



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 20, 2021

**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>
2022	804192 HJ4

<u>Year</u>	<u>CUSIP</u>
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<u>Year</u>	<u>CUSIP</u>
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<u>Year</u>	<u>CUSIP</u>
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\$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>
2022	804192 HP0

<u>Year</u>	<u>CUSIP</u>
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<u>Year</u>	<u>CUSIP</u>
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<u>Year</u>	<u>CUSIP</u>
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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 S&P Global Inc., 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 2021-22 Board of Education consists of:

	<u>Term Expires</u>
Robert Thomann, President	06-30-24
James Mooney, Jr., Vice President	06-30-24
Krista Barringer	06-30-23
Dr. Katie Emerson-Hoss	06-30-22
Susan Gage	06-30-23
Raymond M. Maclary	06-30-24
Elena Maskell	06-30-22
Paul VanSchaack	06-30-22
Timothy Wells	06-30-23

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
The Bonadio Group	Certified Public Accountants
Timothy R. McGill, Esq.	Bond Counsel
Bernard P. Donegan, Inc.	Municipal Advisor

HISTORICAL/PROJECTED ENROLLMENT

2017-18	2,575
2018-19	2,505
2019-20	2,583
2020-21	2,342
2021-22	2,281
2022-23	2,306
2023-24	2,263
2024-25	2,255
2025-26	2,226
2026-27	2,216

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	600
Mt. Marion Elementary	K - 6	1958	2008	705
L. M. Cahill Elementary	K - 6	1907	2014	795
Charles M. Riccardi Elementary	K - 6	1915	2015	690
Saugerties Jr/Sr High School	7 - 12	1957	2017	1,773
Hildebrandt Multi-Purpose Bldg.	N/A	1979	2004	23
Total Capacity				<u>4,586</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	07-01-20/06-30-23	229	NYSUT
Saugerties Educational Support Association	07-01-21/06-30-24	187	NYSUT
Civil Service Employees' Association	07-01-20/06-30-25	29	CSEA
Administrative & Supervisory Personnel Association	07-01-16/06-30-21 ¹	15	SAANYS

The School District currently has 405 full-time and 101 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 2021-22 Budget, the appropriation for payments to the ERS is \$773,909.

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 2021-22 Budget, the appropriation for payments to the TRS is \$2,521,363.

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, allowed 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 established 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 2021-22 for Tier V is \$20,763.51 and the cap for Tier VI is \$17,301.00.

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 2021-22 fiscal year is 16.2%. The average contribution rate for the TRS for the 2021-22 fiscal year is 9.8%.

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, 2020 and financial data as of June 30, 2021, the School District's beginning year total OPEB liability was \$206,733,054, the net change for the year was \$19,830,542, resulting in a total OPEB liability of \$226,563,596 for the fiscal year ending June 30, 2021. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2021 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.

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 RATES¹

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>
2011	7.8%	8.3%	8.9%
2012	8.3%	8.6%	8.1%
2013	7.1%	7.8%	7.4%
2014	5.7%	6.3%	6.2%
2015	4.8%	5.2%	5.3%
2016	4.4%	4.9%	4.9%
2017	4.5%	4.6%	4.4%
2018	3.9%	4.1%	3.9%
2019	3.8%	3.8%	3.7%
2020	8.0%	10.0%	8.1%

Note: 1 Unemployment rates for 2020 increased substantially over prior years as a result of the COVID-19 pandemic. It is impossible to predict the impact that the COVID-19 pandemic will have on unemployment rates in 2021 and beyond.

Source: New York State Department of Labor, abstracted March 16, 2021. 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 2021-22 fiscal year was adopted by the qualified voters on May 18, 2021. The School District's 2021-22 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 expanded to all school districts with at least four schools, regardless of State aid. In 2020-21, the requirement applies 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 45 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.

STATE AID

The School District receives financial assistance from the State. In its budget for the current fiscal year, approximately 35.38% 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.

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 included 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 provided \$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 continued 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 contained 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.

Continued on following page.

STATE AID - Continued

Due to the extraordinary challenges from the COVID-19 health crisis creating a \$10 billion loss in revenue to the State, the State's 2020-21 Budget included a total of \$27.9 billion of State aid, which was essentially the same amount of State aid to school districts included in the State's 2019-20 Budget. It should be noted that there was an actual year-to-year decrease of State aid implemented through a reduction of each school district's State aid allocation from the 2019-20 year. The reduction was referred to as a "Pandemic Adjustment". However, the decrease in State aid was expected to be fully offset by an allocation received by the State of funds from the recently approved federal stimulus bill. Absent the federal stimulus funds, there would have been a \$1.127 billion decrease in State aid from the 2019-20 year. In addition, the State's 2020-21 Budget authorized the State's Budget Director to make periodic adjustments to State aid, in the event that actual State revenues came in below 99% percent of estimates or if actual disbursements exceeded 101% of estimates. Specifically, the legislation provided that the State Budget Director would determine whether the State's 2020-2021 Budget was balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provided that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature failed to approve its own plan, the Budget Director's reductions would take effect automatically.

Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

The State's 2021-22 Budget includes a total of \$29.5 billion for school aid, a year-to-year funding increase of \$3 billion or 11.3%, which is the highest level of State Aid ever. The State's 2021-22 Budget provides \$19.8 billion for Foundation Aid, a \$1.4 billion increase, as well as a three-year phase-in of full funding of Foundation Aid by the State's 2024-25 fiscal year. Approximately 75 percent of the Foundation Aid increase is targeted to high-need school districts. The State's 2021-22 Budget includes a \$105 million expansion of the State's full-day prekindergarten programs. The State's 2021-22 Budget also authorizes aid for pandemic-related school district transportation costs. School districts will be reimbursed for the cost of delivering school meals and instructional materials as well as the cost of keeping transportation employees and contractors on stand-by during the pandemic-related closures in spring 2020. The State's 2021-22 Budget includes \$13 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools, to be used over multiple years. Of the \$13 billion, \$629 million will be used as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs.

President Biden has signed into law the American Rescue Plan, a \$1.9 trillion COVID 19 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 American Rescue Plan 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.

The State receives a substantial amount of federal aid for other 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.

Concluded on following page.

STATE AID – Concluded

Reductions in federal funding levels in future years 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.

Section 99-b of the State Finance Law provides a mechanism for the intercept of certain State aid or assistance for the payment of the principal of and interest on bonds and notes of a school district (including the School District Bonds) in default on such payment. The intercept mechanism provides procedures for the giving of default notices to the State Comptroller, payment by the State Comptroller to the paying agent or agents for the bonds and notes in default of all or a portion of the amount then due and allotment, apportionment or payment by the State Comptroller of such State aid or assistance due to such 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, 2020 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, 2020 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 20,186 (2019 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, 2021. 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: <https://www.osc.state.ny.us/files/local-government/audits/2017-12/lgsa-audit-school-2017-saugerties.pdf>.

Note: Reference to website implies no accuracy of the information therein, and is not incorporated herein by reference.

FINANCIAL INFORMATION¹

Fiscal Year Ended June 30:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assessed Valuation:						
Saugerties	\$ 1,680,804,796	\$ 1,702,957,586 ²	\$ 1,771,473,734 ²	\$ 1,828,672,277 ²	\$ 1,835,475,381	\$ 2,054,662,426
Ulster	60,934,846	60,176,938 ²	60,769,379	60,820,984	61,628,320	62,291,300
Woodstock	88,122,731	89,090,750 ²	91,218,164	93,434,324	94,646,083	96,831,500
Total Assessed Value	\$ 1,829,862,373	\$ 1,852,225,274	\$ 1,923,461,277	\$ 1,982,927,585	\$ 1,991,749,784	\$ 2,213,785,226
Equalization Rates:						
Saugerties	100.00%	100.00%	100.00%	100.00%	95.00%	100.00%
Ulster	81.50%	81.10%	78.50%	73.00%	68.00%	63.50%
Woodstock	100.00%	99.00%	94.50%	92.25%	86.00%	80.50%
Equalized Value:						
Saugerties	\$ 1,680,804,796	\$ 1,702,957,586	\$ 1,771,473,734	\$ 1,828,672,277	\$ 1,932,079,348	\$ 2,054,662,426
Ulster	74,766,682	74,200,909	77,413,221	83,316,416	90,629,882	98,096,535
Woodstock	88,122,731	89,990,656	96,527,157	101,283,820	110,053,584	120,287,577
Total Equalized Value	\$ 1,843,694,209	\$ 1,867,149,151	\$ 1,945,414,112	\$ 2,013,272,513	\$ 2,132,762,814	\$ 2,273,046,538
Tax Levy for All Purposes	\$ 37,191,264	\$ 37,771,856	\$ 38,728,466	\$ 39,761,402	\$ 40,631,060	\$ 41,522,330
Tax Rate/\$1,000 Equalized Value	\$ 20.17	\$ 20.23	\$ 19.91	\$ 19.75	\$ 19.05	\$ 18.27
Tax Levy as a Percentage of Equalized Value	2.02%	2.02%	1.99%	1.97%	1.91%	1.83%
Outstanding Debt:						
Serial Bonds	\$ 11,110,000	\$ 9,015,000	\$ 6,850,000	\$ 4,630,000	\$ 2,345,000	\$ N/A
Energy Performance Contracts	184,645	98,155	0	0	0	N/A
Total Debt	\$ 11,294,645	\$ 9,113,155	\$ 6,850,000	\$ 4,630,000	\$ 2,345,000	\$ N/A
Per Capita Debt	\$ 559.53	\$ 451.46	\$ 339.34	\$ 229.37	\$ 116.17	\$ N/A
Debt/\$1,000 Equalized Value	\$ 6.13	\$ 4.88	\$ 3.52	\$ 2.30	\$ 1.10	\$ N/A
Debt as a Percentage of Equalized Value	0.61%	0.49%	0.35%	0.23%	0.11%	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, 2022.

STATEMENT OF NET POSITION

As of June 30, 2021

CURRENT ASSETS:

Cash & Cash Equivalents - Unrestricted	\$ 8,227,060
Cash & Cash Equivalents - Restricted	297,482
Accounts Receivable	83,962
State & Federal Aid Receivable	6,100,649
Prepaid Expenditures	976,717
Inventories	<u>41,318</u>

TOTAL CURRENT ASSETS \$ 15,727,188

NON-CURRENT ASSETS:

Capital Assets, Net	<u>\$ 31,318,480</u>
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TOTAL NON-CURRENT ASSETS \$ 31,318,480

DEFERRED OUTFLOWS OF RESOURCES:

Other Postemployment Benefits	66,428,067
ERS Pension	3,160,198
TRS Pension	13,767,370
Refunding	<u>77,541</u>

TOTAL ASSETS AND DEFERRED OUTFLOW \$ 130,478,844

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities	\$ 680,642
Due to State Teachers' Retirement System	2,430,258
Due to Employees' Retirement System	184,913
Unearned Revenue	42,612
Bonds Payable, Due within One Year	<u>2,379,977</u>

TOTAL CURRENT LIABILITIES \$ 5,718,402

LONG-TERM LIABILITIES:

Other Postemployment Benefits	\$ 226,563,596
Compensated Absences	1,860,879
Net Pension Liability - ERS	4,011,512
Net Pension Liability - TRS	<u>14,098</u>

TOTAL LONG-TERM LIABILITIES \$ 232,450,085

DEFERRED INFLOWS OF RESOURCES:

Other Postemployment Benefits	2,984,983
ERS Pension	4,108,754
TRS Pension	<u>2,069,403</u>

TOTAL LIABILITIES AND DEFERRED INFLOW \$ 247,331,627

NET POSITION:

Invested in Capital Assets, Net of Related Debt	\$ 28,938,503
Restricted	7,922,159
Unrestricted (Deficit)	<u>(153,713,445)</u>

TOTAL NET POSITION \$ (116,852,783)

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

STATEMENT OF ACTIVITIES

As of June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
General Support	\$ 11,927,721	\$ 0	\$ 0	\$ 0	\$ (11,927,721)
Instruction	72,123,724	386,854	2,003,419	155,310	(69,578,141)
Pupil Transportation	3,815,436	0	0	0	(3,815,436)
Debt Service - interest	137,895	0	0	0	(137,895)
School Lunch	1,594,730	6,942	594,171	0	(993,617)
Total Functions & Programs	\$ 89,599,506	\$ 393,796	\$ 2,597,590	\$ 155,310	\$ (86,452,810)
General Revenues:					
Real Property Taxes					\$ 37,047,502
Other Tax Items					3,911,459
Use of Money & Property					43,177
Sale of Property & Compensation for Loss					3,268
Miscellaneous					985,428
Medicaid Reimbursement					74,031
Federal Sources					512,457
State Sources					21,944,099
Total General Revenues					\$ 64,521,421
Change in Net Position					(21,931,389)
NET POSITION, BEGINNING OF YEAR - As Previously Stated					\$ (95,500,752)
Prior Period Adjustment - Change in Accounting Principles					315,789
Prior Period Adjustment - Correction of an Error					263,569
NET POSITION, BEGINNING OF YEAR - As Restated					\$ (94,921,394)
TOTAL NET POSITION, END OF YEAR					\$ (116,852,783)

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

GENERAL FUND

COMPARATIVE BALANCE SHEET

Fiscal Year Ended
June 30:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>ASSETS:</u>					
Cash & Cash Equivalents - Unrestricted	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,369,537
Unrestricted Cash	6,696,628	5,767,196	4,621,374	4,721,409	0
Restricted Cash	1,266,736	1,664,321	1,589,320	1,870,695	0
Other Receivables	41,549	202,514	168,053	219,499	83,962
Due from Other Funds	1,363,472	1,101,600	1,263,310	3,806,060	4,406,414
Due from State & Federal	1,467,438	1,715,185	1,596,172	1,481,884	2,182,239
Prepaid Items	<u>0</u>	<u>0</u>	<u>115,609</u>	<u>129,578</u>	<u>976,717</u>
Total Assets	<u>\$ 10,835,823</u>	<u>\$ 10,450,816</u>	<u>\$ 9,353,838</u>	<u>\$ 12,229,125</u>	<u>\$ 15,018,869</u>
<u>LIABILITIES:</u>					
Accounts Payable	\$ 86,352	\$ 43,717	\$ 68,651	\$ 245,356	\$ 0
Accounts Payable and Accrued Liabilities	0	0	0	0	589,867
Accrued Liabilities	195,765	294,419	102,589	238,286	0
Due to Other Funds	287,463	0	244,643	386,090	80,176
Due to Other Governments	12,231	0	0	0	0
Due to State Teachers'					
Retirement System	2,815,960	2,425,409	2,672,592	2,273,343	2,430,258
Due to Employees'					
Retirement System	155,570	156,220	154,008	160,806	184,913
Unearned Revenues	0	0	0	0	8,000
Deferred Revenues	163,096	163,096	0	0	0
<u>FUND BALANCE:</u>					
Nonspendable:	\$ 0	\$ 0	\$ 115,609	\$ 129,578	\$ 976,717
Restricted:					
Reserves for:					
Capital	0	395,390	395,390	395,390	1,022,482
Employee Benefits					
Accrued Liability	503,836	503,835	428,835	229,123	1,678,028
Retirement Contribution for					
State Teachers' Retirement System	0	0	0	478,678	971,485
Retirement Contribution for					
Employees' Retirement System	659,996	659,996	659,995	659,996	3,621,385
Tax Certiorari	27,904	30,100	30,100	32,508	19,159
Unemployment	75,000	75,000	75,000	75,000	90,000
Assigned:					
Encumbrances	1,636,677	1,637,986	510,253	851,847	614,441
Appropriated Fund Balance	1,325,222	1,163,738	1,321,738	1,785,303	70,477
Unassigned:					
Unappropriated Fund Balance	<u>2,890,751</u>	<u>2,901,910</u>	<u>2,574,435</u>	<u>4,287,821</u>	<u>2,661,481</u>
Total Fund Balance	<u>7,119,386</u>	<u>7,367,955</u>	<u>6,111,355</u>	<u>8,925,244</u>	<u>11,725,655</u>
Total Liabilities & Fund Balance	<u>\$ 10,835,823</u>	<u>\$ 10,450,816</u>	<u>\$ 9,353,838</u>	<u>\$ 12,229,125</u>	<u>\$ 15,018,869</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
	2017	2018	2019	2020	2021	2022
Balance July 1	\$ 6,147,213	\$ 7,119,386	\$ 7,367,955	\$ 6,111,355	\$ 8,925,244	\$ 11,725,655 ¹
REVENUES:						
Real Property Taxes	\$ 37,191,264	\$ 37,771,856	\$ 38,728,466	\$ 39,761,402	\$ 40,630,338	\$ 41,520,121
Other Tax Items	338,495	368,823	385,335	361,348	328,623	370,151
Charges for Services	139,147	371,700	296,754	211,595	386,854	240,000
Use of Money & Property	87,893	96,222	270,770	160,518	43,005	48,600
Sale of Property/ Compensation for Loss	26,922	76,372	4,130	2,207	3,268	0
Miscellaneous	880,935	751,373	714,999	1,003,591	851,900	650,000
State Aid	21,647,663	22,732,443	23,121,589	22,983,828	21,944,099	23,537,616
Federal Aid	85,986	79,451	110,580	131,572	586,488	100,000
Interfund Transfers	3,267	3,231	0	47,885	425,948	0
Total Revenues	\$ 60,401,572	\$ 62,251,471	\$ 63,632,623	\$ 64,663,946	\$ 65,200,523	\$ 66,466,488
Total Revenues & Beginning Balance	\$ 66,548,785	\$ 69,370,857	\$ 71,000,578	\$ 70,775,301	\$ 74,125,767	\$ 78,192,143
EXPENSES:						
General Support	\$ 4,944,429	\$ 4,932,069	\$ 5,661,798	\$ 5,252,315	\$ 5,550,669	\$ 5,984,147
Instruction	32,734,987	33,269,830	33,805,102	33,799,336	33,467,578	34,458,672
Transportation	3,759,837	4,034,010	4,101,349	2,928,578	3,605,130	4,825,963
Employee Benefits	15,249,834	16,286,132	17,211,724	17,258,757	16,079,017	18,226,090
Debt Service - Principal	2,118,263	2,181,490	2,261,154	2,220,000	2,285,000	2,504,009
- Interest	371,785	282,576	214,521	156,775	99,475	188,084
Interfund Transfers	250,264	1,016,795	1,633,575	234,296	1,313,243	350,000
Total Expenses	\$ 59,429,399	\$ 62,002,902	\$ 64,889,223	\$ 61,850,057	\$ 62,400,112	\$ 66,536,965
Adjustments	0	0	0	0	0	0
Balance June 30	\$ 7,119,386	\$ 7,367,955	\$ 6,111,355	\$ 8,925,244	\$ 11,725,655	\$ 11,655,178 ^E
Fund Balance as a Percentage of Total Revenues	11.79%	11.84%	9.60%	13.80%	17.98%	17.54% ^E

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

Notes: 1 Appropriated Fund Balance equals \$70,477.
E Estimated.

CHANGES IN REMAINING FUND BALANCES

Modified Accrual Double-Entry Basis

Fiscal Year Ended
June 30:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>SPECIAL AID FUND:</u>					
Balance July 1	\$ 55,916	\$ 600	\$ 14,086	\$ 17,017	\$ 28,473
Revenues	2,139,264	2,333,229	2,373,163	2,520,837	2,090,818
Expenses	2,194,580	2,319,743	2,370,232	2,509,381	2,090,818
Adjustments	0	0	0	0	0
Balance June 30	\$ 600	\$ 14,086	\$ 17,017	\$ 28,473	\$ 28,473

SCHOOL LUNCH FUND:

Balance July 1	\$ 76,603	\$ 32,383	\$ 52,895	\$ (37,876)	\$ (287,476)
Revenues	1,157,440	1,223,927	1,188,643	925,415	1,306,432
Expenses	1,201,660	1,203,415	1,279,414	1,175,015	965,519
Adjustments	0	0	0	0	0
Balance June 30	\$ 32,383	\$ 52,895	\$ (37,876)	\$ (287,476)	\$ 53,437

CAPITAL FUND:

Balance July 1	\$ 91,492	\$ 99,902	\$ 802,498	\$ 1,682,046	\$ 1,194,476
Revenues	100,000	865,243	1,478,075	1,859,717	681,154
Expenses	91,590	162,647	598,527	2,347,287	1,814,052
Adjustments	0	0	0	0	0
Balance June 30	\$ 99,902	\$ 802,498	\$ 1,682,046	\$ 1,194,476	\$ 61,578

DEBT SERVICE FUND:

Balance July 1	\$ 221,137	\$ 223,343	\$ 223,430	\$ 223,763	\$ 224,142
Revenues	3,424,912	87	333	379	172
Expenses	3,422,706	0	0	0	0
Adjustments	0	0	0	0	0
Balance June 30	\$ 223,343	\$ 223,430	\$ 223,763	\$ 224,142	\$ 224,314

MISCELLANEOUS SPECIAL REVENUE FUND:¹

Balance July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 315,789 ²
Revenues	0	0	0	0	128,209
Expenses	0	0	0	0	148,692
Adjustments	0	0	0	0	0
Balance June 30	\$ 0	\$ 0	\$ 0	\$ 0	\$ 295,306

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

Notes: 1 Implementation of GASB 84 beginning fiscal year ending June 30, 2021.

2 Beginning balance as restated.

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 1, a list of all unpaid taxes is given to the Counties for relevy on County/Town tax rolls. The School District is reimbursed by the Counties 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 and \$90,550 or less in 2021, increased annually according to a cost-of-living adjustment, are eligible for a "full value" exemption of the first \$69,800 for the 2020-21 school year and the first \$70,770 for the 2021-22 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 made 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 or less 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.

The 2020-21 Enacted State Budget further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemption and credits are not impacted by this program; they may continue to receive their STAR benefits even if their property taxes are delinquent. While Governor Cuomo had issued various Executive Orders in response to the COVID-19 pandemic that temporarily precluded the State Tax Department from disallowing STAR exemptions or credits, the most recent of such Executive Orders expired on July 5, 2021.

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.

Prospective investors in the Bonds are encouraged to consult their own legal and tax advisors and to review the provisions of the Tax Levy Limitation Law in its entirety.

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 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. The States have filed a notice of appeal on the United States Court of Appeals for the Second Circuit.

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund Tax Levy	\$ 37,191,264	\$ 37,771,856	\$ 38,728,466	\$ 39,761,402	\$ 40,630,338	\$ 41,520,121
Omissions/Loss of Exemptions - Prior Years	0	0	0	0	722	2,209
Total Levy for All Purposes	\$ 37,191,264	\$ 37,771,856	\$ 38,728,466	\$ 39,761,402	\$ 40,631,060	\$ 41,522,330
Excess/(Deficit) on Tax Rolls	0	0	0	0	0	0
Taxes Cancelled	0	0	0	0	(19,341)	(11,954)
Net Taxes on Roll	\$ 37,191,264	\$ 37,771,856	\$ 38,728,466	\$ 39,761,402	\$ 40,611,719	\$ 41,510,376
STAR Program	4,400,000	4,225,000	3,919,474	3,736,298	3,527,638	3,404,134
Net Taxes After STAR Program	\$ 32,791,264	\$ 33,546,856	\$ 34,808,992	\$ 36,025,104	\$ 37,084,081	\$ 38,106,242
Taxes Collected Prior to Return	30,234,541	30,929,845	32,271,151	33,338,510	34,471,738	35,623,523
Uncollected Date of Return	\$ 2,556,723	\$ 2,617,011	\$ 2,537,841	\$ 2,686,594	\$ 2,612,343	\$ 2,482,719
Percentage Collected Prior to Return	92.20%	92.20%	92.71%	92.54%	92.96%	93.48%

MAJOR TAXPAYERS

2021 Assessment Roll Used for 2021-22 Taxes

<u>Name</u>	<u>Type</u>	<u>Equalized Value</u>
Central Hudson Gas & Electric Corp.	Utility	\$ 51,051,935
Michael Persico	Residential	5,668,500
Henson Family Trust	Art/Entertainment	5,105,000
GDP Saugerties LLC	Grocery Store	4,687,000
Struzzieri Property, Inc.	Real Estate	4,595,500
Two North Street Corporation	Shopping Center	3,985,000
Farmhouse Commons LLC	Apartments	3,978,500
Rico Viray	Residential	3,921,500
ESS WCOT Owner LLC	Manufacturer	3,628,500
Simulaids Inc.	Manufacturer	<u>3,380,000</u>
Total.....		<u>\$ 90,001,435</u> ¹

Note: 1 The above taxpayers represent 3.96% of the School District's 2021-22 equalized value of \$2,273,046,538.

STATUS OF OUTSTANDING BOND ISSUES¹

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 06-30-21:	<u>\$1,645,000</u>		<u>\$700,000</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Fiscal Year Ending June 30:				
2022	\$ 1,645,000	\$ 32,900	\$ 700,000	\$ 17,500
Totals	<u>\$ 1,645,000</u>	<u>\$ 32,900</u>	<u>\$ 700,000</u>	<u>\$ 17,500</u>

Fiscal Year Ending June 30:	Totals		Total Debt Service	Year-End Outstanding Principal
	Principal	Interest		
2022	<u>\$ 2,345,000</u>	<u>\$ 50,400</u>	<u>\$ 2,395,400</u>	\$ 0
Totals	<u>\$ 2,345,000</u>	<u>\$ 50,400</u>	<u>\$ 2,395,400</u>	

Source: School District Bond Records.

Note: 1 Schedule does not include a \$3,479,972 energy performance contract lease financing expected to close on or about December 23, 2021.

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 67.5%.

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 December 20, 2021

<u>Town</u>	<u>2021-22 Assessed Valuation</u>	<u>Final 2021 Equalization Rate</u>	<u>Equalized Value</u>
Saugerties	\$ 2,054,662,426	100.00%	\$ 2,054,662,426
Ulster	62,291,300	63.50%	98,096,535
Woodstock	96,831,500	80.50%	<u>120,287,577</u>
Total			<u>\$ 2,273,046,538</u>
Debt Limit (10% thereof)			\$ 227,304,653
<u>Borrowings:</u>			
Refunding Serial Bonds		<u>\$ 2,345,000</u>	
Total Inclusions			\$ 2,345,000
<u>Exclusions:</u>			
Building Aid Estimate		<u>\$ 0</u>	¹
Total Exclusions			<u>\$ 0</u>
Total Net Indebtedness			\$ 2,345,000
Net Debt-Contracting Margin			\$ 224,959,653
Percentage of Debt-Contracting Power Exhausted			1.03%

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</u> <u>Equalized Value</u>	<u>Percent</u>	Gross <u>Indebtedness¹</u>	<u>Exclusions</u>	Net <u>Indebtedness</u>	Estimated Applicable Overlapping <u>Indebtedness</u>
Ulster County	<u>\$ 2,273,046,538</u> \$ 18,412,845,909	12.34%	\$ 161,498,778	\$ N/A	\$ 161,498,778	\$ 19,928,949
Town of Saugerties	<u>\$ 2,054,662,426</u> \$ 2,054,662,426	100.00%	9,614,692	N/A	9,614,692	9,614,692
Town of Ulster	<u>\$ 98,096,535</u> \$ 1,243,416,971	7.89%	4,065,000	N/A	4,065,000	320,729
Town of Woodstock	<u>\$ 120,287,577</u> \$ 1,438,070,765	8.36%	2,530,000	N/A	2,530,000	211,508
Village of Saugerties	<u>\$ 278,417,857</u> \$ 278,417,857	100.00%	9,122,677	N/A	9,122,677	<u>9,122,677</u>
Total						<u>\$ 39,198,555</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.

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.

The School District has two Child Victims Act cases, both of which are in discovery at this time. The School District continues to work on verifying insurance policy information at the time of the alleged incidents and is not far enough along in either case to determine if a judgment against the School District would have a material impact.

Source: School District Official.