

REFUNDING BONDS

Rating: See “Rating” herein

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

The Bonds will be designated by the District as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

**SILVER CREEK CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK
(the “District”)**

\$2,845,000*

**SCHOOL DISTRICT REFUNDING SERIAL BONDS, 2020
(the “Bonds”)
(Designated/Bank Qualified)**

Date of Issue: December 9, 2020**Date of Maturity: June 1, 2021-2025**

The Bonds will be general obligations of the District, and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Bonds and, unless paid from other sources, the Bonds are payable from *ad valorem* taxes which may be levied upon all the taxable real property within the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York [the "Tax Levy Limitation Law"]; see "TAX INFORMATION-Tax Levy Limitation Law," herein).

The Bonds will be issued as registered bonds, and at the option of initial purchaser, may be registered to The Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of such purchaser.

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Bonds (see "Book-Entry-Only System" herein). Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds.

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Bonds will be issued in registered form in denominations of \$5,000 or integral multiples thereof.

The Bonds are dated their date of delivery and will bear interest from that date at the annual rate or rates as specified by the purchaser of the Bonds, June 1, 2021, December 1, 2021 and semiannually thereafter on each June 1 and December 1 until maturity. The Bonds will mature on June 1, 2021 and on June 1 in each year thereafter, as shown on the inside cover page hereof. The Bonds are not subject to optional redemption as described herein (See “THE BONDS – Optional Redemption”) herein.

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

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the final approving opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery on or about December 9, 2020.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER AS MORE FULLY DESCRIBED IN THE NOTICE OF BOND SALE. UNLESS THE BONDS ARE PURCHASED FOR THE BUYER’S OWN ACCOUNT AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE CERTAIN CONTINUING DISCLOSURE PURSUANT TO THE RULE. SEE “DISCLOSURE UNDERTAKING,” HEREIN.

Dated: November 10, 2020

*Preliminary; subject to change

The Bonds will mature on June 1, 2021, and on June 1 in each year thereafter in the principal amounts below:

<u>Year</u>	<u>Amount**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2021	\$ 605,000			
2022	640,000			
2023	640,000			
2024	645,000			
2025	315,000			

* CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Bonds. The District is not responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above.

** The aggregate principal amount of the Bonds and the principal maturities thereof are subject to adjustment, following their sale, pursuant to the terms of the accompanying Notice of Bond Sale, to achieve substantially level or declining annual debt service, and to permit the District to comply with applicable provisions of the Code.

**SILVER CREEK CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK**

**2020-2021
Board of Education**

Mr. Stephen Boothe.....President
Ms. Martha Howard Vice President
Mr. Matthew Bogosian..... Board Member
Mr. Gregory Cole Board Member
Mr. Jerry Cross Board Member
Ms. Marjorie Foxton..... Board Member
Mr. Scott Pulver Board Member

Mr. Todd Crandall.....Superintendent of Schools
Ms. Lisa Rohloff.....Business Administrator
Ms. Lynn GodertDistrict Clerk
Hodgson Russ LLP (Jeffrey F. Swiatek, Esq.).... School District Attorney

BOND COUNSEL

**HODGSON RUSS LLP
Buffalo, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western Region
(716) 662-3910**

No dealer, broker, salesman or other person has been authorized by the District or the Municipal Advisor to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the District from sources which are believed to be reliable, but it is not to be guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

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**OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF
SILVER CREEK CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK**

\$2,845,000*
SCHOOL DISTRICT REFUNDING SERIAL BONDS, 2020
(the “Bonds”)

This Official Statement (the "Official Statement"), which includes the cover page and appendices hereto, presents certain information relating to the Silver Creek Central School District in the County of Chautauqua, State of New York (the “District,” “County” and “State,” respectively), in connection with the sale of the District’s \$2,845,000* School District Refunding Serial Bonds, 2020 (the “Bonds”).

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

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management’s beliefs as well as assumptions made by, and information currently available to, the District’s management and staff. **This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District’s overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See “COVID-19,” herein.**

THE BONDS

Description of the Bonds

The Bonds will be issued as registered bonds and, at the option of the initial purchaser, may be registered to the Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of the purchaser.

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Bonds (see "Book-Entry-Only System" herein). Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds.

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Bonds will be issued in registered form in denominations of \$5,000 or integral multiples thereof.

*Preliminary; subject to change

The Bonds are dated their date of delivery and will bear interest from that date at the annual rate or rates as specified by the purchaser of the Bonds, on June 1, 2021, December 1, 2021 and semiannually thereafter on each June 1 and December 1 until maturity. The Bonds will mature on June 1, 2021 and on June 1 in each year thereafter, as shown on the inside cover page hereof. The Bonds are not subject to optional redemption as described herein (See “THE BONDS – Optional Redemption”) herein.

The record date for the Bonds will be the close of business on the fifteenth day of the calendar month preceding each interest payment date.

Authority for and the Refunding Plan

The Bonds are issued pursuant to the Constitution and laws of the State, including the Education Law and the Local Finance Law, and pursuant to a refunding bond resolution that was duly adopted by the Board of Education of the District (the “Board”) on October 22, 2020. A refunding financial plan has been prepared and is described below (the “Refunding Plan”).

The amount of the Refunded Bonds, set forth below (the “Refunded Bonds”), may be changed by the District in its sole discretion due to market or other factors considered relevant by the District at the time of pricing of the Bonds, and no assurance can be given that any particular maturity thereof will be refunded.

All proceeds of the Refunded Bonds have been previously expended.

The Bonds are being issued to refund \$2,765,000 of the outstanding callable principal of the District’s \$7,165,000 School District Serial Bonds, 2012 as listed below:

Maturity	Coupon	Maturity Value	Call Date	Call Price	CUSIP
06/01/2021	2.250%	\$590,000	01/08/2021	100.00%	827589 FC1
06/01/2022	2.500%	605,000	01/08/2021	100.00%	827589 FD9
06/01/2023	3.000%	615,000	01/08/2021	100.00%	827589 FE7
06/01/2024	3.000%	635,000	01/08/2021	100.00%	827589 FF4
06/01/2025	3.000%	320,000	01/08/2021	100.00%	827589 FG2
		\$ 2,765,000			

Under current market conditions, the District expects to refund all of the Refunded Bonds as shown above. The net proceeds of the Bonds (after payment of costs of issuance relating to the Bonds) will be used to purchase non-callable, direct obligations of, or obligations guaranteed by, the United States of America (the “Government Obligations”) which, together with remaining cash proceeds from the sale of the Bonds, will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by Manufacturers and Traders Trust Company (the “Escrow Holder”), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the District and the Escrow Holder, dated as of the delivery date of the Bonds (the “Escrow Contract”). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the refunding bond resolution of the District and the Escrow Contract, to pay the Refunded Bonds on the Call Date listed in the table above.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of, the Government Obligations, along with other available monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payment by the Escrow Holder to the paying agents/fiscal agent for the Refunded Bonds amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest payable with respect thereto.

The Refunding Plan will permit the District to realize, as a result of the issuance of the Bonds, cumulative dollar and present value debt service savings.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the District. However, inasmuch as the Government Obligations held in the Escrow Fund will be sufficient to meet all required payments of principal and interest when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

Sources and Uses of Proceeds of the Bonds

Sources:

Par Amount
Net Original Issue Premium/Discount

Total:

Uses:

Refunding Escrow Deposit:
Costs of Issuance and Contingency
Underwriter's Discount

Total:

Verification of Mathematical Computations

Causey Demgen & Moore P.C. ("Causey") will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of: the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal of, and interest on the Refunded Bonds. Causey will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Bonds.

Optional Redemption

The Bonds will NOT be subject to optional redemption, in whole or in part, prior to maturity.

Nature of Obligation

The Bonds, when duly issued and paid for, will constitute a contract between the District and the holder(s) thereof.

The Bonds will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the District has the power and statutory authorization to levy *ad valorem* taxes on all taxable real property in the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by the Tax Levy Limitation Law); see "TAX INFORMATION-Tax Levy Limitation Law," herein.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. On June 24, 2011, the Tax Levy Limitation Law was adopted in the State. The Tax Levy Limitation Law established certain limitations on the power of local governments and school districts to increase the property tax levy beyond certain prescribed limits (without

following certain prescribed procedures). The Tax Levy Limitation Law had its first application with respect to the District's budget for fiscal year 2012-13. The Tax Levy Limitation Law does make certain allowances for the exclusion of tax levy increases associated with capital expenses by school districts. See "TAX INFORMATION-Tax Levy Limitation Law," herein. Also, certain special protective procedures and remedies available to holders of school district debt remain in place and are not affected by the Tax Levy Limitation Law. See "DISTRICT INDEBTEDNESS—Remedies Upon Default," herein.

Book-Entry-Only System

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be

governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCE THAT DTC DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS: (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Source: The Depository Trust Company.

COVID-19

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

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. As almost all nations have experienced a rise in infections and implemented containment measures that in the case of some nations (including the United States) have been drastic, economies have suffered in the extreme. The full impact is difficult to predict due to uncertainties regarding the duration and severity of the COVID-19 pandemic.

While initially the hospitality and tourism industries were hardest hit, within a short period of time there was widespread unemployment across all economic sectors in the United States.

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

Federal Response

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

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

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

Municipal Liquidity Facility: The Federal Reserve established a new “Municipal Liquidity Facility” (“MLF”) that will offer up to \$500 billion in direct federal lending to certain larger issuers, which are able to use their own loan proceeds to make loans to smaller governmental units that would not otherwise qualify for this program. At this point, most municipal issuers have not had to resort to the MLF because rates have been conducive to issuing debt through the conventional municipal bond market; however, it is

notable that the MLF exists as a market backstop if needed. The MLF is set to expire on December 31, 2020 unless extended by the Board of Governors of the Federal Reserve and the Treasury Department.

State Response

Executive orders: Governor Cuomo has released a number of executive orders in response to the COVID-19 pandemic, including various mandates requiring “non-essential” employees to work from home.

Starting on May 15, 2020, regions of the State that met certain criteria were allowed to begin reopening. Reopening is occurring in phases, with different industries allowed to open in each phase. Phase One generally includes construction, agriculture, forestry, fishing and hunting, retail (limited to curbside or in-store pickup or drop off), manufacturing, and wholesale trade. Phase Two generally includes professional services, retail, administrative support, real estate activities, and outdoor dining at restaurants (with certain restrictions). Phase Three generally includes dine-in food services and additional personal care services, and Phase Four generally includes arts, entertainment and recreational facilities, as well as education services. See <https://forward.ny.gov/> for more details on the different phases, including which regions of the State are in which phase. Reference to website implies no warranty of accuracy of information therein.

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

State Budget: The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses.

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

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

On August 13, 2020, the DOB released a first quarter update to the Financial Plan, with a revised projection of a \$14.5 billion shortfall, over \$1 billion more than was projected in April. The updated Financial Plan also noted that, in the absence of additional federal aid, the DOB began withholding 20 percent of most local aid payments in June, pursuant to the withholding authority granted in the fiscal year 2021 enacted budget. As of the date of this Official Statement, the DOB has not converted such withholds to permanent reductions, but the DOB has stated that such a conversion may be made depending on the size and timing of new federal aid, if any.

Negotiations for additional federal aid have stalled; therefore, the extent of future COVID-19-related direct federal financial relief, if any, to states, localities and school districts cannot be predicted. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

Legislation Allowing Financial Flexibility for Municipalities and School Districts

On August 24, 2020, Governor Cuomo signed legislation allowing municipalities and school districts additional financial flexibility in response to the COVID-19 pandemic. Whereas municipalities and school districts in the State typically may only pursue short-term financing for five years, under certain circumstances the new legislation allows an additional two years prior to going to bonds.

The new legislation also allows municipalities and school districts additional flexibility related to the use of reserve funds or inter-fund transfers for costs associated with COVID-19. The typical mandatory or permissive referendum requirements for the expenditure of funds from a capital reserve fund have been waived for capital costs attributable to the COVID-19 pandemic. Moneys from a capital reserve fund can also be temporarily advanced for operating costs or other costs attributable to the COVID-19 pandemic, so long as such moneys are repaid within five fiscal years, with interest. Additionally, while inter-fund transfers must typically be repaid by the end of the fiscal year in which the transfer is made, inter-fund advances for costs attributable to the COVID-19 pandemic do not need to be repaid until the close of the following fiscal year.

Local Response

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

While the District itself is not able to declare a local state of emergency, the County has done so. The District closed in mid-March 2020 and did not resume session for the rest of the 2019-20 school year. During the timeframe of the closure the District provided education to students remotely and was responsible for providing meal deliveries to students.

At this time, the District's Elementary School students are attending school in-person, while the Middle School and High School are using a hybrid in-person/distance learning model with enhanced health and safety protocols; however, such model may be modified.

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

MARKET FACTORS

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

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

The District is dependent to a substantial degree on financial assistance from the State in the form of State aid. No delay in payment of State aid for the remainder of the District's current fiscal year is presently anticipated although no assurance can be given that there will not be a delay in payment thereof. 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 District, in this year or future years, the District may be affected by such a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

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

To mitigate such a potential gap, the State's adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local school districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 - April 30, May 1- June 30, and July 1 - December 31), tax receipts are lower than anticipated or disbursements from the State's general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director's plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances. See "COVID-19," herein, for further details on such pandemic and its effects on the State.

Should the District fail to receive moneys expected from the State in the amounts and at the times expected, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The market for the Bonds could also be affected if the Code were to be amended to reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the District. See the discussion in "TAX EXEMPTION" herein.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Bonds is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the individual alternative minimum tax imposed by the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance of the Bonds. Such opinion will state that interest on the Bonds is exempt from personal income taxes imposed by New York State or any political subdivision thereof (including The City of New York).

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

issuance of the Bonds (the “Certificate”) establishes requirements and procedures, compliance with which will satisfy the Tax Requirements.

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

1. The requirement that the proceeds of the Bonds be used in a manner so that the Bonds are not obligations which meet the definition of a “private activity bond” within the meaning of Code Section 141;
2. The requirements contained in Code Section 148 relating to arbitrage bonds; and
3. The requirements that payment of principal or interest on the Bonds not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

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

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

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

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon delivery of the Bonds, the District will furnish certificates, dated the date of delivery of the Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds, and that there is no controversy or litigation of any nature now pending or threatened by or against the District wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the District or adversely affect the power of the District to levy, collect, and enforce the collection of taxes or other revenues for the payment of its Bonds, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Bond Counsel. Such opinion will be available at the time of delivery of the Bonds and will be to the effect that the Bonds are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit, and all the real property within the District is subject to the levy of special *ad valorem* real property taxes to pay the Bonds and interest thereon, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of the State). Such opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) such law firm has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of the Official Statement, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District which has been or may have been furnished or disclosed to purchasers of the Bonds, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

Closing Certificates

Upon the delivery of the Bonds, the purchaser will be furnished with the following items: (i) a certificate of the President of the Board to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Bonds, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the District since the date of this Official Statement to the date of issuance of the Bonds, and having attached thereto a copy of this Official Statement; (ii) a certificate signed by an officer of the District evidencing payment for the Bonds; (iii) a closing certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Bonds or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Bonds were authorized or affecting the validity of the Bonds thereunder, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (iv) a tax certificate executed by the President of the Board, as described under "TAX EXEMPTION" herein.

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), unless the Bonds are purchased for the purchaser's own account, as principal for investment and not for resale, the District will

enter into a Disclosure Undertaking at closing, the form of which is attached hereto as “APPENDIX D.” A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Bonds as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

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

RATING

Moody's Investors Services, Inc. (“Moody’s”) has assigned the District an underlying uninsured rating of “A1”, including the Bonds.

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

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

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

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel to the District, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

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

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

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

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as registered Municipal Advisor to the District in connection with the offer and sale of the Bonds. In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from Ms. Lisa Rohloff, School Business Administrator and Paying Agent; Contact: Phone (716) 934-2603; Email: LROHLOFF@silvercreekschools.org; Address: 1 Dickinson Street, Silver Creek, New York 14136 or from the District's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the District and the original purchasers or holders of any of the Bonds.

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

SILVER CREEK CENTRAL SCHOOL DISTRICT

By: _____
Mr. Stephen Boothe
President of the Board of Education

DATED: November 10, 2020

APPENDIX A

THE DISTRICT

General Information

The District encompasses the Village of Silver Creek and the Towns of Hanover and Sheridan in northern Chautauqua County and a small portion of the Town of Brant in Erie County. The District, with an estimated population of 5,429, covers approximately 50 square miles and is located approximately 33 miles southwest of the City of Buffalo. It offers the best of small community living with close access to metropolitan areas of Buffalo, Niagara Falls, Erie, Pennsylvania and Toronto, Ontario, Canada.

The District is predominately rural and residential in character with some commercial facilities and agricultural production.

Major highways serving the District include the New York State Thruway (on which there is a Silver Creek exit) and State Highways 5, 20 and 428. Bus transportation is available through the Greyhound Bus Company while air transportation is available in the nearby city of Buffalo from the Greater Buffalo International Airport.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education (the "Board"). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board. Board members are generally elected for a term of five years.

In early July of each year, the Board meets for the purposes of reorganization. At that time, the Board elects a President and Vice President, and appoints a District Clerk and Business Administrator.

The major administrative officers of the District, whose duty it is to implement the policies of the Board and who are appointed by the Board, include the Superintendent of Schools, and the Business Administrator.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, or the Business Administrator.

Budgetary Procedure

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with the school principals and department supervisors. Under current law, the budget is submitted to voter referendum on the third Tuesday of May each year. Summaries of the District's adopted budgets for the current and ensuing fiscal years may be found in Appendix B, herein.

The qualified voters of the District approved the District's 2020-21 budget on June 16, 2020.

Financial Statements and Accounting Procedures

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and financial statements prepared in accordance with generally accepted accounting principles are available for public inspection upon request. A copy of the District’s most recent audited financial statement is cross referenced in Appendix C.

School Enrollment Trends

The following table presents actual and projected school enrollment trends for the District.

TABLE 1
School Enrollment Trends

<u>Fiscal Year</u>	<u>Actual Enrollment</u>	<u>Fiscal Year</u>	<u>Projected Enrollment</u>
2018-19	1,070	2021-22	1,045
2019-20	1,070	2022-23	1,055
2020-21	1,020	2023-24	1,058

Source: District Officials.

District Facilities

The District operates the following facilities; statistics relating to each are shown below.

TABLE 2
District Facilities and Insurable Values

<u>Names</u>	<u>Capacity</u>	<u>Insurable Replacement Value</u>	<u>Date of Construction</u>
Elementary	930	\$4,557,958	1978
Junior Senior High	1,050	9,102,916	1958
Junior Senior High Addition I	315	2,753,540	1991
Junior Senior High Addition II	270	2,057,322	1995
Bus Garage	N/A	612,290	1967
Elementary/Junior-Senior High Addition	762	6,000,000	1999

Employees

The District provides services through both full-time and part-time employees, all of whom are represented by the following units of organized labor.

TABLE 3
Employees

<u>Number of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date</u>
126	Silver Creek CSD Chapter – NYSUT	7/01/2023
71	Silver Creek CSD Non-Instructional Staff - CSEA	6/30/2020*

Source: District Officials.

* Currently under negotiations

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 of New York are members of the New York and Local Employees' Retirement System ("ERS").

Teachers and certified administrators are members of the New York State Teachers' Retirement System ("TRS" and with ERS, the "Retirement Systems"). Payments to the Retirement System are deducted from the School District's State aid payments.

Both the ERS and the TRS are non-contributing with respect to members hired prior to July 27, 1976. The Retirement Systems are non-contributory with respect to members working ten or more years. All members working less than ten years must contribute 3% of gross annual salary toward the cost of retirement programs.

The following schedule reflects the District's contribution to ERS and TRS for the last three audited fiscal years and the budgeted amounts for the current fiscal year:

FY	TRS	ERS
<u>Ending 6/30</u>		
2021 <i>Budget</i>	\$908,642	\$454,452
2020	990,966	320,210
2019	887,532	317,782
2018	1,035,960	299,015

On December 10, 2009, then Governor Paterson signed into law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010. New ERS employees will now contribute 3% of their salaries and new TRS employees will contribute 3.5% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law the new Tier 6 pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The New York State ERS rate for the 2019-20 fiscal year is 14.6%. The 2020-21 ERS rate is 14.6%. The 2019-20 TRS rate is 8.86%. The 2020-21 TRS rate is 9.53%

Due to poor performance of the investment portfolio of the State Retirement System in the wake of the 2008-2009 financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially, although have stabilized and actually reduced in recent years. To help mitigate the impact of such increases, legislation was enacted that permitted a school district to amortize a portion of its annual employer pension payment to the ERS only. Under such legislation, school districts that chose to amortize were required to set aside and reserve funds with the ERS for certain future rate increases. The District has not amortized any of its employer pension payments pursuant to this legislation, and expects to continue to pay all payments in full when due.

In Spring 2013, the State and TRS approved a Stable Contribution Option ("SCO") that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). ERS followed suit and modified its existing SCO, which was adopted in 2010. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below. The plan, which was approved in Governor Cuomo's 2014-15 budget would let districts contribute 14.13% of employee costs toward pensions.

The TRS SCO deferral plan is available to school districts for seven years after enactment. Under the TRS SCO plan, payment of the deferred amount would commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The District has not and does not plan to participate in the ERS or TRS SCO program.

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs have been rising substantially, and may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

Effective July 1, 2016, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which supersedes GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This statement requires the District to recognize the total OPEB liability and related deferred outflows and deferred inflows of resources. The cumulative effect of implementing this required change in accounting principle resulted in a restatement of beginning net position. This statement addresses accounting and financial reporting for other postemployment benefits offered by the District and requires various note disclosures and required supplementary information.

The District is in compliance with the requirements of GASB 75, and a summary of the actuarial valuation is included in the District’s June 30, 2020 Financial Audit attached herein. The following table summarizes the District’s annual OPEB statements for the year ended June 30, 2020:

Changes in the Total OPEB Liability	Total OPEB Liability
Balance at June 30, 2019	\$6,714,178
Changes for the year:	
Service cost	393,563
Interest	236,520
Changes in assumptions or other inputs	819,770
Differences between expected and actual experience	(971,828)
Benefit payments	<u>(232,152)</u>
Net changes	245,873
Balance as of June 30, 2020	<u>\$6,960,051</u>

Investment Policy/Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the “GML”), the District is generally permitted to deposit moneys in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

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

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

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

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ending June 30th is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from tax on real property and State aid. Property taxes accounted for 25.7% of total general fund revenues for the fiscal year ended June 30, 2020, while State aid accounted for 63.1%. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

Real Property Taxes

The District derives a significant portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund” in Appendix B, herein).

The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years and the amount budgeted for the current fiscal year.

TABLE 4
Property Taxes

Fiscal Year Ending June 30:	Total Revenues ⁽¹⁾	Real Property Taxes ⁽¹⁾	Real Property Tax Revenues to Revenues
2016	\$21,755,298	\$5,914,713	27.2%
2017	22,548,986	5,995,160	26.6%
2018	23,917,754	6,056,727	25.3%
2019	24,732,322	6,210,256	25.1%
2020	24,612,223	6,332,239	25.7%
2021 <i>Budget</i>	25,723,081	6,432,602	27.5%

(1) General Fund only.

Source: 2016-2020 Audited Financial Statements and 2021 Adopted Budgets of the District.

State Aid

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute.

The following table sets forth total general fund revenues and State aid revenues during the last five audited fiscal years and the amounts budgeted for the current fiscal years.

TABLE 5
State Aid

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Total</u> <u>Revenues⁽¹⁾</u>	<u>Total</u> <u>State Aid⁽¹⁾</u>	<u>Total Revenues</u> <u>Consisting of State Aid</u>
2016	\$21,755,298	\$13,908,591	63.9%
2017	22,548,986	14,313,872	63.5%
2018	23,917,754	15,175,311	63.4%
2019	24,732,322	15,356,728	62.1%
2020	24,612,223	15,541,174	63.1%
2021 <i>Budget</i>	25,723,081	14,748,586	63.0%

(1) General Fund only.

Source: 2016-2020 Audited Financial Statements and 2021 Adopted Budgets of the District.

The District also receives a portion of its revenues in the form of State aid. However, there is no assurance that the State appropriation for State aid to school districts will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

In addition to the amount of State Aid budgeted by the District in its 2020-21 fiscal year, the State is expected to make payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR (see "STAR-School Tax Exemption") Program. The District expects to receive timely receipt of STAR aid for the remainder of the current fiscal year.

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

A case related to the *CFE* was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights ("NYSER") v. State of New York*. The *NYSER* lawsuit asserted that the State failed to comply with the original decision in the Court of Appeals in *Campaign for Fiscal Equity*, and asked the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the "foundation aid" formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiff's causes of action were properly dismissed except for two causes of action regarding accountability mechanisms and sufficient state funding for a "sound basic education" limited solely to the New York City and Syracuse school districts.

The Court emphasized its previous ruling in the *CFE* case that absent “gross educational inadequacies”, claims regarding State funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein.

The District is dependent to a substantial degree on financial assistance from the State in the form of State aid. No delay in payment of State aid for the remainder of the District’s current fiscal year is presently anticipated, although no assurance can be given that there will not be a delay in payment thereof. 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 District, in this year or future years, the District may be affected by such a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

The Gap Elimination Adjustment (GEA) law was first introduced for the 2010-11 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. Since the program began, the GEA and Deficit Reduction Assessment reduction in State aid for the District has amounted to \$592,540 annually. As a result, the District has been forced to reduce programs, services, and staff accordingly. Beginning in the 2014-15 fiscal year, the State made modest restorations to the GEA. In the 2014-15 fiscal year, the GEA was reduced by \$414,778, dropping the total GEA to \$177,762. In the 2015-16 fiscal year, it has been further reduced by \$169,421, yielding a remaining GEA of \$8,341. In the 2016-17 fiscal year, the GEA was eliminated.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is \$1,178,493. The District has received and expended \$397,740 for the purpose of updating the current wireless system and security systems in the 2019-20 fiscal year.

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

Recent Events Affecting New York State School Districts

School district fiscal year (2015-16): The State Legislature adopted the State budget on April 1, 2015. The budget provided for school aid of approximately \$23.5 billion, which represented an increase of approximately \$1.3 billion, or 7.4%, in total school aid spending from the 2014-15 school year. The budget continued a three-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.

School district fiscal year (2016-17): The State budget included an increase of \$991 million in State aid for school districts over the 2015-16 budget, \$863 million of which consisted of traditional operating aid. In addition to the \$408 million of expense based aid, the budget included a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase included \$100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain

purposes such as providing health, mental health and nutritional services to students and their families. The budget included School Aid spending of \$24.8 billion, a \$1.5 billion (6.5%) increase from the prior fiscal year.

School district fiscal year (2017-18): The State budget included an increase of \$1.1 billion in State Aid to school districts, including a \$700 million increase in Foundation Aid. The budget included School Aid spending of \$25.8 billion, an increase of 4.4% from the prior fiscal year.

School district fiscal year (2018-19): The budget increased Education Aid by \$1 billion, including a \$619 million increase in Foundation Aid, without revision to the formula, bringing the new Education Aid total to \$26.7 billion or an increase of 3.9 percent.

School district fiscal year (2019-20): The budget increased Education aid by more than \$1 billion which included a \$618 million dollar increase in Foundation Aid. The new Education Aid total was \$27.9 billion — an increase of 3.8%. The budget directed a majority of such additional funding (over 70%) to the State's more economically disadvantaged school districts.

School district fiscal year (2020-2021): Due to the below-described decrease in State revenues as a result of the COVID-19 pandemic, the State budget includes an increase of only \$95 million in State Aid (0.035% increase from the prior budget year), and Foundation Aid remains the same as the 2019-2020 fiscal year. While the budget actually includes a decrease in State Aid (referred to as a "Pandemic Adjustment"), the decrease in State aid will be fully offset by the State's allocation of federal stimulus funds. Absent the federal stimulus funds, there would have been a \$1.127 billion decrease in State Aid from the 2019-2020 year.

The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses.

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

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

On August 13, 2020, the DOB released a first quarter update to the Financial Plan, with a revised projection of a \$14.5 billion shortfall, over \$1 billion more than was projected in April. The updated Financial Plan also noted that, in the absence of additional federal aid, the DOB began withholding 20 percent of most local aid payments in June, pursuant to the withholding authority granted in the fiscal year 2021 enacted budget. As of the date of this Official Statement, the DOB has not converted such withholds to permanent reductions, but the DOB has stated that such a conversion may be made depending on the size and timing of new federal aid, if any.

Negotiations for additional federal aid have stalled; therefore, the extent of future COVID-19-related direct federal financial relief, if any, to states, localities and school districts cannot be predicted. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

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

The State budget for the 2020-21 fiscal year provides \$15.76 million of State Aid to the District, a 0.18% increase from the District's 2019-20 fiscal year.

The District presently anticipates an increase in its State Aid not related to building aid for its 2020-2021 fiscal year in an amount of \$48,931.

It should also be noted that the District receives federal aid for certain programs. In its last audited fiscal year, the District received \$ 478,744 in such direct federal aid. It is not possible to predict whether such aid will continue in the future, or if continued, whether it will be funded at present levels.

The District is dependent to a substantial degree on financial assistance from the State 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 District, in this year or future years, the District may be affected by such a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

The District cannot predict at this time whether there will be any reductions in and/or further delays in the receipt of State aid during the District's 2020-21 fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the District as “No Designation” (see <https://www.osc.state.ny.us/files/local-government/fiscal-monitoring/pdf/2019-schools-summary-list.pdf>).

New York State Comptroller's Audit

All school districts throughout the State can be subject to an audit of the New York State Office of the Comptroller ("OSC") pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

On February 19, 2016, OSC, Division of Local Government and School Accountability released an audit of the District to review selected District's management of financial activities for the period July 1, 2012 to September 15, 2015. The audit found that although District Officials annually appropriated fund balance to reduce the tax levy, the funds were not used as budgeted because District officials had consistently overestimated appropriations. Due to this, the District had exceeded the statutory limit of unrestricted fund balance, and had overfunded two reserves. The OSC audit recommended that the District ensure budgets include realistic appropriations based on actual needs, maintain unrestricted fund balance within the statutory limit, and ensure reserve fund balances are maintained at reasonable levels.

The OSC report includes the District's response to the audit findings. The District has submitted a corrective action plan to the OSC to address their recommendations, while recognizing that its fundamental responsibilities are to the sustainment of educational programs for the District's children and a budget that is sustainable over time. The District has utilized its long range budget and reserve use plans to execute these responsibilities.

The link to the most recent OSC report is as follows:

<http://www.osc.state.ny.us/localgov/audits/schools/2016/silvercreek.pdf>.

Other Revenues

In addition to property taxes and State Aid, the District receives other revenues from miscellaneous sources as shown in Appendix B.

TAX INFORMATION

Real Property Tax Assessments and Rates

TABLE 6
Real Property Tax Assessments and Rates
(Fiscal Years Ending June 30:)

Roll Year:	2016	2017	2018	2019	2020
Fiscal Year:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town of Brant					
Assessed Value	\$223,989	\$204,124	\$206,177	\$210,786	\$214,289
Equalization Rate ⁽²⁾	82.00%	79.00%	78.00%	76.00%	73.00%
Full Value	273,157	258,385	264,329	277,350	293,547
Tax Rate ⁽¹⁾	\$20.41	\$21.11	21.22	\$22.17	\$22.50
Town of Hanover					
Assessed Value	258,076,887	258,026,012	259,705,783	259,780,268	260,392,699
Equalization Rate ⁽²⁾	90.00%	89.00%	86.00%	86.00%	82.00%
Full Value	286,752,097	289,916,867	301,983,469	302,070,079	317,552,072
Tax Rate ⁽¹⁾	\$18.59	\$18.74	19.25	\$19.59	\$20.03
Town of Sheridan					
Assessed Value	42,672,345	42,253,819	42,237,695	42,574,291	42,854,381
Equalization Rate ⁽²⁾	61.00%	59.00%	59.00%	59.00%	58.00%
Full Value	69,954,664	71,616,642	71,589,314	72,159,815	73,886,864
Tax Rate ⁽¹⁾	\$27.44	\$28.27	28.06	\$28.56	\$28.31
Total:					
Assessed Value	\$300,973,221	\$300,483,955	\$302,149,655	\$302,565,345	\$303,461,369
Full Value	\$356,979,918	\$361,791,895	\$373,837,112	\$374,507,244	\$391,732,482
Tax Levy	\$5,975,199	\$6,034,951	\$6,188,882	\$6,309,565	\$6,432,602

(1) Per \$1,000

(2) The equalization rates shown here were used to apportion the school tax levies and may not be the same as those required for debt limit purposes.

Source: School Officials

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. The District is not subject to constitutional real property taxing limitations. See, however, the discussion below in “Tax Levy Limitation Law,” herein.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City). The discussion herein does not include school districts in New York City, Buffalo, Rochester, Syracuse, or Yonkers.

On June 25, 2015, Chapter 20 of the 2015 Laws of New York (“Chapter 20”) amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020. On April 12, 2019, the enacted budget legislation made the Tax Levy Limitation Law permanent.

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year’s tax levy. Certain adjustments are permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law.

Beginning with the 2012-13 fiscal year, school districts have had to submit their proposed tax levies to the voters each year. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a budget by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation only require approval by at least a simple majority of those voting. In the event that a budget is defeated and not re-proposed, or in the event of two budget vote defeats in the same year, a school district may not levy taxes in an amount greater than the amount levied in the most recent year when a budget was approved.

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

There is also an exception for school districts for “Capital Local Expenditures” subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. “Capital Local Expenditures” are defined as “the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law”. The State Commissioner of Taxation and Finance has promulgated a regulation that will allow school districts, beginning in the year 2020-21 school year, to adjust the exclusion to reflect a school District’s share of capital expenditures related to projects funded through a board of cooperative education services (“BOCES”). The portion of the tax levy necessary to support “Capital Local Expenditures” is defined as the “Capital Tax Levy”, and this is an exclusion from the tax levy limitation (except in a case when the District would be prohibited from raising the tax levy amount at all due budget vote results, as explained above).

Tax Collection Procedure

The real property taxes of the District are collected by the District. Such taxes are due on approximately September 5, and may be paid without penalty through October 5. The penalty on unpaid taxes is 2% from October 5 to October 31. On or about November 6, the District files a report of any uncollected District taxes with the County. The County thereafter on or before April pays to the District the full amount of its uncollected taxes. Thus, the full amount of the District’s real property tax levy is collected by the District

in the fiscal year of the levy. The County has the power to issue and sell tax anticipation notes to fund the reimbursement of uncollected taxes due to the District.

The District is not responsible for the collection of taxes of any other unit of government.

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 are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

For the 2020-21 school levy year, homeowners subject to certain household income limitations are eligible for an enhanced exemption and basic exemption as follows:

<u>Towns of:</u>	<u>Basic Exemption</u>	<u>Enhanced Exemption</u>
Brant	\$22,800	\$53,050
Hanover	25,800	60.030
Sheridan	17,700	41,180

Date Certified: 04/10/2020

The enhanced or basic STAR exemption is the amount that an assessment will be reduced prior to the levy of school taxes. For example, if a home is assessed at \$150,000 and the enhanced STAR exemption for a municipality is \$50,000, the school taxes on the property would be paid on a taxable assessment of \$100,000 (\$150,000 - \$50,000 = \$100,000).

Since the 2011-12 school tax bills, there has been a 2% limit on STAR savings increases, the savings results from the Basic or Enhanced STAR exemptions are limited to a 2% increase over the prior year. When a school district initially calculates its tax bills, for each municipal segment it will compare the amount of STAR savings to the maximum. If the STAR savings exceeds the maximum, the school district will use the maximum when calculating tax bills for the segment.

The maximum savings for each of the municipalities within the District for the 2020-21 fiscal year are as follows:

<u>Towns of:</u>	<u>Basic Maximum Savings</u>	<u>Enhanced Maximum Savings</u>
Brant	\$503	\$1,120
Hanover	505	1,127
Sheridan	497	1,106

Updated: 04/10/2020

The District expects to receive full reimbursement of such exempt taxes from the State during the current fiscal year.

Ten of the Largest Taxpayers

The following table presents the taxable valuations of the District’s ten largest taxpayers on the 2020 Assessment Roll used to levy 2020-21 taxes.

TABLE 7
Taxable Assessments

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable Valuation</u> ⁽¹⁾	<u>% of Taxable Assessed Valuation</u>
National Fuel Gas Dist. Corp.	Utility	\$7,162,211	2.36%
CSX-NY Central	Railroad	5,313,169	1.75%
NYS Electric & Gas	Utility	5,268,594	1.74%
National Grid	Special Franchise	3,575,094	1.18%
Norfolk & Southern Railroad	Railroad	1,970,076	0.65%
AML Management	Property	1,484,600	0.49%
Pagano, Franklin W.	Commercial	1,399,550	0.46%
Iliohan, Jacob	Property	1,301,854	0.43%
Plaza Group 304, LLC	Commercial	1,250,000	0.41%
Sunset Bay Sand & Land LLC	Commercial	<u>1,087,980</u>	<u>0.36%</u>
		<u>\$29,813,128</u>	<u>9.82%</u>

⁽¹⁾ Represents 9.32% of the District’s 2020 Assessed Valuation of \$303,461,369 used to levy 2020-21 taxes.
Source: District Officials

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the period of probable usefulness of the object or purpose determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under “Nature of Obligation”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to

levy taxes on real property for the payment of interest on or principal of indebtedness theretofore contracted.

Statutory Procedure

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

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

The Local Finance Law also provides a 20 day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District typically complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions. Such resolutions may authorize the issuance of tax anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes levied or to be levied by the District, less any tax anticipation notes previously issued and less the amount of such taxes previously received by the District.

The Board, as the finance Board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Bonds. However, the Board may delegate the power to sell such bonds and notes to the President of the Board of Education, as the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate amount thereof shall not exceed ten per centum of the full valuation of taxable real property of the District and subject to certain enumerated exclusions and deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation consists of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined by such authority.

Statutory Debt Limit and Net Indebtedness

The debt limit of the District is \$39,173,248 as of June 30, 2020. This is calculated by taking 10% of the current full value of the taxable real property of the District.

TABLE 8
Statutory Debt Limit and Net Indebtedness
(As of November 10, 2020)

<u>Town</u>	<u>2019 Assessed Valuation</u>	<u>Equalization Rate</u>	<u>Full Valuation</u>
Brant	\$214,289	73.00%	4293,547
Hanover	260,392,699	82.00%	317,552,072
Sheridan	42,854,381	58.00%	<u>73,886,864</u>
Total Full Valuation of Taxable Real Property			\$391,732,482
Debt Limit (10% of Full Valuation)			\$39,173,248
Outstanding Indebtedness (Principal Only):			
Serial Bonds			\$ 8,025,000
Bond Anticipation Notes			<u>14,825,000</u>
Gross Indebtedness			22,850,000
Less: Exclusions ⁽¹⁾			<u>0</u>
Total Net Indebtedness			<u>\$22,580,000</u>
Net Debt-Contracting Margin			<u>\$16,323,248</u>
Percentage of Debt-Contracting Margin Exhausted			57.64%

(1) *The District has received and expects to continue to receive State Aid on a portion of existing indebtedness contracted for school building purposes pursuant to Section 121.20 of the Local Finance Law. However, since the District has not applied for a building aid exclusion certificate from the Commissioner of Education, the District may not exclude such portion from the gross indebtedness. State aid for qualifying building purposes is currently estimated by District officials at 87.7%. See also "FINANCIAL FACTORS-State Aid" herein.*

Remedies Upon Default

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State of New York (the "State") and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

Upon the filing of such a certificate in the Office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be

insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section SFL.

Under current law, provision is made for contract creditors (including the Bondholders) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation servicing the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the District's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a Noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

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

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for such indebtedness."

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

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

Short-Term Note Indebtedness

The District has \$14,825,000 bond anticipation notes outstanding that mature on July 30, 2021.

Trend of Capital Indebtedness

The following table sets forth the amount of direct capital indebtedness outstanding for each of the last five fiscal years as of June 30 of each respective year, excluding refunded debt.

TABLE 9
Direct Capital Indebtedness Outstanding
(For Fiscal Year Ending June 30:)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$5,770,000	\$11,135,000	\$10,115,000	\$ 9,080,000	\$8,025,000
BANs	<u>8,785,000</u>	<u>0</u>	<u>0</u>	<u>14,555,000</u>	<u>14,825,000</u>
Total	<u>\$14,555,000</u>	<u>\$11,135,000</u>	<u>\$10,115,000</u>	<u>\$23,635,000</u>	<u>\$22,850,000</u>

Source: Audited Financial Statements of the District.

Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values. The table below presents the amount of overlapping and underlying debt and the District's share of this debt. Authorized but unissued debt has not been included.

TABLE 10
Statement of Direct and Overlapping Indebtedness

<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of</u>	<u>District Share</u>	<u>Amount Applicable To District</u>
Chautauqua County	\$44,823,784	12/14/2019	5.00%	\$2,241,189
Erie County ⁽¹⁾	345,940,000	09/30/2019	0.66%	1,384
Hanover Town	11,741,239	12/31/2018	73.67%	8,649,771
Sheridan Town	920,917	12/31/2018	35.28%	324,900
Brant Town (Erie County)	291,853	12/31/2018	0.17%	496
Silver Creek Village	12,091,364	05/31/2018	100.00%	<u>12,091,364</u>
Total Net Overlapping Debt				\$23,309,104
Total Net Direct Debt				<u>22,850,000</u>
Net Direct and Overlapping Debt				<u>\$46,159,104</u>

(1) The District's portion of the Town of Brant is approximately 0.0004% of the County of Erie.

Source: NYS Comptroller's Office

Debt Ratios

The following table presents certain debt ratios relating to the District's direct and overlapping indebtedness.

TABLE 11
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$22,850,000	\$4,208	5.83%
Net Direct and Overlapping Debt	\$46,159,104	\$8,502	11.78%

(1) The population of the District is currently estimated by District Officials to be 5,429.

(2) The District's full value of taxable real property for 2020 is \$391,732,482.

Authorized and Unissued Indebtedness

The District does not have any authorized but unissued debt.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District’s outstanding bonded indebtedness as of November 10, 2020.

TABLE 12
Bond Principal and Interest Maturity Table

<u>FYE 6/ 30</u>	<u>Principal</u>	<u>Interest</u> ⁽¹⁾	<u>Total</u> <u>Debt Service</u> ⁽¹⁾
2021	\$1,000,000	\$299,600	\$1,299,600
2022	1,035,000	265,825	1,300,825
2023	1,065,000	229,200	1,294,200
2024	1,105,000	188,250	1,293,250
2025	815,000	145,700	960,700
2026	520,000	111,350	631,350
2027	540,000	85,350	625,350
2028	565,000	58,350	623,350
2029	585,000	41,400	626,400
2030	600,000	23,850	623,850
2031	<u>195,000</u>	<u>5,850</u>	<u>200,850</u>
	<u>\$8,025,000</u>	<u>\$1,454,725</u>	<u>\$9,479,725</u>

⁽¹⁾ Columns may be off slightly due to rounding.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The District estimates its population to be approximately 5,429. The following table presents population trends for the County and State, based upon recent census data. Data provided in the following table is not necessarily representative of the District.

TABLE 13
Population Trend

	<u>2000</u>	<u>2010</u>	<u>Percentage Change</u>
County	139,750	134,905	(3.6%)
State	18,976,457	19,378,102	2.1%

Source: US Census Bureau

Income

The following table presents median per capita income for the County and State. Data provided in the following table is not necessarily representative of the District.

TABLE 14
Per Capita Income

	<u>2000</u>	<u>2010</u>
County	\$16,840	\$21,325
State	\$23,402	\$31,796

Source: New York State Department of Commerce; New York State Department of Economic Development.

Employment and Unemployment

Employment and unemployment data are not compiled for the District or the Towns. The following tables provide information concerning employment and unemployment in the County and State. Data provided in the following tables is not necessarily representative of the District.

TABLE 15
Civilian Labor Force
(Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
County	57.6	56.1	55.4	54.8	54.6
State	9,558.8	9,551.9	9,549.1	9,5521.9	9,514.4

Source: *New York State Department Labor, Bureau of Labor Statistics*

TABLE 16
Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2015	6.0%	5.3%
2016	5.8%	4.8%
2017	6.0%	4.7%
2018	5.0%	4.1%
2019	4.7%	4.0%

Source: *New York State Department Labor, Bureau of Labor Statistics. Information not seasonally adjusted.*

TABLE 17
Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
October 2019	4.2%	3.7%
November	4.5%	3.6%
December	5.4%	3.7%
January 2020	5.9%	4.1%
February	5.6%	3.9%
March	5.8%	4.2%
April	15.7%	15.1%
May	10.9%	14.2%
June	11.4%	15.5%
July	12.4%	16.0%
August	9.4%	12.5%
September	6.2%	9.4%

Source: *New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.*

Note: *Figures in this section are historical and do not speak as to current or projected employment rates. Unemployment has drastically increased since mid-March due to the COVID-19 global pandemic. See "COVID-19 herein.*

TABLE 18
Largest Employers in the Area

<u>Name</u>	<u>Type of Service</u>	<u>Approx. # of Employees</u>
SUNY Fredonia (Fredonia, NY)	Education	873
Nestlé Purina (Dunkirk, NY)	Manufacturing	500
Brooks-TLC Hospital System, Inc. (Dunkirk, NY)	Health Services	374
Refresco Beverages (Dunkirk, NY)	Manufacturing	350
Fieldbrook Foods Corporation (Dunkirk, NY)	Manufacturing	300
Silver Creek CSD (Silver Creek, NY)	Education	219
Sunset Bay Waves, LLC (Irving, NY)	Retail	130
Tops Markets (Dunkirk, NY)	Retail	110
Excelco/Newbrook Inc. (Silver Creek, NY)	Manufacturing	60
Tops Markets (Silver Creek, NY)	Retail	30

Source: District Officials.

LITIGATION

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

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

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

Silver Creek Central School District
Comparative Balance Sheet
General Fund
Fiscal Year Ending June 30:

	<u>2019</u>	<u>2020</u>
<u>Assets</u>		
Receivables:		
Cash and cash equivalents	\$4,603,547	\$4,358,880
Cash and cash equivalents - restricted	4,776,394	7,108,239
Accounts Receivables	573	8,779
Due from other funds	825,267	786,806
Due from other Governments	806,902	957,456
State and Federal Aid Receivable	<u>2,327,905</u>	<u>760,767</u>
 Total	 <u><u>\$13,340,588</u></u>	 <u><u>\$13,980,927</u></u>
 <u>Liabilities</u>		
Accounts Payable	\$172,928	\$35,453
Accrued Liabilities	34,490	43,733
Due to other funds	19,458	200,484
Unearned Revenue	14,432	9,947
Due to other governments	2,269	1,842
Due to Teachers' Retirement Systems	1,068,722	854,433
Due to Employees' Retirement Systems	<u>80,854</u>	<u>84,328</u>
Total Liabilities	<u>1,393,153</u>	<u>1,230,220</u>
 <u>Deferred Inflows of Resources</u>		
Revenues not available	<u>1,302,180</u>	<u>407,261</u>
 <u>Fund Equity</u>		
Restricted	7,876,076	7,108,239
Assigned	293,505	2,346,217
Unassigned	<u>2,475,674</u>	<u>2,888,990</u>
Total Fund Equity	<u>10,645,255</u>	<u>12,343,446</u>
 Total Liabilities, Deferred Inflows and Fund Equity	 <u><u>\$13,340,588</u></u>	 <u><u>\$13,980,927</u></u>

Source: Audited Financial Statements of the District although this summary table itself has not been audited.

Silver Creek Central School District
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Fiscal Year Ending June 30:

Revenues:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Real Property Taxes	\$5,914,713	\$5,995,160	\$6,056,727	\$6,210,256	\$6,332,239
Charges for Services	1,477,305	1,134,312	1,563,123	1,699,595	1,976,882
Use of Money and Property	8,654	12,287	13,314	70,038	73,670
Sale of Property	52,574	32,060	16,223	21,703	17,622
Miscellaneous	184,533	220,456	413,949	360,536	103,705
Medicaid reimbursement	0	0	0	124,326	88,187
State Sources	13,908,591	14,313,872	15,175,311	15,356,728	15,541,174
Federal Sources	208,928	841,839	679,107	889,140	478,744
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$21,755,298</u>	<u>\$22,549,986</u>	<u>\$23,917,754</u>	<u>\$24,732,322</u>	<u>\$24,612,223</u>
Expenditures:					
General Support	\$1,933,631	\$2,756,935	\$2,237,586	\$2,392,591	\$2,128,362
Instruction	11,554,747	12,456,288	13,393,291	13,221,310	13,820,047
Pupil Transportation	1,475,872	1,338,533	1,345,879	1,181,168	1,074,126
Community Service	4,174,195	4,257,130	8,000	8,000	8,000
Employee Benefits	2,325,000	2,184,482	4,495,656	4,661,111	4,266,637
Debt Service	341,590	334,427	1,400,315	1,391,350	1,385,200
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures & Other Uses	<u>\$21,805,035</u>	<u>\$23,327,795</u>	<u>\$22,880,727</u>	<u>\$22,855,530</u>	<u>\$22,682,372</u>
Excess Revenues (Expenditures)	(49,737)	(777,809)	1,037,027	1,876,792	1,929,851
Other Financing Sources and Uses:					
Transfers In	89,694	87,850	15,797	0	0
Transfers Out	(10,002)	(118,814)	(1,430,382)	(111,634)	(231,660)
Total Other Financing Sources and Uses:	<u>79,692</u>	<u>(30,964)</u>	<u>(1,414,585)</u>	<u>(111,634)</u>	<u>(231,660)</u>
Fund Balance - Beg. of Fiscal Year	<u>10,036,473</u>	<u>10,066,428</u>	<u>9,257,655</u>	<u>8,880,097</u>	<u>10,645,255</u>
Fund Balance - End of Fiscal Year	<u><u>\$10,066,428</u></u>	<u><u>\$9,257,655</u></u>	<u><u>\$8,880,097</u></u>	<u><u>\$10,645,255</u></u>	<u><u>\$12,343,446</u></u>

Source: Audited Financial Statements of the District although this summary table itself has not been audited.

Silver Creek Central School District
Statement of Budgeted Appropriations and Estimated Revenues
General Fund
Fiscal Year Ending June 30: 2019

	2019/2020	2020/2021
	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<u>Revenues:</u>		
Real Property Taxes	6,309,565	6,432,602
Use of Money & Property	295,836	341,114
Miscellaneous	1,871,160	1,906,518
State Aid	16,136,277	14,748,586
Subtotal - Estimated Revenues	<u>24,612,838</u>	<u>23,428,820</u>
Appropriated Fund Balance	232,543	2,294,261
Total Revenue and Appropriated Fund Balance	<u><u>\$24,845,381</u></u>	<u><u>\$25,723,081</u></u>
 <u>Appropriations:</u>		
General Support	\$2,285,648	\$2,493,603
Instruction	15,080,258	14,966,142
Public Safety and Transportation	1,023,887	1,008,160
Employee Benefits	5,032,171	4,878,240
Debt Service	<u>1,423,417</u>	<u>2,376,936</u>
Total Appropriations	<u><u>\$24,845,381</u></u>	<u><u>\$25,723,081</u></u>

Source: Adopted Budget of the District

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Financial Statements as of and
for the year ended June 30, 2020
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

SILVER CREEK CENTRAL SCHOOL DISTRICT

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SILVER CREEK CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR’S REPORT

October 13, 2020

To the Board of Education of the
Silver Creek Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Silver Creek Central School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters***Required Supplementary Information***

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as required by the New York State Education Department (NYSED), and the Combining Balance Sheet - nonmajor governmental funds and Combining Statement of Revenue, Expenditures, and Changes in Fund Balance - nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combining Balance Sheet - nonmajor governmental funds, Combining Statement of Revenue, Expenditures and Changes in Fund Balance - nonmajor governmental funds, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combined Balance Sheet - nonmajor governmental funds, the Combined Statement of Revenue, Expenditures and Changes in Fund Balance - nonmajor governmental funds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial

The other information, as required by NYSED, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2020

The following is a discussion and analysis of the Silver Creek Central School District's (the District) financial performance for the fiscal year ended June 30, 2020. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- At June 30, 2020 and 2019, total assets (what the District owns) exceeded its total liabilities (what the District owes) by \$30,887,007 and \$30,129,987 (net position), respectively, an increase of \$757,020 from 2019 to 2020 operations.
- General revenue, which includes State and Federal aid, and property taxes, accounted for \$23,056,764 (or 84%), of all revenue. Program specific revenue in the form of Charges for Services and Operating and Capital Grants and Contributions accounted for \$4,494,773 (or 16%) of total revenue.
- Total expenses for the district-wide financial statements totaled \$26,794,517 and \$25,234,209 in 2020 and 2019, respectively.
- As of the close of the fiscal year, the District's governmental funds reported combined fund balances of \$2,048,548 and \$10,319,366 in 2020 and 2019, respectively, a decrease of \$8,270,818 from 2019 to 2020.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

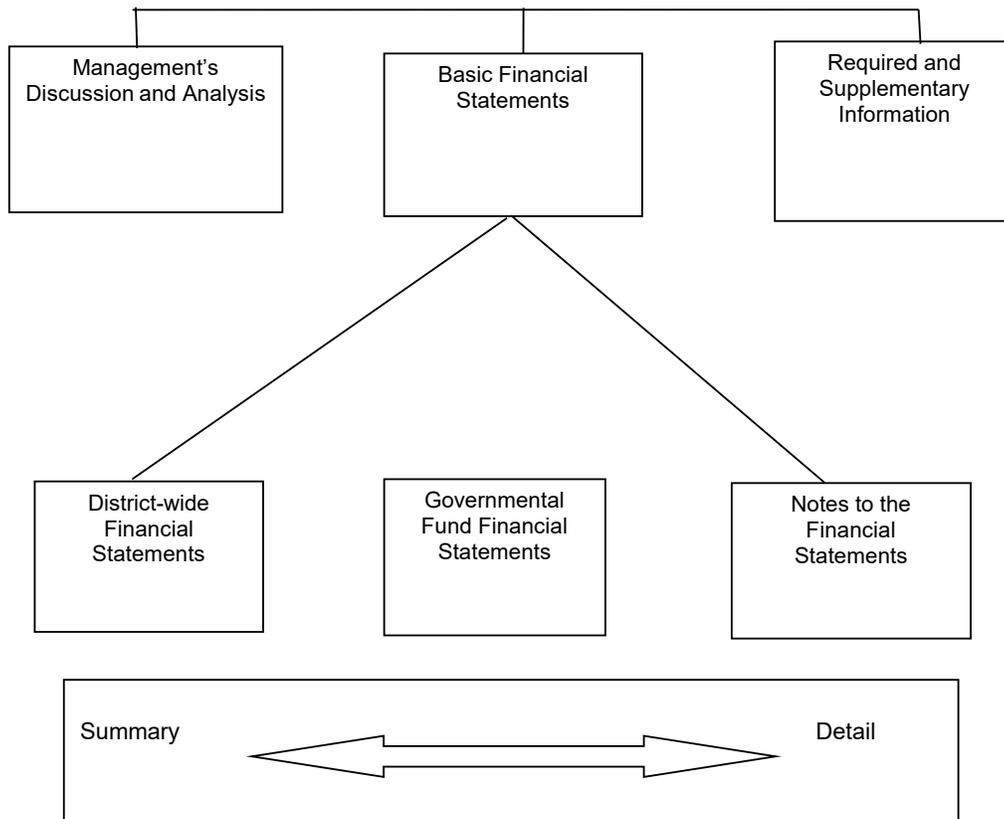
SILVER CREEK CENTRAL SCHOOL DISTRICT

**Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1

Organization of the District's Annual Financial Report



SILVER CREEK CENTRAL SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-2 - Major Features of the District-Wide and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as instruction and special education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows-outflows of resources/liability information	All assets/deferred outflows of resources and liabilities/deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets/deferred outflows and liabilities/deferred inflows, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

SILVER CREEK CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2020

District-Wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional nonfinancial factors, such as changes in the property tax base and the condition of buildings and other facilities, should be considered.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term obligations as liabilities.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - o Net investment in capital assets.
 - o Restricted net position include resources with constraints placed on use by external sources or imposed by law.
 - o Unrestricted net position is net position that does not meet any of the above restrictions.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2020

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out of the District and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information in a reconciliation to the governmental fund statements explain the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General fund, Special Aid fund, School Lunch fund, Debt Service fund and the Capital Projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2020

Financial Analysis of the District as a Whole

Our analysis below focuses on the net position (Table A-3) and the change in net position (Table A-4) of the District-wide governmental activities.

Table A-3 Condensed Statements of Net Position - Governmental Activities

	Fiscal Year 2020	Fiscal Year 2019	Percent Change
Current assets	\$ 19,613,774	\$ 13,443,424	45.9%
Non-current assets	<u>41,554,905</u>	<u>30,678,720</u>	35.5%
Total assets	<u>61,168,679</u>	<u>44,122,144</u>	38.6%
Deferred outflows of resources	<u>7,756,069</u>	<u>7,080,588</u>	9.5%
Current liabilities	16,984,923	1,849,395	818.4%
Long-term liabilities	<u>17,952,790</u>	<u>17,394,930</u>	3.2%
Total liabilities	<u>34,937,713</u>	<u>19,244,325</u>	81.5%
Deferred inflows of resources	<u>3,100,028</u>	<u>1,828,420</u>	69.5%
Net position:			
Net investment in capital assets	16,995,907	19,962,723	-14.9%
Restricted	12,169,133	7,860,963	54.8%
Unrestricted	<u>1,721,967</u>	<u>2,306,301</u>	-25.3%
Total net position	<u>\$ 30,887,007</u>	<u>\$ 30,129,987</u>	2.5%

In Table A-3, deferred outflows of resources at June 30, 2020 were approximately \$675,000 higher than at June 30, 2019 as a result of changes in the actuarial valuations for the District's ERS and TRS pension costs and Other Postemployment Benefits (OPEB) costs. Total assets increased approximately \$17 million, mainly related to an increase in capital assets of \$11 million, due to construction in progress related to the ongoing capital project.

Current liabilities increased approximately \$15,000,000 due to fluctuations in timing of payables and a bond anticipation note issued during the current year.

Long-term liabilities increased approximately \$558,000 from the prior year. There was a \$1.2 million decrease in bonds payable, as principal payments were made during the year and no new long term debt was issued. This decrease was offset by an increase in the District's net pension liability for ERS of \$1.5 million and an increase in the total other postemployment benefits liability of approximately \$246 thousand.

Deferred inflows of resources increased approximately \$1,272,000 due to the valuation change of the District's proportionate share of ERS and TRS pension costs, as well as the valuation change for the District's OPEB costs.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

Table A-4 Changes in Net Position from Operating Results - Governmental Activities

	Fiscal Year 2020	Fiscal Year 2019	Percent Change
Revenue:			
Charges for services	\$ 1,171,970	\$ 2,082,305	-43.7%
Operating grants	1,536,797	1,804,520	-14.8%
Capital grants and contributions	1,786,006	343,009	420.7%
General revenue:			
Real property taxes and other tax items	5,300,358	5,117,273	3.6%
Nonproperty taxes	1,031,881	1,092,983	-5.6%
Use of money and property	96,162	73,160	31.4%
Sale of property	118,649	21,703	446.7%
Miscellaneous	203,600	360,539	-43.5%
Federal sources	478,744	889,140	-46.2%
State sources	15,739,183	15,356,728	2.5%
Other	88,187	124,326	-29.1%
Total revenue	<u>27,551,537</u>	<u>27,265,686</u>	1.0%
Expenses:			
General governmental support	3,862,125	3,447,483	12.0%
Instruction	20,511,399	19,040,459	7.7%
Pupil transportation	1,513,947	1,813,695	-16.5%
Community services	12,252	11,412	7.4%
Interest	327,650	353,867	-7.4%
School lunch program	567,144	567,293	0.0%
Total expenses	<u>26,794,517</u>	<u>25,234,209</u>	6.2%
 CHANGE IN NET POSITION	 <u>\$ 757,020</u>	 <u>\$ 2,031,477</u>	 -62.7%

Changes in Net Position

The District’s total fiscal year 2020 revenues totaled \$27,551,537. (See Table A-4). The majority of revenues are from property taxes and state aid, which account for 76% of the revenue. Operating grants account for another 6% of the revenue.

The total cost of all programs and services totaled \$26,794,517 for fiscal year 2020. These expenses are predominately related to general instruction, which account for 77% of District expenses. (See Table A-6). The District’s general support activities accounted for 14% of total costs.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

Table A-5 Sources of Revenue for Fiscal Year 2020

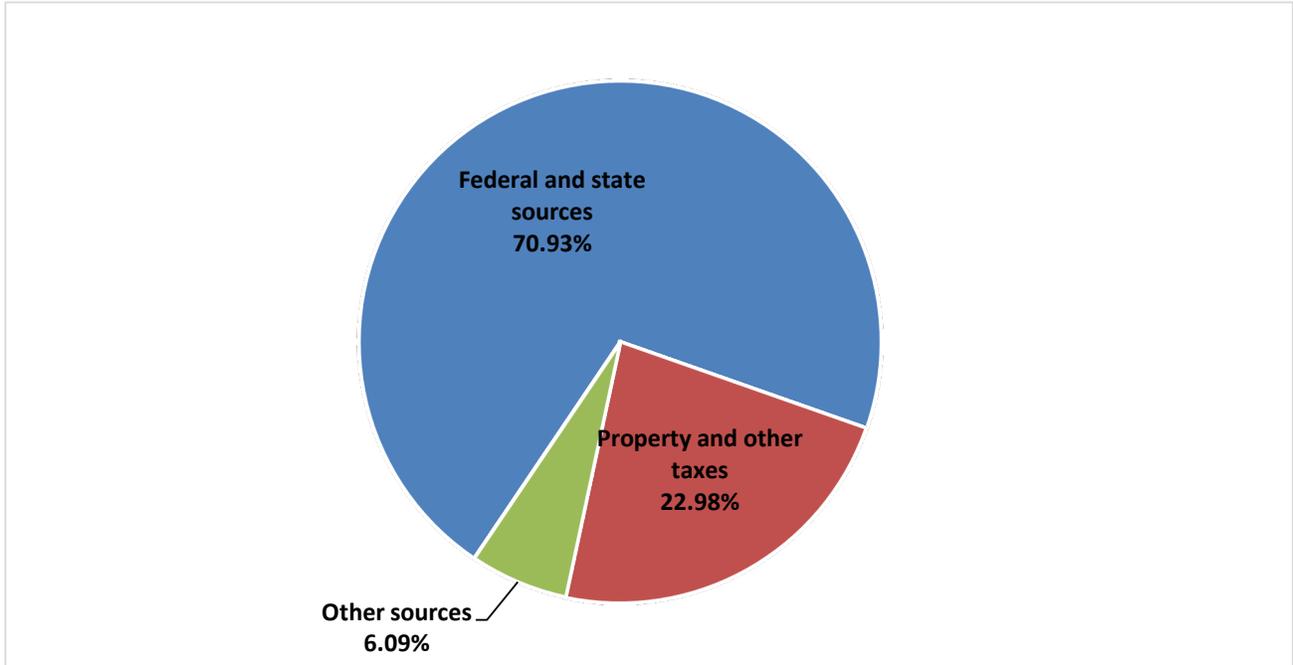
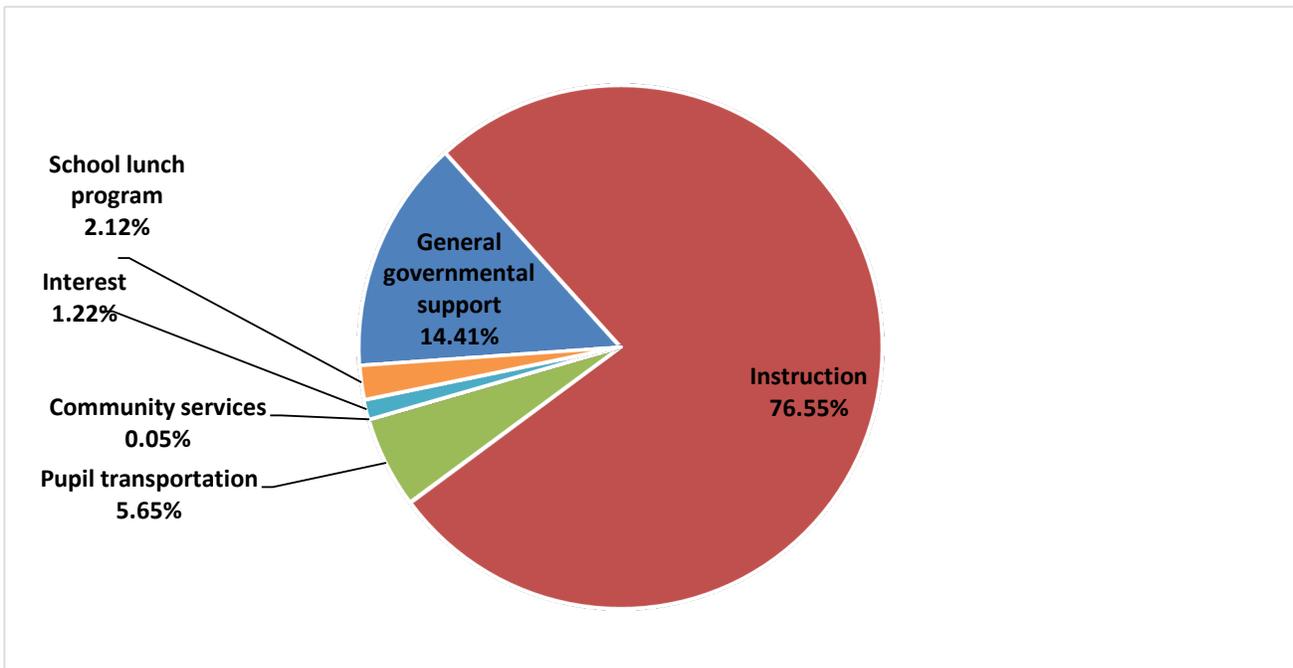


Table A-6 Expenses for Fiscal Year 2020



SILVER CREEK CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2020

Financial Analysis of the District's Funds

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt, liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At June 30, 2020, the District, in its governmental funds, reported combined fund balances of \$2.0 million, a decrease of approximately \$8.3 million from the prior year. The District's capital projects fund operated at a deficit in 2019-2020.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General fund.

Table A-7 Results vs. Budget

	Original Budget	Final Budget	Actual	Positive/ (Negative)
Revenue:				
Local sources	\$ 8,015,546	\$ 8,015,546	\$ 8,504,118	\$ 488,572
Federal sources	558,160	558,160	478,744	(79,416)
State sources	15,939,132	15,939,133	15,541,174	(397,959)
Medicaid reimbursement	100,000	100,000	88,187	(11,813)
Total	<u>24,612,838</u>	<u>24,612,839</u>	<u>24,612,223</u>	<u>(616)</u>
Expenditures:				
General support	2,291,717	2,255,709	2,128,362	127,347
Instruction	15,072,258	15,102,522	13,820,047	1,282,475
Community services	8,000	8,000	8,000	-
Employee benefits	5,032,171	5,098,108	4,266,637	831,471
Transportation	1,023,887	1,276,635	1,074,126	202,509
Debt service	1,385,200	1,385,200	1,385,200	-
Other financing (sources) uses	32,148	32,148	231,660	(199,512)
Total	<u>24,845,381</u>	<u>25,158,322</u>	<u>22,914,032</u>	<u>2,244,290</u>
Revenue over (under) expense	<u>\$ (232,543)</u>	<u>\$ (545,483)</u>	<u>\$ 1,698,191</u>	<u>\$ 2,243,674</u>

SILVER CREEK CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2020

The General fund is the only fund for which a budget is legally adopted. For the purposes of the above analysis the budget columns do not include appropriated fund balance.

The following significant variances between budget and actual occurred during fiscal 2020:

- Local sources revenue was greater than budget by approximately \$489,000 due to Native American tuition from the State coming in higher than projected and a smaller than anticipated BOCES Refund.
- State sources revenue was under budget by approximately \$398,000 due to BOCES Aid for the year being less than anticipated.
- Instruction expenditures came in less than budget by approximately \$1,282,000 due mainly to lower expenditures for BOCES services for special education students, as these students were brought back into the District for in-house services.
- Employee benefits came in less than budget by approximately \$831,000 due to the state retirement payment being made directly from the ERS Reserve Account instead. Additionally, the District had budgeted for unanticipated health insurance expenses should employees increase coverage or opt-in to District coverage. The District also budgeted for potential retirement payments that may be paid based on expected teacher retirements (per SCTA contract language). The retirements did not occur and neither did the addition of some new administrative positions the District had planned, therefore the budgeted amounts were in excess of actual employee benefits expenses.

All other revenues and all expenditures were closely in line with that budgeted for the year.

Capital Assets

As of June 30, 2020, the District had an investment of \$40 million in a broad range of capital assets including land, buildings, site improvements, vehicles and other educational equipment.

Table A-8 Capital Assets (net of depreciation)

	Fiscal Year	Fiscal Year	Percent
	2020	2019	Change
Category:			
Land	\$ 25,274	\$ 25,274	0.0%
Construction in Progress	14,348,166	2,450,331	485.6%
Buildings	23,057,061	24,187,476	-4.7%
Site improvements	1,053,250	1,174,543	-10.3%
Equipment	365,073	439,575	-16.9%
Vehicles	1,253,715	1,396,145	-10.2%
Total	<u>\$ 40,102,539</u>	<u>\$ 29,673,344</u>	35.1%

Long-Term Liabilities

At year-end, the District had approximately \$9 million in general obligation bonds outstanding and approximately \$9 million in other long term liabilities. More detailed information about the District's total long-term liabilities is presented in the notes to the financial statements.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2020

Table A-9 Outstanding Long-Term Liabilities

	Fiscal Year 2020	Fiscal Year 2019	Percent Change
Category:			
General obligation bonds and bond premium	\$ 8,551,632	\$ 9,710,621	-11.9%
Compensated absences	352,099	411,112	-14.4%
Net pension liability	2,089,008	559,019	273.7%
Total other postemployment benefit obligation	<u>6,960,051</u>	<u>6,714,178</u>	3.7%
	<u>\$ 17,952,790</u>	<u>\$ 17,394,930</u>	3.2%

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District continues to monitor the health of the State's economy closely. Seeing that the majority of the District's funding comes from state sources, continued reductions in State Aid and Federal Grants will significantly hurt the District financially. The threat of state and federal resources impeded on proper program and instructional spending in 2019-2020 and continues to do so as long as the uncertainty of these resources continues. The increased expenditures required as a result of COVID-19, along with the significant decreases in state and federal resources at stake will cause significant negative impact to the socio-economic and social-emotional needs of our community.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact: Silver Creek Central School District, 1 Dickinson St., Silver Creek, New York 14136.

SILVER CREEK CENTRAL SCHOOL DISTRICT**Statement of Net Position
June 30, 2020****ASSETS**

CURRENT ASSETS:

Cash and cash equivalents	\$ 4,428,591
Cash and cash equivalents - restricted	12,336,563
Accounts receivable	14,677
Due from other governments	957,456
Due from Federal and State governments	1,861,931
Inventory	14,556
Total current assets	<u>19,613,774</u>

NON-CURRENT ASSETS:

Net pension asset	1,452,366
Capital assets, net	<u>40,102,539</u>
Total non-current assets	<u>41,554,905</u>
Total assets	<u>61,168,679</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related-TRS	4,525,858
Pension related-ERS	1,344,251
Total other postemployment benefits	<u>1,885,960</u>
Total deferred outflows of resources	<u>7,756,069</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	1,386,034
Accrued interest	24,967
Unearned revenue	76,055
Due to fiduciary funds	2,264
Due to other governments	1,842
Due to Teachers' Retirement System	854,433
Due to Employees' Retirement System	84,328
Bond anticipation note payable	<u>14,555,000</u>
Total current liabilities	<u>16,984,923</u>

LONG-TERM LIABILITIES:

Due and payable within one year -	
Bonds payable	<u>1,000,000</u>
Total long-term liabilities due and payable within one year	<u>1,000,000</u>
Due and payable after one year -	
Net pension liability	2,089,008
Total other postemployment benefit liability	6,960,051
Compensated absences	352,099
Bonds payable	<u>7,551,632</u>
Total long-term liabilities due and payable after one year	<u>16,952,790</u>
Total long-term liabilities	<u>17,952,790</u>
Total liabilities	<u>34,937,713</u>

DEFERRED INFLOWS OF RESOURCES

Pension related-TRS	2,131,739
Pension related-ERS	42,394
Total other postemployment benefits	<u>925,895</u>
Total deferred inflows of resources	<u>3,100,028</u>

NET POSITION

Net investment in capital assets	16,995,907
Restricted	12,169,133
Unrestricted	<u>1,721,967</u>
Total net position	<u>\$ 30,887,007</u>

The accompanying notes are an integral part of these statements.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Statement of Activities
For the year ended June 30, 2020**

	Program Revenue				Net (Expense)
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS:					
General governmental support	\$ 3,862,125	\$ -	\$ -	\$ 1,786,006	\$ (2,076,119)
Instruction	20,511,399	1,081,963	1,032,608	-	(18,396,828)
Pupil transportation	1,513,947	-	-	-	(1,513,947)
Community services	12,252	-	-	-	(12,252)
Interest	327,650	-	-	-	(327,650)
School lunch program	567,144	90,007	504,189	-	27,052
Total functions/programs	\$ 26,794,517	\$ 1,171,970	\$ 1,536,797	\$ 1,786,006	(22,299,744)
GENERAL REVENUE:					
Real property taxes					5,300,358
Nonproperty taxes					1,031,881
Use of money and property					96,162
Sale of property and compensation for loss					118,649
Miscellaneous					203,600
Federal sources					478,744
State sources					15,739,183
Medicaid reimbursement					88,187
Total general revenue					23,056,764
CHANGE IN NET POSITION					757,020
NET POSITION - beginning of year					30,129,987
NET POSITION - end of year					\$ 30,887,007

The accompanying notes are an integral part of these statements.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Balance Sheet - Governmental Funds
June 30, 2020**

	General	Capital Projects	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,358,880	\$ -	\$ 69,711	\$ 4,428,591
Cash and cash equivalents - restricted	7,108,239	5,001,088	227,236	12,336,563
Accounts receivable	8,779	-	5,898	14,677
Due from other funds	786,806	-	305,020	1,091,826
Due from other governments	957,456	-	-	957,456
Due from Federal and State Governments	760,767	397,740	703,424	1,861,931
Inventory	-	-	14,556	14,556
	<u>-</u>	<u>-</u>	<u>14,556</u>	<u>14,556</u>
Total assets	<u>\$ 13,980,927</u>	<u>\$ 5,398,828</u>	<u>\$ 1,325,845</u>	<u>\$ 20,705,600</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 35,453	\$ 1,246,422	\$ 59,751	\$ 1,341,626
Accrued liabilities	43,733	-	675	44,408
Due to other funds	200,484	188,419	705,187	1,094,090
Due to other governments	1,842	-	-	1,842
Due to Teachers' Retirement System	854,433	-	-	854,433
Due to Employees' Retirement System	84,328	-	-	84,328
Unearned revenue	9,947	-	66,108	76,055
Bond anticipation note	-	14,555,000	-	14,555,000
	<u>-</u>	<u>14,555,000</u>	<u>-</u>	<u>14,555,000</u>
Total liabilities	<u>1,230,220</u>	<u>15,989,841</u>	<u>831,721</u>	<u>18,051,782</u>
DEFERRED INFLOWS OF RESOURCES:				
Revenues not available	407,261	-	198,009	605,270
	<u>407,261</u>	<u>-</u>	<u>198,009</u>	<u>605,270</u>
FUND BALANCES:				
Nonspendable -				
Inventory	-	-	14,556	14,556
Restricted for -				
Capital reserve	4,002,079	-	-	4,002,079
Workers' compensation	317,867	-	-	317,867
Retirement contribution	2,091,455	-	-	2,091,455
Unemployment insurance reserve	279,986	-	-	279,986
Insurance reserve	279,641	-	-	279,641
Employee benefit accrued liability	137,211	-	-	137,211
Capital projects	-	5,001,088	-	5,001,088
Debt service	-	-	197,017	197,017
Assigned to -				
Appropriated for future budgets	2,294,261	-	-	2,294,261
Other	51,956	-	84,542	136,498
Unassigned	2,888,990	(15,592,101)	-	(12,703,111)
	<u>2,888,990</u>	<u>(15,592,101)</u>	<u>-</u>	<u>(12,703,111)</u>
Total fund balances	<u>12,343,446</u>	<u>(10,591,013)</u>	<u>296,115</u>	<u>2,048,548</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,980,927</u>	<u>\$ 5,398,828</u>	<u>\$ 1,325,845</u>	<u>\$ 20,705,600</u>

The accompanying notes are an integral part of these statements.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position June 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - total governmental funds	\$ 2,048,548
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	40,102,539
Native American aid and certain other state aid in the Special Aid fund earned throughout the fiscal year is reported as revenue in the government-wide financial statements. Amounts not available for use are not recognized as revenue in the governmental funds until measurable and available.	605,270
Deferred outflows/inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows - ERS/TRS	5,870,109
Deferred inflows - ERS/TRS	(2,174,133)
Deferred outflow - OPEB	1,885,960
Deferred inflow - OPEB	(925,895)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds.	
Net pension asset - TRS	1,452,366
Net pension liability - ERS	(2,089,008)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(8,551,632)
Total other postemployment benefits liability	(6,960,051)
Compensated absences	(352,099)
Accrued interest	<u>(24,967)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 30,887,007</u>

The accompanying notes are an integral part of these statements.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2020

	General	Capital Projects	Nonmajor Funds	Total Governmental Funds
REVENUE:				
Real property taxes	\$ 5,300,358	\$ -	\$ -	\$ 5,300,358
Other tax items	1,031,881	-	-	1,031,881
Charges for services	1,976,882	-	-	1,976,882
Use of money and property	73,670	21,362	1,130	96,162
Sale of property and compensation for loss	17,622	156,526	-	174,148
Miscellaneous	103,705	-	99,895	203,600
State sources	15,541,174	1,786,006	235,464	17,562,644
Federal sources	478,744	-	1,301,333	1,780,077
Medicaid reimbursement	88,187	-	-	88,187
Sales	-	-	90,007	90,007
	<u>24,612,223</u>	<u>1,963,894</u>	<u>1,727,829</u>	<u>28,303,946</u>
Total revenue				
EXPENDITURES:				
General support	2,128,362	-	-	2,128,362
Instruction	13,820,047	-	1,175,564	14,995,611
Pupil transportation	1,074,126	-	12,381	1,086,507
Community services	8,000	-	-	8,000
Employee benefits	4,266,637	-	103,275	4,369,912
Cost of sales	-	-	554,615	554,615
Capital outlays	-	12,046,557	-	12,046,557
Debt service -				
Principal	1,055,000	-	-	1,055,000
Interest	330,200	-	-	330,200
	<u>22,682,372</u>	<u>12,046,557</u>	<u>1,845,835</u>	<u>36,574,764</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>1,929,851</u>	<u>(10,082,663)</u>	<u>(118,006)</u>	<u>(8,270,818)</u>
OTHER FINANCING SOURCES AND (USES):				
Transfers in	-	-	231,660	231,660
Transfers out	(231,660)	-	-	(231,660)
	<u>(231,660)</u>	<u>-</u>	<u>231,660</u>	<u>-</u>
Total other financing sources				
CHANGE IN FUND BALANCE	1,698,191	(10,082,663)	113,654	(8,270,818)
FUND BALANCES - beginning of year	<u>10,645,255</u>	<u>(508,350)</u>	<u>182,461</u>	<u>10,319,366</u>
FUND BALANCES - end of year	<u>\$ 12,343,446</u>	<u>\$ (10,591,013)</u>	<u>\$ 296,115</u>	<u>\$ 2,048,548</u>

The accompanying notes are an integral part of these statements.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds
to the Statement of Activities
For the year ended June 30, 2020**

Net changes in fund balance - total governmental funds	\$ (8,270,818)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	12,149,813
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(1,665,119)
Loss on disposal of capital assets is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities and change in net position.	(55,499)
Native American tuition aid that was not considered available at the fund level by the prior year's end is recognized as revenue at the fund level in the current year. This is partially offset by amounts relating to Native American aid and other state aid that were not received within sixty days of the current year end, and are therefore not yet considered revenue at the fund level.	(696,910)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	1,055,000
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense.	(1,347,936)
Governmental funds report other postemployment benefit contributions as expenditures. However, in the statement of activities, the cost of other postemployment benefits earned, net of employer contributions is reported as other postemployment benefits.	(331,190)
Certain expenses in the statement of activities do not require the use of current resources and are, therefore, not reported as expenditures in the governmental funds:	
Change in accrued interest	2,550
Change in compensated absences	59,013
Change in total other postemployment benefits liability	(245,873)
Amortization of bond premium	<u>103,989</u>
Change in net position - governmental activities	<u>\$ 757,020</u>

The accompanying notes are an integral part of these statements.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2020

	Private Purpose	
	<u>Trusts</u>	<u>Agency</u>
ASSETS		
Cash	\$ -	\$ 30,264
Cash - restricted	102,363	48,653
Due from other funds	<u>125</u>	<u>2,139</u>
Total assets	<u>\$ 102,488</u>	<u>\$ 81,056</u>
LIABILITIES		
Extraclassroom activity balances	\$ -	\$ 48,653
Other liabilities	<u>-</u>	<u>32,403</u>
Total liabilities	<u>-</u>	<u>\$ 81,056</u>
NET POSITION		
Restricted for scholarships	<u>102,488</u>	
Total net position	<u>102,488</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$ 102,488</u>	

The accompanying notes are an integral part of these statements.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2020**

	<u>Private Purpose Trusts</u>
ADDITIONS	
Gifts and contributions	\$ 21,558
Investment earnings	<u>97</u>
Total additions	21,655
DEDUCTIONS	
Scholarships and awards	<u>7,400</u>
CHANGE IN NET POSITION	14,255
NET POSITION - beginning of year	<u>88,233</u>
NET POSITION - end of year	<u><u>\$ 102,488</u></u>

The accompanying notes are an integral part of these statements.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

1. NATURE OF OPERATIONS

Silver Creek Central School District (the District) provides free K-12 public education to students living within its geographic borders.

Reporting Entity

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

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

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

- **Extraclassroom Activity Funds**

The extraclassroom activity funds of the District represent funds of the students of the District. The BOE exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in an agency fund.

Joint Venture

The District is a component school district in the Erie 2-Chautauqua-Cattaraugus Board of Cooperative Education Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES board as a corporation (§1950(6)). In addition, BOCES boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

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

During the year, the District was billed \$4,414,547 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,648,621.

Financial statements for the BOCES are available from the BOCES administrative office.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

Certain significant accounting principles and policies utilized by the District are described below.

Basis of Presentation

The District's financial statements consist of district-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

The District's nonmajor funds are the following:

Special Revenue Funds - These funds accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

- **Special Aid Fund:** Used to account for proceeds from State and Federal grants that are restricted for specific educational programs.
- **School Lunch Fund:** Used to account for child nutrition activities whose funds are restricted as to use.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

Fiduciary Funds

These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements because their resources do not belong to the District and are not available to be used.

There are two classes of fiduciary funds:

- **Private purpose trust funds** - These funds are used to account for trust arrangements in which principal and income are used to fund annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- **Agency funds** - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District solely as an agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Cash

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

Restricted Cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets include amounts required by statute to be reserved for various purposes.

Accounts Receivable

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

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

Due From Other Governments

Due from other governments recorded as an asset at June 30, 2020 relates to receivables due from the BOCES. Management does not believe an allowance for doubtful accounts is necessary.

Due From Federal and State Governments

Due from Federal and State Governments represents receivables from New York State and/or the Federal government. Management does not believe an allowance for doubtful accounts is necessary.

Property Taxes

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 3. Taxes are collected during the period September 3 to October 31. Taxes not collected by October 31 are turned over to the County who assumes all responsibility for collection.

Uncollected real property taxes are subsequently enforced by the County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

Inventory

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Interfund Transactions

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

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

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

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

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 10,000	SL	40 years
Land improvements	\$ 10,000	SL	20 years
Furniture and equipment	\$ 1,000	SL	10 years
Transportation vehicles	\$ 15,000	SL	10 years

Vested Employee Benefits

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated leave.

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

The liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund statements only the amount of matured liabilities is accrued within the General fund based upon expendable and available financial resources. These amounts are recognized as expenditures on a pay-as-you-go basis.

Other Benefits

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

District employees may choose to participate in the District's deferred compensation plan, established under Internal Revenue Code Section 403(b).

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

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

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

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

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

Short Term Debt

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

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date (seven years if issued between 2015-2021).

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

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

Restricted Resources

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

District-wide Statements - Equity Classifications

In the District-wide statements there are three classes of net position:

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

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

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

Governmental Fund Financial Statements - Equity classifications

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

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the school lunch fund.

Restricted fund balance - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Capital reserve

According to Education Law §3651, this reserve must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The reserve is accounted for in the General Fund under restricted fund balance.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

Reserve for Debt Service

According to General Municipal Law §6-l, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here. The reserve is accounted for in the Debt Service Fund.

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund under restricted fund balance.

Insurance Reserve

According to General Municipal Law §6-n, this reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriation, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the General Fund under restricted fund balance.

Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. The reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund under restricted fund balance.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund under restricted fund balance.

Unemployment Insurance Reserve

This reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the District has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to the tax (contribution) basis, excess resources in the fund may be transferred to any other reserve fund. The reserve is accounted for in the General fund under restricted fund balance.

Restricted fund balance includes the following:

General Fund:	
Unemployment insurance reserve	\$ 279,986
Retirement contribution	2,091,455
Insurance	279,641
Employee benefit accrued liability	137,211
Capital	4,002,079
Workers' compensation	317,867
Debt Service Fund	197,017
Capital Projects Fund	5,001,088
	<u>\$ 12,306,344</u>

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as assigned fund balance in the General fund. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

Unassigned fund balance - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

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

Use of Estimates

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

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

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

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

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

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

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

- Long Term Revenue and Expense
Long-term revenue differences arise because governmental funds report revenue only when it is considered "available," whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.
- Capital Related Differences
Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
- Long Term Debt Transaction Differences
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.
- Pension Differences
Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.
- OPEB Differences
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

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

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2020.

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

The District made interfund transfers during the year, which exceeded amounts provided in the District's budget.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Encumbrances

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

Fund Balance

The District's unrestricted fund balance in its General fund was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District plans to address this issue through its current five-year budget plan, which includes appropriating a specific amount from unrestricted fund balance each year to balance revenues to projected expenditures.

The capital projects fund had a deficit fund balance of \$10,591,013. This will be funded when the District obtains permanent financing for its current capital project.

Portions of the fund balances are restricted and are not available for current expenditures or expenses, as reported in the governmental funds balance sheet.

5. CASH

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances of \$17,207,446 not covered by depository insurance at year-end, were fully collateralized.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes \$12,336,563 within the governmental funds and \$151,016 in the fiduciary funds.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

6. CAPITAL ASSETS

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

	Balance <u>7/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2020</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 25,274	\$ -	\$ -	\$ 25,274
Construction in progress	<u>2,450,331</u>	<u>11,897,835</u>	<u>-</u>	<u>14,348,166</u>
Total nondepreciable cost	<u>2,475,605</u>	<u>11,897,835</u>	<u>-</u>	<u>14,373,440</u>
Capital assets that are depreciated:				
Buildings	42,483,258	-	-	42,483,258
Site improvements	2,710,921	-	-	2,710,921
Equipment	2,086,711	-	-	2,086,711
Vehicles	<u>2,488,586</u>	<u>251,978</u>	<u>(280,518)</u>	<u>2,460,046</u>
Total depreciable historical cost	<u>49,769,476</u>	<u>251,978</u>	<u>(280,518)</u>	<u>49,740,936</u>
Less: Accumulated depreciation -				
Buildings	(18,295,782)	(1,130,415)	-	(19,426,197)
Site improvements	(1,536,378)	(121,293)	-	(1,657,671)
Equipment	(1,647,136)	(74,502)	-	(1,721,638)
Vehicles	<u>(1,092,441)</u>	<u>(338,909)</u>	<u>225,019</u>	<u>(1,206,331)</u>
Total accumulated depreciation	<u>(22,571,737)</u>	<u>(1,665,119)</u>	<u>225,019</u>	<u>(24,011,837)</u>
Total depreciable cost, net	<u>27,197,739</u>	<u>(1,413,141)</u>	<u>(55,499)</u>	<u>25,729,099</u>
Total capital assets, net	<u>\$ 29,673,344</u>	<u>\$ 10,484,694</u>	<u>\$ (55,499)</u>	<u>\$ 40,102,539</u>

Depreciation expense for the year ended June 30, 2020, was allocated to specific functions as follows:

General support	\$ 1,167,065
Instruction	159,145
Pupil transportation	<u>338,909</u>
Total depreciation	<u>\$ 1,665,119</u>

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

7. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General	\$ 786,806	\$ 200,484	\$ -	\$ 231,660
Special Aid	198,009	556,181	231,660	-
School Lunch	-	59,312	-	-
Capital Projects	-	188,419	-	-
Debt Service	107,011	89,694	-	-
Agency	<u>2,264</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,094,090</u>	<u>\$ 1,094,090</u>	<u>\$ 231,660</u>	<u>\$ 231,660</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

8. SHORT-TERM OBLIGATIONS

On July 26, 2019, the District issued a bond anticipation note (BAN) to fund a capital improvements project consisting of the reconstruction and renovation of, and the construction of improvements, additions and upgrades to, various District buildings and facilities and the sites thereof.

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	7/24/20	2.00%	<u>\$ -</u>	<u>\$ 14,555,000</u>	<u>\$ -</u>	<u>\$ 14,555,000</u>

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

9. LONG-TERM OBLIGATIONS

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

	Balance <u>06/30/2019</u>	<u>Additions</u>	<u>Deletions {a}</u>	Balance <u>06/30/2020</u>	Due Within <u>One Year</u>
Bonds:					
Serial bonds	\$ 9,080,000	\$ -	\$ (1,055,000)	\$ 8,025,000	\$ 1,000,000
Unamortized bond premium	<u>630,621</u>	<u>-</u>	<u>(103,989)</u>	<u>526,632</u>	<u>-</u>
Total bonds	<u>\$ 9,710,621</u>	<u>\$ -</u>	<u>\$ (1,158,989)</u>	<u>\$ 8,551,632</u>	<u>\$ 1,000,000</u>
Other liabilities:					
Compensated absences	<u>\$ 411,112</u>	<u>\$ -</u>	<u>\$ (59,013)</u>	<u>\$ 352,099</u>	<u>\$ -</u>

{a} Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately

Interest on all debt for the year was composed of:

Interest paid	\$ 330,200
Less: Interest accrued in the prior year	(27,517)
Plus: Interest accrued in the current year	<u>24,967</u>
Total interest expense	<u>\$ 327,650</u>

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>6/30/20 Balance</u>
Serial bond	2012	2025	2.00%	\$ 2,765,000
Serial bond	2017	2031	3.00%	<u>5,260,000</u>
Total bond issues				<u>\$ 8,025,000</u>

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

The following is a summary of the maturity of long-term indebtedness as of June 30, 2020:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	1,000,000	299,600	1,299,600
2022	1,035,000	265,825	1,300,825
2023	1,065,000	229,200	1,294,200
2024	1,105,000	188,250	1,293,250
2025	815,000	145,700	960,700
2026-2030	2,810,000	320,300	3,130,300
2031-2035	195,000	5,850	200,850
Totals	<u>\$ 8,025,000</u>	<u>\$ 1,454,725</u>	<u>\$ 9,479,725</u>

10. PENSION PLANS

New York State Employees' Retirement System

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

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Contributions

The system is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier 6 vary based on a sliding salary scale. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS
2020	\$ 320,210
2019	\$ 317,782
2018	\$ 299,015

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

At June 30, 2020, the District reported a net pension liability of \$2,089,008 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2020, the District's proportionate share was .0078888% percent, which was a decrease of .000001% from its proportionate share measured at March 31, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$712,225. At June 30, 2020, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,947	\$ -
Changes of assumptions	42,063	36,320
Net difference between projected and actual earnings on pension plan investments	1,070,927	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	23,986	6,074
Contributions subsequent to the measurement date	84,328	-
Total	<u>\$ 1,344,251</u>	<u>\$ 42,394</u>

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

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

Plan's Year Ended March 31:

2021	202,936
2022	307,362
2023	393,594
2024	313,637
Thereafter	-
	<u>\$ 1,217,529</u>

The District recognized \$84,328 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2020 which will be recognized on a reduction of the net pension liability in the year ended June 30, 2021.

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020.

The actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary scale	4.2% indexed by service
Cost-of-living adjustments	1.3%
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2018
Investment Rate of Return	6.8% compounded annually, net of investment expenses

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

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36.00	4.05
International Equity	14.00	6.15
Private Equity	10.00	6.75
Real Estate	10.00	4.95
Absolute Return Strategies	2.00	3.25
Opportunistic Portfolio	3.00	4.65
Real Asset	3.00	5.95
Bonds and Mortgages	17.00	0.75
Cash	1.00	-
Inflation-Indexed Bonds	4.00	0.50
	<u>100.00</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease <u>5.80%</u>	Current Discount <u>6.80%</u>	1% Increase <u>7.80%</u>
Proportionate Share of Net Pension liability (asset)	<u>\$ 3,833,919</u>	<u>\$ 2,089,008</u>	<u>\$ 481,937</u>

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability (in 000's) of the employers as of March 31, 2020, were as follows:

Total pension liability	\$194,596,261
Net position	<u>168,115,682</u>
Net pension liability (asset)	<u>\$ 26,480,579</u>
ERS net position as a percentage of total pension liability	86.39%

New York State Teachers' Retirement System

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

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

The District is required to contribute at an actuarially determined rate. The District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>TRS</u>
2020	\$ 990,966
2019	\$ 887,532
2018	\$ 1,035,960

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

At June 30, 2020, the District reported a net pension asset of \$1,452,366 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2018. The District's proportion of the net pension asset was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

As of the June 30, 2019 measurement date, the District's proportionate share was 0.055903%, which was a decrease of 0.000304% from its proportionate share measured at June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,748,095. At June 30, 2020 the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 984,231	\$ 108,001
Changes of assumptions	2,743,712	668,995
Net difference between projected and actual earnings on pension plan investments	-	1,164,722
Changes in proportion and differences between the District's contributions and proportionate share of contributions	10,178	190,021
Contributions subsequent to the measurement date	<u>787,737</u>	<u>-</u>
Total	<u>\$ 4,525,858</u>	<u>\$ 2,131,739</u>

The District recognized \$787,737 as a deferred outflow of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2019 which will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:

2020	609,064
2021	(6,313)
2022	606,684
2023	402,892
2024	45,041
Thereafter	(50,986)
	<u>\$ 1,606,382</u>

Actuarial Assumptions

The total pension liability at the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.20%
Projected Salary Increases	Rates of increase differ based on service They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.3% compounded annually
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense, including inflation.

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period of July 1, 2009 to June 30, 2014.

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

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

The Long Term Expected Real Rates of Return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2019 are summarized in the following table:

Asset Type	Target Allocations in %	Long-term expected real rate of return in %
Domestic Equity	33.00	6.30
International Equity	16.00	7.80
Global Equity	4.00	7.20
Real Estate Equity	11.00	4.60
Private Equity	8.00	9.90
Domestic Fixed Income	16.00	1.30
Global Bonds	2.00	0.90
High-yield Bonds	1.00	3.60
Private Debt	1.00	6.50
Real Estate Debt	7.00	2.90
Cash Equivalents	1.00	0.30
	100.00	

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability (asset) of the District calculated using the discount rate of 7.10 percent, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount	1% Increase
	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
Proportionate Share of Net Pension Liability (asset)	<u>\$ 6,555,829</u>	<u>\$ (1,452,366)</u>	<u>\$ (8,170,338)</u>

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of June 30, 2019, were as follows:

Total pension liability	\$	119,879,473,882
Net position		<u>122,477,480,654</u>
Net pension liability (asset)	\$	<u>(2,598,006,772)</u>
NYSTRS net position as a percentage of total pension liability		102.17%

Payables to the Pension Plans

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System.

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

	<u>June 30, 2020</u>
ERS Liability	<u>\$ 84,328</u>
TRS Liability	<u>\$ 854,433</u>

11. TOTAL OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District's defined benefit Other Postemployment Benefits Plan (the OPEB Plan), provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits.

The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

Benefits Provided

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently	67
Active employees	<u>169</u>
Total participants	<u>236</u>

Total OPEB Liability

The District's total OPEB liability of \$6,960,051 was measured as of March 31, 2020, and was determined by an actuarial valuation as of March 1, 2019.

Actuarial Assumptions and Other Inputs

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

Inflation	2.22%
Salary scale	3.22% effective June 30, 2020
Discount Rate	2.48% effective June 30, 2020
Healthcare Cost Trend Rate	5.2% for 2020, decreasing to an ultimate rate of 4.18% after 2070
Share of Benefit-Related Costs	The District will pay a percentage of the premium based on employee's years of service and hire date until the retiree becomes Medicare eligible, at which time, the retiree may remain in the plan by paying 100% of the premium.
Cost Method	Entry Age Normal Level % of Salary method

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, without separate Contingent Survivor mortality, fully generational using scale MP-2019.

The actuarial assumptions used in the March 1, 2019 valuation were consistent with requirements of GASB 75 and Actuarial Standards of Practice (ASOPs). Retirement and termination assumptions reflect general published tables based on large scale retirement plan population data. The plan's estimated termination and retirement experience is then analyzed and the base table is adjusted accordingly, as necessary. No formal experience study is prepared for this plan.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Changes in the Total OPEB Liability

Balance at June 30, 2019	<u>\$ 6,714,178</u>
Changes for the Year-	
Service cost	393,563
Interest	236,520
Changes of benefit terms	-
Changes in assumptions or other inputs	819,770
Differences between expected and actual experience	(971,828)
Benefit payments	<u>(232,152)</u>
Net changes	<u>245,873</u>
Balance at June 30, 2020	<u><u>\$ 6,960,051</u></u>

Changes of assumptions and other inputs reflect the following:

- 1 The Single Discount Rate changed from 3.44 % to 2.48% effective June 30, 2020.
- 2 The Salary scale changed from 3.36% to 3.22% effective June 30, 2020.
- 3 Mortality improvement scale updated to MP-2019.
- 4 Updated healthcare cost trend rates to rates effective June 30, 2020.

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

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

	1% Decrease	Current Discount	1% Increase
	<u>1.48%</u>	<u>2.48%</u>	<u>3.48%</u>
Total OPEB Liability	<u>\$ 7,637,436</u>	<u>\$ 6,960,051</u>	<u>\$ 6,330,460</u>

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<u>Healthcare</u>		
	Current Trend		
	1% Decrease	Rate	1% Increase
	<u>4.20% - 3.18%</u>	<u>5.20% - 4.18%</u>	<u>6.20% - 5.18%</u>
Total OPEB Liability	<u>\$ 5,994,050</u>	<u>\$ 6,960,051</u>	<u>\$ 8,134,468</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$831,586. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,110,808	\$ 825,950
Changes of assumptions or other inputs	717,273	99,945
Benefit payments subsequent to measurement date	<u>57,879</u>	<u>-</u>
Total	<u>\$ 1,885,960</u>	<u>\$ 925,895</u>

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

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2021	\$ 201,503
2022	201,503
2023	201,111
2024	181,194
2025	24,415
Thereafter	<u>92,460</u>
	<u>\$ 902,186</u>

The District recognized \$57,879 as a deferred outflow of resources resulting from the benefit payments made subsequent to the measurement date of March 31, 2020 which will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

12. RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Risk Sharing Pools

For its employee health and accident coverage, the District is a participant in the Chautauqua County School Districts Medical Health Plan (the Plan), a public entity risk pool. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and develop a comprehensive loss control program. The District pays monthly pro-rata share of expenditures to the Plan for this health coverage. All funds are received and pooled and administered as a common fund. Refunds are not made nor additional assessments charged, other than annual premium equivalent. The Plan has an excess coverage liability policy in effect with a maximum amount and loss limit per individual.

The District has transferred all risk to the plan. Plan members could be subjected, however, to supplemental assessments in the event the Plan's assets are not adequate to meet claims. To date, these supplemental assessments have not been required. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan currently pays actual claims as they are reported. Because the estimation of incurred but not reported claims and future payments of losses is very complex, the exposure, which the District may have for such losses, if any, cannot be reasonably determined.

The District also participates in Erie #2 Area Schools Self-Funded Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Erie #2 Area Schools Self-Funded Workers' Compensation Plan is considered a self-sustaining risk pool that will provide coverage for its members up to \$250,000 per insured event and the District has transferred all related risk to the Workers' Compensation Plan. The Workers' Compensation Plan has a liability for unbilled and open claims, for which the District has not made a provision for this its share of the liability. Administrators of the Workers' Compensation Plan have indicated that the Workers' Compensation Plan's reserves are believed to be in excess of estimated unbilled and open claims.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

13. CONTINGENCIES AND COMMITMENTS

Litigation

There is no litigation pending against the District as of the balance sheet date.

Grants

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

14. SUBSEQUENT EVENTS

On July 23, 2020, the District issued \$14,825,000 in bond anticipation notes at 1.25% maturing June 30, 2021. The purpose of the notes is for the reconstruction, renovation, and construction of improvements, additions, and upgrades to various District buildings and facilities.

As of the date of this report, the United States is in the midst of a national health emergency related to a virus, commonly known as novel coronavirus (COVID-19). In August 2020, the New York State Department of Education notified all school districts that effective immediately various state aid payments will be reduced by a 20% withholding. As a result, the School District has recorded a deferred inflow to reflect certain payments that have been delayed. At this time, it is uncertain as to when these payments will be received. As a result, at June 30, 2020, the School District has recorded a deferred inflow of resources in the amount of \$198,009 in the Special Aid Fund.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
REVENUE					
Real property taxes	\$ 6,309,565	\$ 5,309,401	\$ 5,300,358	\$ -	\$ (9,043)
Other tax items	18,725	1,018,889	1,031,881	-	12,992
Charges for services	1,525,556	1,525,556	1,976,882	-	451,326
Use of money and property	47,500	47,500	73,670	-	26,170
Sale of property and compensation for loss	2,200	2,200	17,622	-	15,422
Miscellaneous	112,000	112,000	103,705	-	(8,295)
State sources	15,939,132	15,939,133	15,541,174	-	(397,959)
Federal sources	558,160	558,160	478,744	-	(79,416)
Medicaid reimbursement	100,000	100,000	88,187	-	(11,813)
Total revenue	<u>24,612,838</u>	<u>24,612,839</u>	<u>24,612,223</u>	<u>-</u>	<u>(616)</u>
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	30,382	32,106	30,298	-	1,808
Central administration	209,979	213,143	205,923	-	7,220
Finance	542,199	537,070	506,913	-	30,157
Staff	99,316	101,823	76,363	-	25,460
Central services	1,147,872	1,120,847	1,059,014	-	61,833
Special items	261,969	250,720	249,851	-	869
Total general support	<u>2,291,717</u>	<u>2,255,709</u>	<u>2,128,362</u>	<u>-</u>	<u>127,347</u>
INSTRUCTION:					
Instruction, administration, and improvement	787,556	861,243	781,893	6,462	72,888
Teaching - regular school	6,807,498	6,987,800	6,307,356	84	680,360
Programs for children with handicapping conditions	4,180,748	3,999,118	3,796,444	171	202,503
Occupational education	630,400	630,400	630,400	-	-
Teaching - special school	134,022	140,548	116,979	-	23,569
Instructional media	1,324,813	1,331,975	1,212,782	17,189	102,004
Pupil services	1,207,221	1,151,438	974,193	644	176,601
Total instruction	<u>15,072,258</u>	<u>15,102,522</u>	<u>13,820,047</u>	<u>24,550</u>	<u>1,257,925</u>
Pupil transportation	1,023,887	1,276,635	1,074,126	217	202,292
Community services	8,000	8,000	8,000	-	-
Employee benefits	5,032,171	5,098,108	4,266,637	27,189	804,282
Debt service	1,385,200	1,385,200	1,385,200	-	-
Total expenditures	<u>24,813,233</u>	<u>25,126,174</u>	<u>22,682,372</u>	<u>51,956</u>	<u>2,391,846</u>
Excess (deficiency) of revenue over expenditures	<u>(200,395)</u>	<u>(513,335)</u>	<u>1,929,851</u>	<u>(51,956)</u>	<u>2,391,230</u>
OTHER FINANCING SOURCES (USES):					
Transfers out	<u>(32,148)</u>	<u>(32,148)</u>	<u>(231,660)</u>	<u>-</u>	<u>(199,512)</u>
Total other financing sources	<u>(32,148)</u>	<u>(32,148)</u>	<u>(231,660)</u>	<u>-</u>	<u>(199,512)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (232,543)</u>	<u>\$ (545,483)</u>	<u>1,698,191</u>	<u>\$ (51,956)</u>	<u>\$ 2,191,718</u>
FUND BALANCE - beginning of year			<u>10,645,255</u>		
FUND BALANCE - end of year			<u>\$ 12,343,446</u>		

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)
For the Year Ended June 30, 2020**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%				
Proportionate share of the net pension liability (asset)	\$ 2,089	\$ 559	\$ 246	\$ 718	\$ 1,301	\$ 257				
Covered-employee payroll	\$ 2,284	\$ 2,285	\$ 2,070	\$ 2,024	\$ 1,903	\$ 1,848				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	91.46%	24.46%	11.88%	35.47%	68.37%	13.91%				
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability	0.06%	0.06%	0.05%	0.05%	0.05%	0.05%				
Proportionate share of the net pension liability (asset)	\$ (1,452)	\$ (1,005)	\$ (424)	\$ 579	\$ (5,398)	\$ (5,537)				
Covered-employee payroll	10,063	\$ 9,056	\$ 8,839	\$ 8,336	\$ 7,808	\$ 7,342				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-14.43%	-11.10%	-4.80%	6.95%	-69.13%	-75.42%				
Plan fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Schedule of Contributions - Pension Plans (Unaudited)
For the Year Ended June 30, 2020**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 320	\$ 318	\$ 299	\$ 296	\$ 345	\$ 340				
Contributions in relation to the contractually required contribution	<u>320</u>	<u>318</u>	<u>299</u>	<u>296</u>	<u>345</u>	<u>340</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Covered-employee payroll	\$ 2,284	\$ 2,285	\$ 2,070	\$ 2,024	\$ 1,903	\$ 1,848				
Contributions as a percentage of covered-employee payroll	14.01%	13.92%	14.44%	14.62%	18.13%	18.40%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 991	\$ 888	\$ 1,036	\$ 1,105	\$ 1,369	\$ 1,193				
Contributions in relation to the contractually required contribution	<u>991</u>	<u>888</u>	<u>1,036</u>	<u>1,105</u>	<u>1,369</u>	<u>1,193</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Covered-employee payroll	10,063	\$ 9,056	\$ 8,839	\$ 8,336	\$ 7,808	\$ 7,342				
Contributions as a percentage of covered-employee payroll	9.85%	9.81%	11.72%	13.26%	17.53%	16.25%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
For the Year Ended June 30, 2020**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 394	\$ 268	\$ 268	\$ 237						
Interest	236	193	191	145						
Changes of benefit terms	-	-	-	-						
Differences between expected and actual experience	(972)	20	(84)	541						
Changes in assumptions	820	1,140	88	(151)						
Benefit payments	(232)	(142)	(115)	(101)						
Total change in total OPEB liability	246	1,479	348	671						
Total OPEB liability - beginning	6,714	5,235	4,887	4,216						
Total OPEB liability - ending	\$ 6,960	\$ 6,714	\$ 5,235	\$ 4,887						
Covered-employee payroll	8,802	\$ 8,527	\$ 10,242	\$ 9,914						
Total OPEB liability as a percentage of covered-employee payroll	79.1%	78.7%	51.1%	49.3%						

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	<u>2.48%</u>	<u>3.44%</u>	<u>3.61%</u>	<u>3.80%</u>	<u>3.35%</u>
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Changes of assumptions and other inputs reflect the following:

- The single discount rate changed from 3.44 % to 2.48% effective June 30, 2020.
- The salary scale changed from 3.36% to 3.22% effective June 30, 2020.
- Mortality improvement scale updated to MP-2019.
- Updated healthcare cost trend rates to rates effective June 30, 2020.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

SUPPLEMENTARY INFORMATION
(UNAUDITED)

SILVER CREEK CENTRAL SCHOOL DISTRICT

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2020

	Special Aid	Debt Service	School Lunch	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 69,711	\$ 69,711
Cash and cash equivalents - restricted	47,536	179,700	-	227,236
Accounts receivable	-	-	5,898	5,898
Due from other funds	198,009	107,011	-	305,020
Due from Federal and State Governments	572,343	-	131,081	703,424
Inventory	-	-	14,556	14,556
	<u>-</u>	<u>-</u>	<u>14,556</u>	<u>14,556</u>
Total assets	<u>\$ 817,888</u>	<u>\$ 286,711</u>	<u>\$ 221,246</u>	<u>\$ 1,325,845</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 6,621	\$ -	\$ 53,130	\$ 59,751
Accrued liabilities	-	-	675	675
Due to other funds	556,181	89,694	59,312	705,187
Unearned revenue	57,077	-	9,031	66,108
	<u>619,879</u>	<u>89,694</u>	<u>122,148</u>	<u>831,721</u>
Total liabilities	<u>619,879</u>	<u>89,694</u>	<u>122,148</u>	<u>831,721</u>
DEFERRED INFLOWS OF RESOURCES:				
Revenues not available	198,009	-	-	198,009
	<u>198,009</u>	<u>-</u>	<u>-</u>	<u>198,009</u>
FUND BALANCES:				
Nonspendable -				
Inventory	-	-	14,556	14,556
Restricted for -				
Debt service	-	197,017	-	197,017
Assigned to -				
Other	-	-	84,542	84,542
	<u>-</u>	<u>-</u>	<u>84,542</u>	<u>84,542</u>
Total fund balances	<u>-</u>	<u>197,017</u>	<u>99,098</u>	<u>296,115</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 817,888</u>	<u>\$ 286,711</u>	<u>\$ 221,246</u>	<u>\$ 1,325,845</u>

The accompanying notes are an integral part of these statements.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Combining Statement of Revenue, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
For the year ended June 30, 2020**

	Special Aid	Debt Service	School Lunch	Total Nonmajor Governmental Funds
REVENUE:				
Use of money and property	\$ -	\$ 876	\$ 254	\$ 1,130
Miscellaneous	24,936	74,959	-	99,895
State sources	219,555	-	15,909	235,464
Federal sources	813,053	-	488,280	1,301,333
Sales	-	-	90,007	90,007
	<u>-</u>	<u>-</u>	<u>90,007</u>	<u>90,007</u>
Total revenue	<u>1,057,544</u>	<u>75,835</u>	<u>594,450</u>	<u>1,727,829</u>
EXPENDITURES:				
Instruction	1,175,564	-	-	1,175,564
Pupil transportation	12,381	-	-	12,381
Employee benefits	101,259	-	2,016	103,275
Cost of sales	-	-	554,615	554,615
	<u>-</u>	<u>-</u>	<u>554,615</u>	<u>554,615</u>
Total expenditures	<u>1,289,204</u>	<u>-</u>	<u>556,631</u>	<u>1,845,835</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(231,660)</u>	<u>75,835</u>	<u>37,819</u>	<u>(118,006)</u>
OTHER FINANCING SOURCES AND (USES):				
Transfers in	<u>231,660</u>	<u>-</u>	<u>-</u>	<u>231,660</u>
Total other financing sources	<u>231,660</u>	<u>-</u>	<u>-</u>	<u>231,660</u>
CHANGE IN FUND BALANCE	-	75,835	37,819	113,654
FUND BALANCES - beginning of year	<u>-</u>	<u>121,182</u>	<u>61,279</u>	<u>182,461</u>
FUND BALANCES - end of year	<u>\$ -</u>	<u>\$ 197,017</u>	<u>\$ 99,098</u>	<u>\$ 296,115</u>

The accompanying notes are an integral part of these statements.

**OTHER INFORMATION
(UNAUDITED)**

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Schedule of Change from Original Budget to Revised Budget and Schedule of Section 1318 of Real Property Tax Law
Limit Calculation - General Fund (Unaudited)
For the Year Ended June 30, 2020**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 24,845,381
Add: Prior year's encumbrances	<u>60,962</u>
Original budget	24,906,343
Budget revisions	<u>251,979</u>
Final budget	<u><u>\$ 25,158,322</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget	<u>\$ 25,723,081</u>	
Maximum allowed (4% of 2020-21 budget)		<u>\$ 1,028,923</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :

Unrestricted fund balance	
Assigned fund balance	\$ 2,346,217
Unassigned fund balance	<u>2,888,990</u>
Total unrestricted fund balance	<u>5,235,207</u>

Less:	
Appropriated fund balance	2,294,261
Encumbrances (included in committed and assigned fund balance)	<u>51,956</u>
Total adjustments	<u>2,346,217</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,888,990</u></u>
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Actual percentage	<u><u>11.23%</u></u>
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SILVER CREEK CENTRAL SCHOOL DISTRICT

Schedule of Project Expenditures - Capital Projects Fund (Unaudited)
For the Year Ended June 30, 2020

Project Title	Original Appropriation	Revised Appropriation	Prior Years' Expenditures	Current Year Expenditures	Total Expenditures	Unexpended Balance	Serial bonds	Federal and State sources	Local Sources	Total Financing	Fund Balance as of 6/30/2020
March 2007 Approved Project	\$ 10,508,814	\$ 10,508,814	\$ 10,505,458	\$ -	\$ 10,505,458	\$ 3,356	\$ 9,326,543	\$ 1,304,780	\$ 1,088	\$ 10,632,411	\$ 126,953
March 2011 Approved Project	13,235,000	13,235,000	13,221,552	-	13,221,552	13,448	11,345,557	1,889,443	1,097	13,236,097	14,545
2017 Capital Outlay Project	100,000	100,000	84,203	-	84,203	15,797	-	-	84,203	84,203	-
2018 Capital Outlay Project	100,000	100,000	81,044	-	81,044	18,956	-	17,900	63,144	81,044	-
K-12 Cabling 2018 Phase 1 : 0002-021	418,760	328,564	254,624	73,940	328,564	-	-	68,088	350,672	418,760	90,196
K-12 Roof-Site Phase 2 : 0002-022	1,435,870	1,456,285	866,964	589,321	1,456,285	-	-	257,021	1,051,866	1,308,887	(147,398)
K-12 Add/Alt Phase 3 : 0002-020	15,745,370	15,815,150	1,255,907	10,836,835	12,092,742	3,722,408	-	1,388,266	21,362	1,409,628	(10,683,114)
Smart Schools Bond Act	397,740	397,740	-	397,740	397,740	-	-	397,740	-	397,740	-
Bus Garage Emergency Roof Recovery	150,400	150,400	-	148,721	148,721	1,679	-	-	156,526	156,526	7,805
	<u>\$ 42,091,954</u>	<u>\$ 42,091,953</u>	<u>\$ 26,269,752</u>	<u>\$ 12,046,557</u>	<u>\$ 38,316,309</u>	<u>\$ 3,775,644</u>	<u>\$ 20,672,100</u>	<u>\$ 5,323,238</u>	<u>\$ 1,729,958</u>	<u>\$ 27,725,296</u>	<u>\$ (10,591,013)</u>

SILVER CREEK CENTRAL SCHOOL DISTRICT

Schedule of Net Investment in Capital Assets (Unaudited)

June 30, 2020

Capital assets, net	\$ 40,102,539
Deduct:	
Premium on bonds payable	(526,632)
BAN payable	(14,555,000)
Short-term portion of bonds payable	(1,000,000)
Long-term portion of bonds payable	<u>(7,025,000)</u>
Net investment in capital assets	<u>\$ 16,995,907</u>

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

October 13, 2020

To the Board of Education of the
Silver Creek Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Silver Creek Central School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

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

October 13, 2020

To the Board of Education of the
Silver Creek Central School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Major Federal Program

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

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Report on Internal Control Over Compliance

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

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

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

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

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
June 30, 2020**

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Subrecipients
U.S. Department of Education:				
Impact Aid	84.041	S041B-2020-7207	\$ 478,744	\$ -
Indian Education Grants to Local Educational Agencies	84.060	S060A190768	97,466	-
Passed through New York State Education Department -				
Title I Grants to Local Educational Agencies (School Improvement Grant)	84.010	0021-20-0365	327,389	-
Title I Grants to Local Educational Agencies (School Improvement Grant)	84.010	0021-19-0365	6,600	-
Supporting Effective Instruction State Grant	84.367	0147-20-0365	55,858	-
Student Support and Academic Enrichment Program	84.424	0204-20-0365	22,178	-
Special Education Cluster -				
Special Education Grants to States	84.027	0032-20-0106	285,825	-
Special Education Preschool Grants	84.173	0033-20-0106	<u>17,737</u>	-
<i>Subtotal Special Education Cluster</i>			<u>303,562</u>	-
<i>Total Passed through New York State Education Department</i>			<u>715,587</u>	-
Total U.S. Department of Education			<u>1,291,797</u>	-
U.S. Department of Agriculture:				
Child Nutrition Cluster -				
National School Lunch Program	10.555	N/A	<u>31,959</u>	-
Passed through New York State Education Department -				
National School Lunch Program	10.555	N/A	313,464	-
School Breakfast Program	10.553	N/A	<u>142,857</u>	-
<i>Total Passed through New York State Education Department</i>			<u>456,321</u>	-
<i>Subtotal Child Nutrition Cluster</i>			<u>488,280</u>	-
Total U.S. Department of Agriculture			<u>488,280</u>	-
Total Expenditures of Federal Awards			<u>\$ 1,780,077</u>	<u>\$ -</u>
<u>Total Program Expenditures by CFDA Number</u>				
Title I Grants to Local Educational Agencies	84.010	0021-20-0365	\$ 333,989	
		0021-19-0365	<u>345,423</u>	
National School Lunch Program	10.555	N/A	<u>\$ 345,423</u>	

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards June 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Silver Creek Central School District (the District), under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States of America and the amounts presented are derived from the District's general ledger.

3. PASS-THROUGH PROGRAMS

Where the District receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA numbers, which may be assigned by pass-through grantors are not maintained in the District's financial management system. The District has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

The District did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

Matching costs, i.e., the District's or State's share of certain program costs, are not included in the reported expenditures.

6. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal financial award program that does not result in cash receipts or disbursements termed a "non-monetary" program. During the year ended June 30, 2020, the District received food commodities, the fair value of which amounted to \$31,959, is presented in the Schedule as National School Lunch Program (Division of Donated Foods, CFDA #10.555) and was considered in the District's Single Audit.

SILVER CREEK CENTRAL SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of independent auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR Section 200.516(a)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes no

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

APPENDIX D
DISCLOSURE UNDERTAKING

DISCLOSURE UNDERTAKING

This continuing disclosure undertaking (the “Disclosure Undertaking”) is executed and delivered by the Silver Creek Central School District, a School District of the State of New York (the “Issuer”) in connection with the issuance of its [\$2,845,000*] School District Refunding Serial Bonds, 2020 (collectively, the “Security”). The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB):

- (i) no later than March 31 after the end of each fiscal year, commencing with the fiscal year ending June 30, 2020, the Annual Financial Information relating to such fiscal year, unless Audited Financial Statements are prepared, in which case the Annual Financial Information will be provided on or prior to March 31 after the end of each fiscal year or within 60 days following receipt by the Issuer of Audited Financial Statements (whichever is later) (the “Report Date”), but in no event later than one year after the end of each fiscal year;
- (ii) if not provided as part of the Annual Financial Information, Audited Financial Statements within 60 days of their receipt, but in no event later than one year after the end of each fiscal year;
- (iii) in a timely manner (not in excess of ten business days after the occurrence of any such event), notice of any of the following events with respect to the Security:
 - (1) Principal and interest payment delinquencies;
 - (2) Non-payment related defaults, if material;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) Substitution of credit or liquidity providers, or their failure to perform;
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;
 - (7) Modifications to rights of Security Holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) Defeasances;

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

(11) Rating changes;

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

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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

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

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

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

(iv) in a timely manner (not in excess of ten business days after the occurrence of such event), notice of a failure to provide by the date set forth in Section 1(a)(i) hereof any Annual Financial Information required by Section 3 hereof.

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

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a)(ii) above, if the Issuer determines that any such other event is

material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions

“Annual Financial Information” means the information specified in Section 3 hereof.

“Audited Financial Statements” means the Issuer’s annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of New York.

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

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

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States.

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

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

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof issued either before or after the effective date of this Disclosure Undertaking which are applicable to this Disclosure Undertaking.

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

Section 3. Annual Financial Information. (a) The required Annual Financial Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in Appendix A and Appendix B of the Issuer’s final official statement relating to the Security; which Annual Financial Information may, but it is not required to, include audited financial statements.

(b) All or any portion of the Annual Financial Information may be incorporated in the Annual Financial Information by cross reference to any other documents which are (i) available to the public on EMMA or (ii) filed with the Securities and Exchange Commission. If such a document is a final official statement, it must be available on EMMA.

(c) Annual Financial Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 6(f) hereof) for such fiscal year shall explain, in

narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

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

Section 6. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to adjust the Report Date if the Issuer changes its fiscal year; provided that such new date shall be within nine months after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration;
- (f) to modify the contents, presentation and format of the Annual Financial Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

