2011-12 State fiscal year and limited future school aid increases to growth as measured by the total personal income of residents of the State. Such two-year appropriation provided for an approximately 3.3% increase in school aid for the 2014-15 school year based on estimated growth of New York State personal income. The State's 2013-14 Budget also continued programs established in the 2012-13 State fiscal year for education performance and efficiency grants, with total of \$100.0 million for competitive grants to districts that demonstrate significant performance improvements. The State's 2013-14 Budget also provided an additional \$75.0 million in grants for new NY Education Reform Commission initiatives such as pre-kindergarten education, extending the school day, community schools, stipends for high performing teachers, and the early college high school program.

The State's 2014-15 Budget included a \$1.1 billion – or 5.3% – increase in education aid for the 2014-15 school year. High-needs school districts received approximately 70% of the 2014-15 allocated increase.

Concluded on following page.

STATE AID - Concluded

The State's 2015-16 Budget contained a school aid increase of \$1.4 billion that was tied to changes in the teacher evaluation and tenure process. The State's 2015-16 Budget included the partial reduction of the Gap Elimination Adjustment and increased funding of Foundation Aid and certain other aid categories including building aid, transportation aid, BOCES aid, Universal Pre-Kindergarten aid and other types of aid to school districts.

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

The State's 2017-18 Budget increased State aid to education by \$1.1 billion, including a \$700 million increase in Foundation Aid, bringing the total amount of State aid to education to \$25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State's 2017-18 Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

The State's 2018-19 Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately \$859 million of that increase is 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 last year. The State's 2018-19 Budget included an increase of \$618 million in Foundation Aid for school districts. Foundation Aid totaled 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 Budget guarantees that all school districts receive an increase in Foundation Aid over their 2017-18 levels. \$50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-19 Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of \$240 million was approved for increases in all expense-based aids in 2018-19.

The State's 2019-20 Budget includes a total of \$27.69 billion for school aid, a year-to-year funding increase of \$956 million or 3.6%. The State's 2019-20 Budget provides \$338 million of additional funding for Foundation Aid, including a \$50 million increase for set-aside funding for Community Schools. The State's 2019-20 Budget continues initiatives implemented in previous years including funding for the State's prekindergarten programs, the Empire State After School program and the \$2 billion Smart Schools Bond Act. The State's 2019-20 Budget also contains provisions on the State's first ever collection and reporting of school-level financial data by requiring school districts to dedicate a portion of their Foundation Aid increases to address inequities in their most underfunded, neediest schools.

The Federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation included in the 2019-20 Budget continues authorization for a process by which the State would manage significant reductions in Federal aid during fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal policymakers (i) reduce federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduce federal financial participation or other Federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately and is not additive. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both the Senate and Assembly. Otherwise, the plan submitted by the State Budget Director takes effect automatically.

While recent increases in State aid have been targeted to high-needs schools, other schools have shared in the overall increase in State aid. The School District is unable to predict whether this pattern of distribution will continue beyond that which is included in the legislation dealing with foundation aid. Increased State aid for New York City schools and other high-needs schools may result in reductions in the future of State aid to certain school districts, including the School District.

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

FISCAL STRESS MONITORING

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed yearly with the State Education Department. Using financial indicators that include June 30, 2018 year-end fund balance, cash position and patterns of operating deficits, the OSC system creates an overall fiscal stress score which classifies whether a district is in "significant fiscal stress", in "moderate fiscal stress", as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation". This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The report of the State Comptroller using financial indicators through June 30, 2018 designated the School District as "No Designation".

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.

OTHER INFORMATION

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

No principal or interest upon any obligation of the School District is past due.

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

The population of the School District is currently estimated to be 20,395 (2017 U.S. Census estimate).

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

FINANCIAL AUDITS

The School District retains an independent public accountant, whose most recent report covers the period ended June 30, 2019. Copies of the report have been, or will be, duly delivered to the Electronic Municipal Market Access ("EMMA") system maintained by the Municipal Securities Rulemaking Board and may be examined at the School District office. Such report was prepared as of the date thereof and has not been updated in connection with the preparation and dissemination of this Continuing Disclosure Undertaking Document, which Undertaking Document itself was not audited. Any interested person is hereby referred to such report and any other report that may be filed with the EMMA system from time to time to determine whether there is, or has been, any material qualification to the opinion or opinions of such accountants that may have been provided therein.

The School 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 Standards Board ("GASB").

The Office of the State Comptroller completed an audit of Extra-Classroom Activities of the School District on July 14, 2017. For more information see: <http://www.osc.state.ny.us/localgov/audits/schools/2017/saugerties.pdf>.

FINANCIAL INFORMATION¹

Fiscal Year Ended June 30:	2015	2016	2017	2018	2019	2020
Assessed Valuation:						
Saugerties	\$ 1,661,052,573	\$ 1,658,163,284	\$ 1,680,804,796	\$ 1,702,957,586 ²	\$ 1,771,473,734 ²	\$ 1,828,672,277 ²
Ulster	61,002,394	60,892,168	60,934,846	60,176,938 ²	60,769,379	60,820,984
Woodstock	86,838,092	87,601,734	88,122,731	89,090,750 ²	91,218,164	93,434,324
Total Assessed Value	\$ 1,808,893,059	\$ 1,806,657,186	\$ 1,829,862,373	\$ 1,852,225,274	\$ 1,923,461,277	\$ 1,982,927,585
Equalization Rates:						
Saugerties	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Ulster	84.00%	83.00%	81.50%	81.10%	78.50%	73.00%
Woodstock	100.00%	100.00%	100.00%	99.00%	94.50%	92.25%
Equalized Value:						
Saugerties	\$ 1,661,052,573	\$ 1,658,163,284	\$ 1,680,804,796	\$ 1,702,957,586	\$ 1,771,473,734	\$ 1,828,672,277
Ulster	72,621,897	73,364,057	74,766,682	74,200,909	77,413,221	83,316,416
Woodstock	86,838,092	87,601,734	88,122,731	89,990,656	96,527,157	101,283,820
Total Equalized Value	\$ 1,820,512,562	\$ 1,819,129,075	\$ 1,843,694,209	\$ 1,867,149,151	\$ 1,945,414,112	\$ 2,013,272,513
Tax Levy for All Purposes	\$ 36,506,821	\$ 37,134,446	\$ 37,191,264	\$ 37,771,856	\$ 38,728,466	\$ 39,761,402
Tax Rate/\$1,000 Equalized Value	\$ 20.05	\$ 20.41	\$ 20.17	\$ 20.23	\$ 19.91	\$ 19.75
Tax Levy as a Percentage of Equalized Value	2.01%	2.04%	2.02%	2.02%	1.99%	1.97%
Outstanding Debt:						
Serial Bonds	\$ 15,200,000	\$ 13,240,000	\$ 11,110,000	\$ 9,015,000	\$ 6,850,000	\$ N/A
Energy Performance Contracts	346,064	267,908	184,645	98,155	0	N/A
Total Debt	\$ 15,546,064	\$ 13,507,908	\$ 11,294,645	\$ 9,113,155	\$ 6,850,000	\$ N/A
Per Capita Debt	\$ 762.25	\$ 662.31	\$ 553.79	\$ 446.83	\$ 335.87	\$ N/A
Debt/\$1,000 Equalized Value	\$ 8.54	\$ 7.43	\$ 6.13	\$ 4.88	\$ 3.52	\$ N/A
Debt as a Percentage of Equalized Value	0.85%	0.74%	0.61%	0.49%	0.35%	N/A%

Notes: 1 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.

2 Change from previous year due to Town-wide revaluation.

N/A Not available until June 30, 2020.

STATEMENT OF NET POSITION

As of June 30, 2019

ASSETS:

Cash:	
Unrestricted	\$ 6,715,300
Restricted	1,591,496
Receivables:	
State & Federal Aid	2,362,746
Due from Fiduciary Funds	32,744
Other Receivables	186,615
Inventories	22,012
Prepaid Items	115,609
Capital Assets - Net	28,986,508
Net Pension Asset	<u>2,648,902</u>

TOTAL ASSETS **\$ 42,661,932**

DEFERRED OUTFLOWS OF RESOURCES:

Pension	14,686,307
Defeasance Loss	232,622
OPEB - GASB 75	<u>42,527,644</u>

TOTAL ASSETS AND DEFERRED OUTFLOW **\$ 100,108,505**

LIABILITIES:

Payables:	
Accounts Payable	\$ 68,651
Accrued Liabilities	109,121
Due to Other Governments	27,250
Unearned Revenue	5,127
Due to State Teachers' Retirement System	2,672,592
Due to Employees' Retirement System	154,008
Long-Term Liabilities:	
Due in One Year:	
Bonds Payable	2,220,000
Due in More Than One Year:	
Bonds Payable	4,630,000
Compensated Absences	1,529,312
Other Post Employment Benefits	157,441,103
Net Pension Liability - Proportionate Share	<u>989,046</u>

TOTAL LIABILITIES **\$ 169,846,210**

DEFERRED INFLOWS OF RESOURCES:

Pension	3,722,976
Premium on Advanced Refunding	104,930
OPEB - GASB 75	<u>3,710,413</u>

TOTAL LIABILITIES AND DEFERRED INFLOW **\$ 177,384,529**

NET POSITION:

Invested in Capital Assets, Net of Related Debt	\$ 22,369,130
Restricted	3,515,222
Unrestricted (Deficit)	<u>(103,160,376)</u>

TOTAL NET POSITION **\$ (77,276,024)**

Source: Annual Financial Report prepared by Certified Public Accountants. Summary itself not audited.

STATEMENT OF ACTIVITIES

As of June 30, 2019

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue & Changes in Net Position
			Charges for Services	Operating Grants	
General Support	\$ 5,623,799	\$ 2,589,029	\$ 0	\$ 0	\$ (8,212,828)
Instruction	35,962,699	26,811,296	296,754	2,043,187	(60,434,054)
Pupil Transportation	4,275,825	221,203	0	174,476	(4,322,552)
Employee Benefits	29,668,393	(29,668,393)	0	0	0
Debt Service - interest	254,602	0	0	0	(254,602)
School Lunch	1,232,549	46,865	548,504	640,139	(90,771)
Depreciation	899,940	0	0	0	(899,940)
Total Functions & Programs	\$ 77,917,807	\$ 0	\$ 845,258	\$ 2,857,802	\$ (74,214,747)
General Revenues:					
Real Property Taxes					\$ 34,800,430
Other Tax Items					4,313,371
Use of Money & Property					271,103
Sale of Property & Compensation for Loss					4,130
State Sources					23,121,589
Federal Sources					110,580
Miscellaneous					714,999
Total General Revenues					\$ 63,336,202
Change in Net Position					(10,878,545)
NET POSITION, BEGINNING OF YEAR - As Previously Stated					<u>\$ (66,539,268)</u>
Prior Period Adjustment					<u>141,789</u>
NET POSITION, BEGINNING OF YEAR - As Restated					<u>\$ (66,397,479)</u>
TOTAL NET POSITION, END OF YEAR					<u><u>\$ (77,276,024)</u></u>

Source: Annual Financial Report prepared by Certified Public Accountants. Summary itself not audited.

GENERAL FUND

COMPARATIVE BALANCE SHEET

Fiscal Year Ended June 30:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
ASSETS:					
Unrestricted Cash	\$ 6,769,806	\$ 6,348,533	\$ 6,696,628	\$ 5,767,196	\$ 4,621,374
Restricted Cash	669,186	586,546	1,266,736	1,664,321	1,589,320
Other Receivables	98,621	22,162	41,549	202,514	168,053
Due from Other Funds	291,464	1,444,078	1,363,472	1,101,600	1,263,310
Due from State & Federal	1,470,569	1,685,115	1,467,438	1,715,185	1,596,172
Prepaid Items	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>115,609</u>
Total Assets	<u>\$ 9,299,646</u>	<u>\$ 10,086,434</u>	<u>\$ 10,835,823</u>	<u>\$ 10,450,816</u>	<u>\$ 9,353,838</u>
LIABILITIES:					
Accounts Payable	\$ 50,213	\$ 61,700	\$ 86,352	\$ 43,717	\$ 68,651
Accrued Liabilities	369,778	202,364	195,765	294,419	102,589
Due to Other Funds	54,822	259,319	287,463	0	244,643
Due to Other Governments	0	12,231	12,231	0	0
Due to State Teachers' Retirement System	4,068,431	3,073,583	2,815,960	2,425,409	2,672,592
Due to Employees' Retirement System	170,222	153,715	155,570	156,220	154,008
Deferred Revenues	167,526	176,309	163,096	163,096	0
FUND BALANCE:					
Nonspendable:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 115,609
Restricted:					
Reserves for:					
Capital	0	0	0	395,390	395,390
Employee Benefits					
Accrued Liability	503,836	503,835	503,836	503,835	428,835
Retirement Contribution	0	0	659,996	659,996	659,995
Tax Certiorari	90,350	7,711	27,904	30,100	30,100
Unemployment	75,000	75,000	75,000	75,000	75,000
Assigned:					
Encumbrances	1,215,179	2,008,796	1,636,677	1,637,986	510,253
Appropriated Fund Balance	450,000	450,000	1,325,222	1,163,738	1,321,738
Unassigned:					
Unappropriated Fund Balance	<u>2,084,289</u>	<u>3,101,871</u>	<u>2,890,751</u>	<u>2,901,910</u>	<u>2,574,435</u>
Total Fund Balance	<u>4,418,654</u>	<u>6,147,213</u>	<u>7,119,386</u>	<u>7,367,955</u>	<u>6,111,355</u>
Total Liabilities & Fund Balance	<u>\$ 9,299,646</u>	<u>\$ 10,086,434</u>	<u>\$ 10,835,823</u>	<u>\$ 10,450,816</u>	<u>\$ 9,353,838</u>

Source: Annual Financial Reports prepared by Certified Public Accountants. Summary itself not audited.

GENERAL FUND

REVENUES, EXPENSES AND FUND BALANCE

Modified Accrual Double-Entry Basis

Fiscal Year Ended June 30:	Actual					Adopted Budget
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Balance July 1	\$ 5,110,026	\$ 4,418,653	\$ 6,147,213	\$ 7,119,386	\$ 7,367,955	\$ 6,111,355 ²
REVENUES:						
Real Property Taxes	\$ 36,506,821	\$ 37,134,446	\$ 37,191,264	\$ 37,771,856	\$ 38,728,466	\$ 39,761,402
Other Tax Items	348,525	398,424	338,495	368,823	385,335	387,598
Charges for Services	194,315	122,486	139,147	371,700	296,754	175,000
Use of Money & Property	35,683	120,661	87,893	96,222	270,770	100,000
Sale of Property/ Compensation for Loss	15,263	13,648	26,922	76,372	4,130	0
Miscellaneous	710,826	769,865	880,935	751,373	714,999	420,000
State Aid	19,427,150	20,774,776	21,647,663	22,732,443	23,121,589	23,048,111
Medicaid Reimbursement	112,709	128,821	85,986	79,451	110,580	85,573
Interfund Transfers	0	43,066	3,267	3,231	0	0
Total Revenues	\$ 57,351,292	\$ 59,506,193	\$ 60,401,572	\$ 62,251,471	\$ 63,632,623	\$ 63,977,684
Total Revenues & Beginning Balance	\$ 62,461,318	\$ 63,924,846	\$ 66,548,785	\$ 69,370,857	\$ 71,000,578	\$ 70,089,039
EXPENSES:						
General Support	\$ 4,550,077	\$ 4,717,055	\$ 4,944,429	\$ 4,932,069	\$ 5,661,798	\$ 5,359,118
Instruction	31,155,685	31,801,283	32,734,987	33,269,830	33,805,102	34,623,420
Transportation	3,384,865	3,485,712	3,759,837	4,034,010	4,101,349	4,749,467
Employee Benefits	15,544,850	14,933,311	15,249,834	16,286,132	17,211,724	17,940,642
Debt Service - Principal	1,852,166	2,040,157	2,118,263	2,181,490	2,261,154	2,220,000
- Interest	665,802	441,719	371,785	282,576	214,521	156,775
Interfund Transfers	238,870	358,396	250,264	1,016,795	1,633,575	250,000
Total Expenses	\$ 57,392,315	\$ 57,777,633	\$ 59,429,399	\$ 62,002,902	\$ 64,889,223	\$ 65,299,422
Adjustments	(650,350) ¹	0	0	0	0	0
Balance June 30	\$ 4,418,653	\$ 6,147,213	\$ 7,119,386	\$ 7,367,955	\$ 6,111,355	\$ 4,789,617 ^E
Fund Balance as a Percentage of Total Revenues	7.70%	10.33%	11.79%	11.84%	9.60%	7.49% ^E

Source: Annual Financial Reports prepared by Certified Public Accountants and Annual Budget. Summary itself not audited.

Notes: 1 Prior Period Adjustment.

2 Appropriated Fund Balance equals \$1,263,738 plus \$58,000 in Reserve Funds.

E Estimated.

CHANGES IN REMAINING FUND BALANCES

Modified Accrual Double-Entry Basis

Fiscal Year Ended
June 30:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>SPECIAL AID FUND:</u>					
Balance July 1	\$ (1,731)	\$ (10,390)	\$ 55,916	\$ 600	\$ 14,086
Revenues	1,910,503	2,028,376	2,139,264	2,333,229	2,373,163
Expenses	1,913,445	1,962,070	2,194,580	2,319,743	2,370,232
Adjustments	(5,717) ¹	0	0	0	0
Balance June 30	\$ (10,390)	\$ 55,916	\$ 600	\$ 14,086	\$ 17,017

SCHOOL LUNCH FUND:

Balance July 1	\$ 187,102	\$ 76,327	\$ 76,603	\$ 32,383	\$ 52,895
Revenues	1,143,257	1,202,695	1,157,440	1,223,927	1,188,643
Expenses	1,254,032	1,202,419	1,201,660	1,203,415	1,279,414
Adjustments	0	0	0	0	0
Balance June 30	\$ 76,327	\$ 76,603	\$ 32,383	\$ 52,895	\$ (37,876)

CAPITAL FUND:

Balance July 1	\$ 707,926	\$ 785,489	\$ 91,492	\$ 99,902	\$ 802,498
Revenues	100,000	262,804	100,000	865,243	1,478,075
Expenses	678,474	956,801	91,590	162,647	598,527
Adjustments	656,037 ¹	0	0	0	0
Balance June 30	\$ 785,489	\$ 91,492	\$ 99,902	\$ 802,498	\$ 1,682,046

DEBT SERVICE FUND:

Balance July 1	\$ 7,431	\$ 7,505	\$ 221,137	\$ 223,343	\$ 223,430
Revenues	8,223,007	213,632	3,424,912	87	333
Expenses	8,222,933	0	3,422,706	0	0
Adjustments	0	0	0	0	0
Balance June 30	\$ 7,505	\$ 221,137	\$ 223,343	\$ 223,430	\$ 223,763

Source: Annual Financial Reports prepared by Certified Public Accountants. Summary itself not audited.

Note: 1 Prior Period Adjustment.

TAX COLLECTION PROCEDURE

School taxes are due September 1. If paid by September 30, no penalty is imposed. There is a 2% penalty if paid by the end of October. On November 15, a list of all unpaid taxes is given to the County for relevy on County/Town tax rolls with an additional 7% penalty. The School District is reimbursed by the County for all unpaid taxes the first week of April in each year and is thus assured of 100% collection of its annual levy.

STAR - SCHOOL TAX EXEMPTION

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

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

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

The 2019-20 State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage home owners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to \$250,000, compared with a \$500,000 limit for the credit. Homeowners with STAR Adjusted Gross Income of \$250,000 have the option to elect the credit or exemption. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 (herein referred to as the "Tax Levy Limit Law" or "Law") was signed by the Governor. The Tax Levy Limit Law modifies current law by imposing a limit on the amount of real property taxes that a school district may levy. The Law will affect school district tax levies for the school district fiscal year beginning July 1, 2012. On April 12, 2019 the enacted State budget legislation for fiscal year 2020 made the Tax Levy Limitation Law permanent.

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 consumer price index, 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.

The Law sets forth several exceptions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on voter approved capital expenditures, certain pension cost increases, and other items enumerated in the Law. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law provides an express exception from the limitation for those taxes to be levied to pay the local share of debt service on voter approved capital expenditures. However, such exception would not apply to taxes to be levied commencing in the 2012-13 fiscal year of a school district 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 payments.

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

While the provisions of Chapter 20 do not directly further restrict the taxing power of the affected municipalities, school districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by Chapter 97.

TAX CUTS AND JOBS ACT OF 2017

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), (the "TCJA") making major changes to the Federal Internal Revenue Code, most of which were effective in the 2018 tax year. The new Federal tax law makes extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes. The State's income tax system interacts with the Federal system in numerous ways. The changes to the Federal tax code are expected to have significant flow-through effects on state tax burdens and revenues. The State's 2019-20 Enacted Budget included State tax reform intended to mitigate issues arising from the Federal law, including decoupling many State tax provisions from the Federal changes, the creation of an optional payroll tax program, and the establishment of a new State charitable giving vehicle. The State continues to evaluate other tax law changes in response to the TCJA. On July 18, 2018, the State, joined by Connecticut, Maryland and New Jersey, filed a lawsuit intended to protect New York taxpayers from the new Federal limit on the SALT deduction. The lawsuit argues that the new SALT limit was enacted to target New York and similarly situated states, that it interferes with the states' rights to make their own fiscal decisions, and that it will disproportionately harm taxpayers in these states. On Monday, September 30, 2019 a federal district court judge dismissed the lawsuit. It is not known if the States will appeal the dismissal.

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.

TAX COLLECTION RECORD

Fiscal Year Ended June 30:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund Tax Levy	\$ 36,506,821	\$ 37,134,446	\$ 37,191,264	\$ 37,771,856	\$ 38,728,466	\$ 39,761,402
Omissions/Loss of Exemptions - Prior Years	0	0	0	0	0	0
Total Levy for All Purposes	\$ 36,506,821	\$ 37,134,446	\$ 37,191,264	\$ 37,771,856	\$ 38,728,466	\$ 39,761,402
Excess/(Deficit) on Tax Rolls	0	0	0	0	0	0
Taxes Cancelled	0	0	0	0	0	0
Net Taxes on Roll	\$ 36,506,821	\$ 37,134,446	\$ 37,191,264	\$ 37,771,856	\$ 38,728,466	\$ 39,761,402
STAR Program	4,345,272	4,403,374	4,400,000	4,225,000	3,919,474	3,736,298
Net Taxes After STAR Program	\$ 32,161,549	\$ 32,731,072	\$ 32,791,264	\$ 33,546,856	\$ 34,808,992	\$ 36,025,104
Taxes Collected Prior to Return	29,465,043	29,947,408	30,234,541	30,929,845	32,271,151	33,338,510
Uncollected Date of Return	\$ 2,696,506	\$ 2,783,664	\$ 2,556,723	\$ 2,617,011	\$ 2,537,841	\$ 2,686,594
Percentage Collected Prior to Return	91.62%	91.50%	92.20%	92.20%	92.71%	92.54%

MAJOR TAXPAYERS

2019 Assessment Roll Used for 2019-20 Taxes

<u>Name</u>	<u>Type</u>	<u>Equalized Value</u>
Central Hudson Gas & Electric Corp.	Utility	\$ 37,692,433
John Henson	Art/Entertainment	5,473,000
Struzzieri Property, Inc.	Real Estate	5,154,000
Winston Farm	Commercial/Residential	4,710,000
GDP Saugerties LLC	Grocery Store	4,222,500
Michael Persico	Individual/Homeowner	4,158,000
Rico Viray	Individual/Homeowner	3,800,500
Two North Street Corporation	Shopping Center	3,590,000
ESS WCOT Owner LLC	Manufacturer	3,268,500
Kevin Brady	Individual/Homeowner	<u>3,264,000</u>
Total.....		<u>\$ 75,332,933</u> ¹

Note: 1 The above taxpayers represent 3.74% of the School District's 2019-20 equalized value of \$2,013,272,513.

STATUS OF OUTSTANDING BOND ISSUES

Original Amount:	\$8,085,000		\$3,250,000	
Dated Date:	06/30/15		06/12/17	
Purpose:	Advance Refunding		Current Refunding	
Last Maturity:	06/15/22		06/15/22	
Call Option:	Non-Callable		Non-Callable	
Interest Rate/				
Instrument:	1.8728% - RSB		1.4546% - RSB	
Balance Principal				
06-30-19:	<u>\$4,830,000</u>		<u>\$2,020,000</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Fiscal Year Ending				
June 30:				
2020	\$ 1,575,000	\$ 96,600	\$ 645,000	\$ 60,175
2021	1,610,000	65,100	675,000	34,375
2022	<u>1,645,000</u>	<u>32,900</u>	<u>700,000</u>	<u>17,500</u>
Totals	<u>\$ 4,830,000</u>	<u>\$ 194,600</u>	<u>\$ 2,020,000</u>	<u>\$ 112,050</u>

Fiscal Year Ending June 30:	Totals		Total Debt Service	Year-End Outstanding Principal
	Principal	Interest		
2020	\$ 2,220,000	\$ 156,775	\$ 2,376,775	\$ 4,630,000
2021	2,285,000	99,475	2,384,475	2,345,000
2022	<u>2,345,000</u>	<u>50,400</u>	<u>2,395,400</u>	0
Totals	<u>\$ 6,850,000</u>	<u>\$ 306,650</u>	<u>\$ 7,156,650</u>	

Source: School District Bond Records.

STATUS OF SHORT-TERM INDEBTEDNESS

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

OPERATIONAL BORROWINGS

Within the past five years, the School District has not issued Revenue or Tax Anticipation Notes, and does not expect to issue such notes in the current fiscal year.

BUILDING AID ESTIMATE

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the School District is eligible to receive a Building Aid Estimate from the New York State Department of Education. The School District has not applied for a Building Aid Estimate, but anticipates that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 66.0%.

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

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

DEBT STATEMENT SUMMARY

As of December 5, 2019

<u>Town</u>	<u>2019-20 Assessed Valuation</u>	<u>Final 2019 Equalization Rate</u>	<u>Equalized Value</u>
Saugerties	\$ 1,828,672,277	100.00%	\$ 1,828,672,277
Ulster	60,820,984	73.00%	83,316,416
Woodstock	93,434,324	92.25%	<u>101,283,820</u>
Total			<u>\$ 2,013,272,513</u>
Debt Limit (10% thereof)			\$ 201,327,251
<u>Borrowings:</u>			
Refunding Serial Bonds		\$ 6,850,000	
Total Inclusions			\$ 6,850,000
<u>Exclusions:</u>			
Building Aid Estimate		\$ 0 ¹	
Total Exclusions			\$ 0
Total Net Indebtedness			\$ 6,850,000
Net Debt-Contracting Margin			\$ 194,477,251
Percentage of Debt-Contracting Power Exhausted			3.40%

Note: 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 has not applied for a Building Aid Estimate.

ESTIMATED CALCULATION OF OVERLAPPING INDEBTEDNESS

Overlapping Unit	<u>Applicable Equalized Value</u>	<u>Percent</u>	<u>Gross Indebtedness¹</u>	<u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>
Ulster County	<u>\$ 2,013,272,513</u> \$ 17,914,325,732	11.24%	\$ 149,620,554	\$ N/A	\$ 149,620,554	\$ 16,817,350
Town of Saugerties	<u>\$ 1,828,672,277</u> \$ 1,828,672,277	100.00%	8,467,192	N/A	8,467,192	8,467,192
Town of Ulster	<u>\$ 83,316,416</u> \$ 1,193,701,926	6.98%	4,791,900	N/A	4,791,900	334,475
Town of Woodstock	<u>\$ 101,283,820</u> \$ 1,353,339,589	7.48%	2,870,000	N/A	2,870,000	214,676
Village of Saugerties	<u>\$ 275,108,245</u> \$ 275,108,245	100.00%	9,630,217	N/A	9,630,217	<u>9,630,217</u>
Total						<u>\$ 35,463,910</u>

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

Notes: 1 Bonds and bond anticipation notes as of 2018 fiscal year. Not adjusted to include subsequent bond and note sales.
N/A Information not available from source document.

LITIGATION

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

Source: School District Official.