PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE **BOND ANTICIPATION NOTES**

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

The Notes will be "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

$1,405,167

CHITTENANGO CENTRAL SCHOOL DISTRICT

MADISON AND ONONDAGA COUNTIES, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE #: 170214

$784,546 Bond Anticipation Notes, 2016 (Renewals)

(the "Renewal Notes")

Dated: July 1, 2016 **Due: June 30, 2017**

&

$620,621 Bond Anticipation Notes, 2016

(the "New Money Notes")

Dated: July 21, 2016 **Due: July 21, 2017**

The Notes are general obligations of the Chittenango Central School District, Madison County, New York (the "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. (See "TAX LEVY LIMITATION LAW" herein.)

The Notes will not be subject to redemption prior to maturity. At the option of the successful bidder(s), the Notes will be will be issued as registered notes or registered in the name of the purchaser and issued in denominations of $5,000 or multiples thereof, except for a necessary odd denomination. Principal and interest will be payable in Federal Funds at maturity at such bank(s) or trust company(ies) located and authorized to do business in the State of New York, as may be determined by such successful bidder(s) with paying agent fees, if any paid by the successful bidder(s), or as stated below.

Alternatively, if the Notes are issued as registered notes, and, if so issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Under this option, noteholders will not receive certificates representing their ownership interest in the Notes purchased. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

The Notes are offered when, as and if issued and received by the Purchaser(s) and subject to the receipt of the respective unqualified legal opinions as to the validity of the Notes of Trespasz & Marquardt, LLP, Bond Counsel to the District, Syracuse, New York. It is anticipated that the Renewal Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as agreed upon with the purchaser, on or about July 1, 2016. It is anticipated that the New Money Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as agreed upon with the purchaser, on or about July 21, 2016.

ELECTRONIC BIDS for the Notes may be submitted via iPreo's Parity Electronic Bid Submission System ("Parity") on June 14, 2016 until 10:45 A.M., Eastern Time, pursuant to the respective Notices of Sales. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 752-0057 and by telephone at (315) 752-0051 Ext. 1. Once the bids are communicated electronically via Parity or facsimile or telephone to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the respective Notices of Sales for the Notes.

June 7, 2016

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 SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALES OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE SCHOOL DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "MATERIAL EVENT NOTICES" HEREIN.

CHITTENANGO CENTRAL SCHOOL DISTRICT
MADISON AND ONONDAGA COUNTIES, NEW YORK

SCHOOL DISTRICT OFFICIALS

2015-2016 BOARD OF EDUCATION

J. DANIEL GIBBONS
President

GEOFFREY F. ZIMMER
Vice President

BOARD MEMBERS

PHIL AUSTIN
SIUBHAN BONGIOVANNI

JAMES BOSWELL
LOUIS CIANFROCCO
EDWARD GRATIEN

DANIEL E. MAYER
RUSSELL E. WEHNER

*   *   *   *   *   *   *   *   *

MICHAEL A. SCHIEDO
Superintendent of Schools

SCOTT P. MAHARDY
Assistant Superintendent for Business /District Clerk

MICHAEL EIFFE
Assistant Superintendent for Instructional Services

DONNA MEYERS
District Treasurer

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

TRESPASZ & MARQUARDT, LLP
BOND COUNSEL

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

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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Syracuse, New York 13202
(315) 752-0051
http://www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

CHITTENANGO CENTRAL SCHOOL DISTRICT

MADISON AND ONONDAGA COUNTIES, NEW YORK

Relating To

$784,546 Bond Anticipation Notes, 2016 (Renewals)

&

$620,621 Bond Anticipation Notes, 2016

This Official Statement, which includes the cover page, has been prepared by the Chittenango Central School District, Madison and Onondaga Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the School District of $784,564 Bond Anticipation Notes, 2016 (Renewals) (the “Renewal Notes”) and of $620,621 Bond Anticipation Notes, 2016 (the “New Money Notes”) (collectively referred to herein as the “Notes”).

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

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

THE NOTES

Description of the Notes

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

The Renewal Notes will be dated July 1, 2016 and will mature, without option of prior redemption, on June 30, 2017.

The New Money Notes will be dated July 21, 2016 and will mature, without option of prior redemption, on July 21, 2017.

The Notes will be issued in either (i) registered form registered in the name of the purchaser, in denominations of $5,000 each or multiples thereof, except for a necessary odd denomination, as may be determined by the successful bidder(s) or (ii) at the option of the purchaser(s), as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes shall not be subject to redemption prior to maturity.

Purpose of Issue – Renewal Notes

The Notes are issued pursuant to the Constitution and laws of the State, including the Education Law, constituting Chapter 16, and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York and various bond resolutions adopted by the Board of Education of the District authorizing the issuance of serial bonds to pay for the cost of school buses for the District.

The proceeds of the Notes, along with $391,830 available funds, will be used to renew $1,176,376 bond anticipation notes maturing July 2, 2016 for school buses.

Purpose of Issue – New Money Notes

The Notes are issued pursuant to the Constitution and laws of the State, including the Education Law, constituting Chapter 16, and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York and a bond resolution adopted by the Board of Education of the District on June 7, 2016 authorizing the issuance of $620,621 serial bonds to pay for the cost of school buses for the District.

The proceeds of the Notes will provide $620,621 in new monies for school buses.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities 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 Note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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"). DTC has Standard & Poor's highest rating: AAA. 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**.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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 Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The District is located in the central portion of the State, sixteen miles east of the City of Syracuse on Route 5. The District, which is in the northwestern portion of Madison and Onondaga Counties and the eastern perimeter of Onondaga County, encompasses an area of 75 square miles. It extends from the area near Chittenango Falls State Park northward to the southern shore of Oneida Lake.

The area, predominantly rural, has been the scene in the past decade of numerous residential developments. The labor force works in Syracuse or in the industrial communities to the east. However, certain portions of the area are still given over to farming.

The State Thruway cuts through the District with access to various interchanges. The residents are served by air, bus and train terminals, all located within sixteen miles of the community. The Syracuse-Hancock International Airport is served by American, United, USAir, TWA, Empire, Republic Northwest, Delta and JetBlue.

The colleges and universities which are located in the area (but not within the District) include Syracuse University, LeMoyne College, Colgate University, Hamilton College, Utica College, Cazenovia College and institutions of the State University College of Education.

Banking needs are provided by Community Bank, N.A, and Oneida Savings Bank, which are located within the District, as well as branches of various Syracuse banks located within a ten-mile radius of the District offices.

Ample fire protection is afforded the residents through volunteer services. Police protection is available through State, County and local agencies.

Source: District officials.

Population

The current estimated population of the District is 13,756. (Source: 2014 U.S. Census Bureau)

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2010-2014	2000	2006-2010	2010-2014
Towns of:						
Cazenovia	$ 20,982	$ 39,056	$ 34,994	$ 50,262	$ 90,855	$ 81,138
Lenox	17,398	22,970	24,497	46,458	59,847	60,137
Lincoln	20,751	30,055	28,140	50,000	67,321	76,000
Sullivan	29,198	24,982	28,635	60,325	64,101	74,092
Cicero	21,527	29,393	31,432	57,531	74,792	81,183
Manlius	31,825	38,170	41,252	70,655	88,386	100,354
Counties of:						
Madison	19,105	24,311	25,786	47,889	61,828	65,474
Onondaga	21,336	27,037	29,156	51,876	65,929	71,122
State of:						
New York	23,389	30,948	32,829	51,691	67,405	71,419

Note: 2011-2015 American Community Survey estimates are not available as of the date of this Official Statement.

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

Five Largest Employers

The following are the five larger employers located within or in close proximity to the District.

Name	Type	Employees
Colgate University	Education	857
Oneida Health Care	Hospital	758
Morrisville State College	Education	580
Marquardt Switches	Switches Manufacturing	480
Wal-Mart	Retail Super Center	450

Source: District officials.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) are the Counties of Madison and Onondaga. The information set forth below with respect to the Counties and the State of New York is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Counties or State, are necessarily representative of the District, or vice versa.

	Annual Average						
	2009	2010	2011	2012	2013	2014	2015
Madison County	8.1%	8.3%	8.2%	8.5%	7.6%	6.4%	5.7%
Onondaga County	7.6%	8.0%	7.7%	7.9%	6.8%	5.6%	5.0%
New York State	8.3%	8.6%	8.3%	8.5%	7.7%	6.3%	5.3%

	2016 Monthly Figures					
	Jan	Feb	Mar	Apr	May	Jun
Madison County	6.1%	5.9%	5.8%	5.1%	N/A	N/A
Onondaga County	4.9%	4.8%	4.6%	4.3%	N/A	N/A
New York State	5.4%	5.4%	5.2%	4.6%	N/A	N/A

Note: Unemployment rates for May and June of 2016 are unavailable as of the date of this Official Statement.

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

Form of School Government

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

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State; and, (8) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either, a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) Certificates of Deposit issued by a bank or trust company authorized to do business in New York State, (2) Time Deposit Accounts in a bank or trust company authorized to do business in New York State, (3) Obligations of New York State, (4) Obligations of the United States Government, (5) Repurchase Agreements involving the purchase and sale of direct obligations of the United States.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the District for the ensuing fiscal year (tentative budget) and distributes that statement not less than seven days prior to the date on which the annual school election is conducted, at which the tentative budget is voted upon. Notice of the annual election is published as required by statute with a first publication not less than forty-five days prior to the day of election.

Pursuant to Chapter 97 of the Laws of 2011 ("Chapter 97"), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the "Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the District to exceed the Tax Cap also must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). Clarification may be needed to determine whether a Board of Education must adopt a budget that requires the same tax levy amount as used in the prior fiscal year, or whether changes to the levy are permitted for such purposes as the permitted school district exclusions or the tax base growth factor. For a complete discussion of Chapter 97, see "TAX LEVY LIMITATION LAW" herein.

Recent Budget Vote Results

The budget for the 2014-15 fiscal year was adopted by the qualified voters on May 20, 2014 by a vote of 401 to 95. The District's 2014-15 budget remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

The budget for the 2015-16 fiscal year was adopted by the qualified voters on May 19, 2015 by a vote of 336 to 49. The District's adopted budget for 2015-16 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

The budget for the 2016-17 fiscal year was adopted by the qualified voters on May 17, 2016 by a vote of 314 to 62. The District's adopted budget for 2016-17 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2015-16 fiscal year, approximately 51.5% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

Building Aid

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the District. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2016-2017 preliminary building aid ratios, the District State Building aid of approximately 83.2% for debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

State aid to school districts within the State has declined in some recent years before increasing again in more recent years.

School district fiscal year (2010-2011): The total reduction in State aid for school districts' 2010-2011 fiscal year was approximately $2.1 billion; however, this amount was partially offset by $726 million in Federal aid for education, including funding from ARRA and other federal initiatives. As a result, the net State aid reduction totaled approximately $1.4 billion.

School district fiscal year (2011-2012): The total reduction in State aid for school districts' 2011-2012 fiscal year was $1.3 billion or 6.1% from the previous year, and all aid was received on time.

School district fiscal year (2012-2013): The State Legislature adopted the State budget on March 30, 2012. The budget included an increase of $751 million in State aid for school districts.

The 2012-2013 State budget linked additional school aid to compliance with a new teacher evaluation process. A school district would not be eligible for an aid increase in 2012-2013 unless it had its teacher evaluation process reviewed and approved by the New York State Education Department by January 17, 2013. The New York State Education Department approved the District's initial Annual Professional Performance Review Plan (APPR) on November 26, 2012. The most current APPR was approved on July 8, 2014.

School district fiscal year (2013-2014): The State Legislature adopted the State budget on March 29, 2013. The budget included an increase of $1.0 billion in State aid for school districts.

School district fiscal year (2014-2015): The 2014-2015 State budget includes a $1.1 billion or 5.3% increase in State aid to school districts for the 2014-2015 school year. High-need school districts would receive 70% of the school aid increase. The 2014-2015 State budget restored $602 million of Gap Elimination Adjustment ("GEA") reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The 2014-2015 State budget will invest $1.5 billion over five years to support the phase-in of a statewide universal full-day pre-kindergarten program.

The Smart Schools Bond Act was proposed as part of the 2014-2015 State budget and was subsequently approved by the voters of the State. The Smart Schools Bond Act authorizes the issuance of $2 billion of general obligation bonds to financed improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds thereunder is $1,653,971.

School district fiscal year (2015-2016): The 2015-2016 State budget included a partial reduction in the Gap Elimination Adjustment with $603 million in GEA cuts being restored, and provided an additional $428 million in foundation aid and $268 million in expense base aids which reimbursed school districts for prior year expenses in school construction, transportation, BOCES and special education services.

School district fiscal year (2016-2017): The 2016-17 State budget includes a school aid increase of $991 million over 2015-16, $863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the Governor's budget includes a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase includes $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. Further information may be obtained at the official website of the New York State Division of Budget and the New York State Education Department.

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

Gap Elimination Adjustment (GEA)

The GEA law was first introduced for the 2010-2011 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 the 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. As a result of GEA, the District had a loss in funds totaling $1,549,933 for the 2014-15 fiscal year and a loss in funds totaling $549,000 for the 2015-16 fiscal year. Since the program began, the total GEA and Deficit Reduction Assessment reduction in school aid for the District has amounted to approximately $13,448,393. The District has been forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly.

The following table shows the history of state aid loss due to GEA since the 2010-101 fiscal year:

Fiscal Year Ending	Net GEA
2010-11	$ 2,989,176
2011-12	3,354,231
2012-13	2,873,680
2013-14	2,132,373
2014-15	1,549,933
2015-16	549,000
TOTAL	$ 13,448,393

The District will not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

Source: District officials.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2010-2011	$ 35,905,875	$ 17,982,399	50.08%
2011-2012	33,356,638	16,381,798	49.11
2012-2013	33,748,846	16,412,080	48.63
2013-2014	34,656,187	17,006,632	49.07
2014-2015	36,290,002	17,967,747	49.51
2015-2016 (Budgeted)	37,175,360	19,153,641	51.52
2015-2016 (Unaudited)	37,175,360	19,153,641	51.52
2016-2017 (Budgeted)	37,468,962	19,760,032	52.74

Source: Audited financial statements and budgets of the District for the 2015-16 and 2016-17 fiscal years. The 2015-2016 Projected unaudited figures are estimates and the audited results may vary therefrom. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
Junior-Senior High School	9-12	1,003	1951, ‘62, ’96, ‘00
Chittenango Station Middle School (1)	6-8	698	1951, ‘61, ‘72, ’92, ‘00
Bolivar Road Elementary School (1)	3-5	555	1957, '61, ’96, ’00, ‘06
Bridgeport Elementary School	K-5	516	1951, ‘55, ‘61, ‘96
Lake Street Elementary School (1)	K-5	432	1927, ‘72

(1) The District is closing the Lake Street Elementary School, reducing operating costs in excess of $500,000 per annum. In order to accommodate the re-distribution of students Bolivar Road Elementary will become a K-4 building, Chittenango Station Middle School will become a 5-8 building. The issuance of the Notes will provide the financing to add 4 classrooms onto the Bolivar Elementary School. See “TAX INFORMATION - Capital Project Plans” herein.

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2012-13	2,050	2017-18	1,875
2013-14	2,060	2018-19	1,875
2014-15	1,970	2019-20	1,875
2015-16	1,938	2020-21	1,875
2016-17	1,875	2021-22	1,875

Source: District officials.

Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

Employees	Bargaining Unit	Contract Expiration Dates
182	Chittenango Teachers' Association	June 30, 2017
38	Teamsters Local 317	June 30, 2017
30	AFSCME Local 2630A (Maintenance)	June 30, 2017
8	Empire Administrators	June 30, 2017
110	Non-Affiliated	N/A

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are either members of the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees), or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" or “SRS” where appropriate). These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members working ten or more years. All members (other than those in Tier VI described below) working less than ten years must contribute 3%-3.5% of gross annual salary toward the cost of retirement programs unless they are hired after June 1, 2012 and are Tier VI employees.

On December 12, 2009, a new Tier V was signed into law. The law became effective for new ERS and TRS hires on January 1, 2010. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law a New Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI 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 the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The budgeted and actual contributions are as follows:

Year	ERS	TRS
2011-2012	$ 790,609	$ 1,251,698
2012-2013	857,219	1,409,000
2013-2014	922,782	1,894,937
2014-2015	910,699	2,014,089
2015-2016	985,062	1,673,986
2016-2017 (Budgeted)	937,121	1,557,006

Source: District officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. For the 2014-2015 fiscal year the District offered an early retirement incentives; seven individuals participated resulting in $107,000 of savings for the District. The District currently does not have retirement incentives.

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

A chart of average ERS and TRS rates as a percent of payroll (2010 to 2017) is shown below:

Year	ERS	TRS
2009-10	7.4%	6.19%
2010-11	11.9	8.62
2011-12	16.3	11.11
2012-13	18.9	11.84
2013-14	20.9	16.25
2014-15	20.1	17.53
2015-16	18.2	13.26
2016-17	15.5	11.72 (Estimated) *

* The TRS rate for the 2016-17 fiscal year will be adopted in July 2016.

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years. The District did not participate in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District's employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that will require governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The District contracted with Nyhart Actuary & Employee Benefits, an actuarial firm, to calculate its OPEB in accordance with GASB 45. Based on the most recent actuarial valuation dated July 1, 2014 and financial data as of June 30, 2015, the tables on the following page show the components of the District's annual OPEB cost, the amount actuarially contributed to the plan, changes in the District's net OPEB obligation and funding status for the fiscal years ending June 30, 2015 and 2014:

Annual OPEB Cost and Net OPEB Obligation:	***2015***	***2014***
Annual required contribution (ARC)	$ 8,750,111	$ 8,721,888
Interest on net OPEB obligation	1,183,541	929,191
Adjustment to ARC	(1,865,978)	(1,429,792)
Annual OPEB cost (expense)	8,067,674	8,221,287
Contributions made	(2,148,781)	(2,128,634)
Increase in net OPEB obligation	5,918,893	6,092,653
Net OPEB obligation - beginning of year	28,675,420	22,582,767
Net OPEB obligation - end of year	$ 34,594,313	$ 28,675,420
Percentage of annual OPEB cost contributed	23.3%	28.7%
Funding Status:		
Actuarial Accrued Liability (AAL)	$ 78,660,223	$ 74,459,543
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 78,660,223	$ 74,459,543
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ 8,067,674	23.3%	$ 34,594,313
2014	8,221,287	28.7	28,675,420
2013	7,829,367	34.7	22,582,767
2012	7,203,141	30.5	16,938,875

Note: The above tables are not audited.

The aforementioned liability and ARC are recognized and will be disclosed in accordance with GASB 45 standards in the District's audited financial statements.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved $0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced and enacted into law this year.

Other Information

Statutory authority for the power to spend money for the objects or purposes; or to accomplish the objects or purposes, for which the Notes are to be issued is the Education Law and the Local Finance Law.

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

No principal of or interest upon any obligation of the District is past due. On October 1, 2015, the District had an interest payment due and as a result of clerical oversight the payment made was only for a portion of the total interest due. The District was notified and the payment was made whole on October 5, 2015.

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

Except to the extent shown in "STATUS OF INDEBTEDNESS - Estimated Overlapping Indebtedness," this Official Statement does not include the financial data of any political subdivision having power to levy taxes upon property within the District.

2016 Projected Unaudited Results of Operation

The District anticipates to end the fiscal year ending June 30, 2016 with an estimated unappropriated unreserved fund balance of $1,487,014. Summary unaudited information for the General Fund for the period ending June 30, 2016 is as follows:

Revenues:	$ 37,175,360
Expenditures:	36,958,984
Excess (Deficit) Revenues Over Expenditures:	$ 216,376
Total Fund Balance:	$ 1,703,390

Note: These projections are based upon certain current assumptions and estimates and the audited results may vary therefrom.

Source: District officials.

Financial Statements

The District retains independent Certified Public Accountants. The audit report covering the period ending June 30, 2016 is unavailable as of the date of this Official Statement. The last audit report covers the period ending June 30, 2015 and is attached hereto as "APPENDIX – C". Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for Districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

New York State Comptroller Report of Examination

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

A recent State Comptrollers audit of the District is currently in progress. The results of the audit are unknown as of the date of this Official Statement.

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 for the 2015 fiscal year classifies the District as "No Designation" with a Fiscal Score of 0.0%. The previous years' report for 2014 of the State Comptroller classified the District as "No Designation" with a Fiscal Score of 15.0%.

Source: Website of the Office of the New York State Comptroller.

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2012	2013	2014	2015	2016
Towns of:					
Sullivan	$ 632,263,067	$ 637,097,550	$ 727,317,720 (1)	$ 747,454,469	$ 751,763,331
Cazenovia	8,384,794	8,390,206	8,321,873	10,261,261 (1)	10,109,210
Lincoln	950,197	980,242	1,033,088	1,025,497	1,017,285
Lenox	7,395,211	7,791,049	7,731,548	7,951,180	8,017,079
Cicero	367,178 (1)	350,344	304,449	274,022	222,885
Manlius	1,034,378	1,318,544	1,572,351	1,602,815	2,081,024
Total Assessed Values	$ 650,394,825	$ 655,927,935	$ 746,281,029	$ 768,569,244	$ 773,210,814
State Equalization Rates					
Towns of:					
Sullivan	85.50%	85.00%	100.00% (1)	100.00%	100.00%
Cazenovia	80.00%	85.00%	82.00%	100.00% (1)	100.00%
Lincoln	95.25%	100.00%	100.00%	100.00%	100.00%
Lenox	95.25%	100.00%	100.00%	100.00%	100.00%
Cicero	100.00% (1)	100.00%	100.00%	100.00%	100.00%
Manlius	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	$ 760,133,099	$ 769,837,539	$ 748,107,782	$ 768,569,244	$ 773,210,814

(1) Significant change due to revaluation.

Tax Rates Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2012	2013	2014	2015	2016
Towns of:					
Sullivan	$ 25.22	$ 25.55	$ 22.46 (1)	$ 22.71	$ 22.91
Cazenovia	26.96	25.55	27.38	22.71 (1)	22.68
Lincoln	22.64	21.72	22.45	22.71	22.91
Lenox	22.64	21.72	22.45	22.71	22.91
Cicero	21.56 (1)	21.72	22.45	22.71	22.68
Manlius	21.56	21.72	22.45	22.71	22.68

(1) Significant change due to revaluation.

Tax Collection Procedure

District taxes are payable during the month of September without penalty. A 2.0% penalty is imposed for late payment in October and 3% penalty in November. Unpaid school taxes are returned to the Madison County Treasurer and The Chief Fiscal Officer of Onondaga County on November 15th and the District is reimbursed in full, from the Counties before the end of the fiscal year in which the taxes are levied.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2012	2013	2014	2015	2016
Total Tax Levy	$ 16,392,792	$ 16,720,652	$ 17,055,065	$ 17,455,859	$ 17,708,969
Amount Uncollected (1)	1,147,495	1,170,446	1,193,855	1,024,724	1,026,598
% Uncollected	7.00%	7.00%	7.00%	5.87%	5.80%

(1) See “Tax Collection Procedure” herein.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Property Tax Levy	Percentage of Total Revenues Consisting of Real Property Tax
2010-2011	$ 35,905,875	$ 15,873,422	44.21%
2011-2012	33,356,638	13,174,467	39.50
2012-2013	33,748,846	13,433,449	39.80
2013-2014	34,656,187	13,725,611	39.61
2014-2015	36,290,002	14,123,527	38.92
2015-2016 (Unaudited)	31,175,360	17,708,969	47.64
2016-2017 (Budgeted)	37,468,962	17,538,890	46.81

Source: Audited financial statements and budgets of the District for the 2016-17 fiscal year. The 2015-2016 Projected unaudited figures are estimates and the audited results may vary therefrom. This table is not audited.

Largest Taxpayers 2015 for 2015-16 Tax Roll

Name	Type	Taxable Assessed Valuation
Niagara Mohawk	Utility	$ 21,409,054
Tall Pines Lakehaven Assoc., LLC	Mobile Home Park	2,906,100
CSX Transportation	Railway Transportation	2,796,594
Montroy, Carrie	Individual	2,586,700
Verizon NY, Inc.	Utility	2,572,600
Hickory Hills Apts. Inc.	Apartments	2,280,000
Willow Run Inc.	Mobile Home Park	2,268,000
Chittenango Center Land LLC	Commercial	2,115,400
Gray Syracuse, Inc.	Commercial	1,304,800
UCK One, LLC	Commercial	1,116,500

The ten larger taxpayers listed above have a total taxable assessed valuation of $41,112,235 which represents 5.3% of the tax base of the District. As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris that are known to have a material impact on the District.

Source: District Tax Rolls.

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.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of $84,550 or less, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of $500,000 are eligible for a "basic" exemption on their primary residence.

The below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Sullivan	$ 65,650	$ 29,700	4/6/2016
Cazenovia	65,300	30,000	4/6/2016
Lincoln	64,650	29,700	4/6/2016
Lenox	64,650	29,700	4/6/2016
Cicero	65,300	30,000	4/6/2016
Manlius	65,300	30,000	4/6/2016

$3,323,859 of the District's $17,455,859 school tax levy for 2014-15 was exempted by the STAR Program. The District received all of such exempt taxes from the State by January 2, 2015. $3,325,000 of the District's $17,708,969 school tax levy for 2015-16 was exempt by the STAR Program. The District received all of such exempt taxes from the State by January 1, 2016. Approximately $3,200,000 of the District's $17,538,890 school tax levy for 2016-17 is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State in January, 2017.

Additional Tax Information

Real property located in the District is assessed by the Towns.

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-70%; Commercial- 20%; and Agricultural-10%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the District is approximately $3,650 including County, or Town/Village and School District taxes.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor ("Chapter 97" or 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 and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers.)

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").

Chapter 97 requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 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. It expires on June 15, 2020 unless extended. 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. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy 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 will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

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

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". Press reports indicate that NYSUT is reviewing the decision and is likely to appeal to the Court of Appeals.

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015. The program applies in the years 2016 through 2019 and includes continued tax cap compliance.

See "THE SCHOOL DISTRICT – Budgetary Procedures" herein for additional information regarding the District's Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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. No down payment is required in connection with the issuance of District obligations.

Debt Limit. 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 principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking 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 Office of Real Property Services. The Legislature prescribes the manner by which such ratio shall be determined.

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

(1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,

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

While the District customarily complies with this procedure for its capital projects, it does not comply with the procedure for its Note issued and has not complied with the procedure with respect to the Notes. The Board of Education, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

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

Debt Outstanding End of Fiscal Years June 30:

Fiscal Years Ending June 30th:	2011	2012	2013	2014	2015
Bonds [(1)]	$ 22,812,000	$ 20,383,000	$ 17,280,000	$ 14,635,000	$ 11,865,000
Bond Anticipation Notes	1,201,850	1,257,542	1,239,798	1,184,174	11,794,073
Other Debt [(2)]	0	0	0	2,627,000	2,483,754
Total Debt Outstanding	$ 24,013,850	$ 21,640,542	$ 18,519,798	$ 18,446,174	$ 26,142,827

(1) The District issued $7,930,000 refunding serial bonds on October 31, 2012 through the New York State Dormitory Authority to realize net present value and budgetary savings. The bonds refunded $8,788,000 outstanding principal of the District's 2002 series bonds. The bonds listed above for fiscal year ending June 30, 2013 include $4,420,000 refunded serial bonds. Debt service on the refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased. The refunded bonds will be fully redeemed as of their first call date.

(2) Represents an energy performance contract. See "Capital Lease Obligation" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 7, 2016.

Type of Indebtedness	Maturity	Amount
Bonds	2016-2025	$ 11,105,000
Bond Anticipation Notes		
Capital Project	June 30, 2016	10,650,000 [(1)]
Purchase of Buses	July 2, 2016	1,176,376 [(2)]
	Total Indebtedness	$ 22,931,376

(1) To be redeemed at maturity with the proceeds of serial bonds issued through the New York State Dormitory Authority, along with available funds. See "Capital Project Plans" herein
(2) To be renewed in full with the proceeds of the Notes.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 7, 2016:

Full Valuation of Taxable Real Property			$ 773,210,814
Debt Limit 10% thereof			77,321,081
Inclusions:			
Bonds	$ 11,105,000		
Bond Anticipation Notes [(1)]	10,650,000		
Principal of this Issue	1,405,167		
Total Inclusions		$ 23,160,167	
Exclusions:			
State Building Aid [(2)]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 23,160,167
Net Debt-Contracting Margin			$ 54,160,914
The percent of debt contracting power exhausted is			29.95%

(1) To be redeemed at maturity with the proceeds of serial bonds, along with available funds, issued through the New York State Dormitory Authority and closing June 15, 2016. See "Capital Project Plans" herein.

(2) Based on preliminary 2016-2017 building aid estimates, the District anticipates State Building aid of 83.2% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

Bonded Debt Service

A schedule of bonded debt service may be found in "APPENDIX – B" to the Official Statement.

Capital Project Plans

On May 21, 2013 the qualified voters of the District passed an $11,850,000 proposition for the construction of a new transportation facility and reconstruction to five district building, a four classroom addition to Bolivar Road Elementary School and the replacement of the High School running track. The project will be funded with $1,200,000 capital reserve monies, $464,572 EXCEL aid, $9,006 in NYSERDA grants and the issuance of debt. The District issued $10,650,000 bond anticipation notes to mature November 6, 2015, which represented the first borrowing against said authorization. The District renewed these $10,650,000 bond anticipation notes maturing November 6, 2015 to June 30, 2016. The issuance of serial bonds issued through the New York State Dormitory Authority and closing on June 15, 2016 will permanently finance these maturing bond anticipation notes.

The District annually issues bond anticipation notes in July each year for the purchase of school buses. Currently outstanding are $1,176,376 bond anticipation notes that mature July 2, 2016. The issuance of the Renewal Notes, along with $391,830 principal payment will redeem the outstanding bond anticipation notes maturing July 2, 2016 for school buses. The issuance of the New Money Notes will provide $620,621 in new monies for school buses.

The District has no other projects authorized or contemplated at this time.

Cash Flow Borrowing

The District issued $1,500,000 of revenue anticipation notes in the 2005-2006 fiscal year and $2,000,000 revenue anticipation notes in the 2006-2007 fiscal year. The District has not issued any such notes since that time, and does not expect to issue any such notes in the current fiscal year.

Capital Lease Obligation

On January 24, 2014, the District entered into a $2,627,000 energy performance contract for improvements to implement energy cost-saving techniques. The lease is for a 15 year period of time and requires annual principal and interest payment of approximately $224,000, which began on January 1, 2015. The assets recorded under this capital lease approximated $2,700,000 as of June 30, 2015. At June 30, 2015, $2,483,754 of the capital lease obligation remained to be paid.

The following is a summary of obligations of government activities under capital lease payments:

Fiscal Year ended June 30th:	Total
2016	$ 142,435
2017	147,135
2018	151,990
2019	157,006
2020-2029	1,885,188
Total minimum lease payments:	$ 2,483,754

Source: 2015 Audited Financial Statements of the District.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed as of the close of the 2014 fiscal year of the respective municipalities.

Unit	Outstanding Indebtedness (1)	Exclusions (2)	Net Indebtedness	% Within District	Applicable Net Indebtedness
Counties:					
Madison	$ 12,120,000	$ 0	$ 12,120,000	16.23%	$ 1,967,076
Onondaga	534,598,657	275,491,588	259,107,069	0.004	10,364
Towns:					
Sullivan	12,301,205	3,258,205	9,043,000	90.74	8,205,618
Cazenovia	728,872	623,872	105,000	1.48	1,554
Lincoln	116,611	116,611	0	0.99	0
Lenox	4,890,500	1,440,000	3,450,500	1.74	60,039
Cicero	3,054,492	404,361	2,650,132	0.02	530
Manlius	337,574	0	337,574	0.06	203
Village:					
Chittenango	5,637,590	5,218,840	418,750	100.00	418,750
				Total	$ 10,664,134

(1) Bonds and bond anticipation notes as of close of 2014 fiscal year. Not adjusted to include subsequent bond sales, if any.

(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Note: The 2015 Comptroller's Special Report is currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2014.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 7, 2016:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 23,160,167	$ 1,658.44	3.00%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	33,824,301	2,422.01	4.67

[a] The current estimated population of the District is 13,965. (See "THE SCHOOL DISTRICT - Population" herein.)
[b] The District's full value of taxable real estate for the fiscal year ending 2016 is $773,210,814. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
[c] See "Calculation of Net Direct Indebtedness" herein.
[d] Estimated net overlapping indebtedness is $10,664,134. (See "Estimated Overlapping Indebtedness" herein.)

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

INDIAN LITIGATION AND SETTLEMENT

From 1970 until March 2014, the County of Oneida was involved in extensive litigation against the Oneida Indians. This included land claims brought by three Oneida tribes which were both resolved, the smaller case by payment of $8,360 plus interest made with state funds and the larger one by judgment in Oneida County's favor in 2011. Additionally, in the years 2005-2008, three more suits were commenced between Oneida County and the local Oneida tribe, known as the Oneida Indian Nation of New York. This litigation included a dispute over taxability of Nation-owned real property, the assessments of those parcels, and the US government's decision to accept some Nation-owned parcels into trust. Settlement of all pending litigation was reached between Oneida County, Madison County, the Nation and New York State in 2013, and became effective upon approval of Federal District Court Judge Kahn on March 4, 2014. There remains no pending litigation between Oneida County and the Oneida Indians. The settlement exempts Nation-owned parcels from property taxes, but on balance is expected to provide significant financial benefit to Oneida County. Specifically, its terms are summarized as follows:

Tribal Revenue Sharing with State and Local Governments and Gaming Exclusivity:

Under the agreement, the Oneida Nation will receive exclusive rights to casino gaming in a ten county region of Central New York. In exchange, the Nation will devote 25% of its net gaming revenue from its slot machines to the State of New York. Based on current Oneida gaming revenues, that would be approximately $50 million annually to the state. From the state share there would be distributed to Oneida County, as the host county, 25% of the state's payment annually and in addition Oneida County will receive $2.5 million annually from the state share to settle back property tax claims. It is expected payments to Oneida County will commence in May 2014, totaling approximately $15 million per year.

Settling Land into Trust

Under the settlement, the Oneida Nation will agree to a permanent cap of approximately 25,000 acres of land which may be taken into trust by the Department of Interior as Nation land. New York State, Oneida County and Madison County withdrew their case challenging land into trust. The Nation expressly waives its rights of sovereignty over any land over the cap amount.

Ending Unfair Competition:

The settlement requires the Oneida Nation to impose a Nation sales tax that equals or exceeds the State's and counties' sales, use and occupancy taxes. Under the agreement:

- The Nation sales tax would apply to all cigarettes, motor fuel, and all other sales by Indian retailers to non-Indians.
- The Nation must adhere to minimum pricing standards for cigarette products.
- The Nation must use sales tax revenues only for the same types of governmental programs to which the State and Counties devote their tax revenues.

It should be noted that a separate claim, brought by the Stockbridge-Munsee Tribe of Indians involving a much smaller amount of land in Oneida County, remains alive. The claim was dismissed in Federal District Court, for similar reasons as the Oneida claim dismissal, but an appeal is pending. Oneida County is optimistic that the dismissal with be upheld.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

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

The Federal Bankruptcy Code allows public bodies such as the District recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While the provisions of the Local Finance Law do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

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

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

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 any 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 on District indebtedness is past due. The District has never defaulted in the payment of principal of or interest on any indebtedness.

MARKET AND RISK FACTORS

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

The District is dependent in part on financial assistance from the State. However, 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 any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT - State Aid").

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

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

TAX MATTERS

In the opinion of Trespasz & Marquardt, LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is excluded from adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; however, such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. A complete copy of the proposed forms of opinions of Bond Counsel is set forth in “APPENDIX – D & E’ hereto.

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

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

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

Current and future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Trespasz & Marquardt, LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the forms resepctivelt attached hereto as "APPENDIX – D & E".

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. For further information, see "INDIAN LITIGATION AND SETTLEMENT".

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

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

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

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Notes

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the District

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

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

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

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

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

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

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

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

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

Historical Compliance

The District is in compliance, in all material respects, with all prior undertakings pursuant to Rule 15c2-12 for the past five years.

On occasion, the District did not file in a timely manner certain material event notices relating to rating changes of the various insurers of certain outstanding bonds of the District. The underlying rating of the District was not affected by such bond insurer rating changes. On October 1, 2015, the District had an interest payment due and as a result of clerical oversight the payment made was only for a portion of the total interest due. The District was notified and the payment was made whole on October 5, 2015. Additionally, the District failed to file a material event notice disclosing the missed interest payment within 10 days of its occurrence as required by the District's existing continuing disclosure agreements. A notice disclosing these events was filed to the Electronic Municipal Market Access on October 28, 2015.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

RATING

The Notes themselves are not rated.

Standard & Poor's Credit Market Services ("S&P") has assigned their underlying rating of "A+" with a stable outlook to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

Moody's Investors Service ("Moody's") has assigned their underlying rating of "A1" to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 99 Church Street - 9th Floor, New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds.

MISCELLANEOUS

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

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes; changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

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

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

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

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the District, as to which no representation can be made.

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

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. 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. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. 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. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District contact information is as follows: Mr. Scott Mahardy, Assistant Superintendent for Business, Chittenango Central School District, 1732 Flyer Road, Chittenango, NY 13037, phone: (315) 687-2850, fax: (315) 687-2845, email address: mahardys@ccs.cnyric.org.

This Official Statement has been duly executed and delivered by the President of the Board of Education of Chittenango Central School District.

CHITTENANGO CENTRAL SCHOOL DISTRICT

Dated: June 7, 2016

J. DANIEL GIBBONS
PRESIDENT OF THE BOARD OF EDUCATION

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2011	2012	2013	2014	2015
ASSETS					
Unrestricted Cash	$ 7,155,757	$ 3,188,421	$ 3,236,059	$ 3,145,541	$ 3,061,865
Restricted	3,457,790	4,191,431	5,129,431	5,229,430	6,671,431
Due from State & Federal Aid	-	-	1,144,532	895,385	989,004
Due from Other Funds	824,517	1,223,140	570,672	905,682	266,700
Due from Fiduciary Funds	5,520	134,032	127,424	287,809	305,024
Due from Other Governments	1,310,568	1,351,003	-	-	-
Other Receivable	-	23,894	9,158	9,924	11,021
TOTAL ASSETS	$ 12,754,152	$ 10,111,921	$ 10,217,276	$ 10,473,771	$ 11,305,045
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 36,019	$ 55,530	$ 105,473	$ 144,108	$ 190,938
Accrued Liabilities	270,175	158,951	97,498	133,312	214,885
Due to Other Funds	2,093,167	38,246	-	-	36,081
Due to Other Governments	-	-	-	2,682	13
Due to Teachers' Retirement System	1,251,698	1,430,070	1,435,665	1,956,718	2,058,434
Due to Employees Retirement System	199,448	213,055	273,025	272,703	254,548
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	3,850,507	1,895,852	1,911,661	2,509,523	2,754,899
FUND EQUITY					
Reserved	$ 3,457,790	$ 4,191,431	$ 5,129,431	$ 5,229,430	$ 6,671,431
Unreserved:					
Appropriated	2,716,306	2,502,684	1,800,905	1,740,958	219,007
Unappropriated	2,729,549	1,521,954	1,375,279	993,860	1,659,708
TOTAL FUND EQUITY	8,903,645	8,216,069	8,305,615	7,964,248	8,550,146
TOTAL LIABILITIES & FUND EQUITY	$ 12,754,152	$ 10,111,921	$ 10,217,276	$ 10,473,771	$ 11,305,045

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2010	2011	2012	2013	2014
REVENUES					
Real Property Taxes	$ 12,074,033	$ 15,873,422	$ 13,174,467	$ 13,433,499	$ 13,725,611
Real Property Tax Items	3,290,198	-	3,248,509	3,337,933	3,380,981
Nonproperty Taxes		-	-	-	-
Charges for Services	116,158	88,363	78,539	89,909	73,076
Use of Money & Property	105,405	134,680	77,174	73,856	67,769
Sale of Property and Compensation for Loss	8,675	3,893	28,277	24,156	26,619
Miscellaneous	166,455	208,547	308,037	372,709	369,695
Revenues from State Sources	18,536,677	17,982,399	16,381,798	16,412,080	17,006,632
Revenues from Federal Sources	1,867,444	1,153,874	59,837	4,704	5,476
Total Revenues	$ 36,165,045	$ 35,445,178	$ 33,356,638	$ 33,748,846	$ 34,655,859
Other Sources:					
Interfund Transfers	-	460,697	-	-	328
Total Revenues and Other Sources	36,165,045	35,905,875	33,356,638	33,748,846	34,656,187
EXPENDITURES					
General Support	$ 4,035,846	$ 3,897,825	$ 3,853,067	$ 3,623,667	$ 3,664,809
Instruction	15,509,174	15,440,145	14,534,348	14,647,197	15,289,567
Pupil Transportation	2,033,117	2,076,615	1,840,656	1,855,489	1,859,818
Community Service	-	-	-	-	-
Employee Benefits	8,377,369	9,104,561	9,337,392	9,730,323	10,343,293
Debt Service	4,337,402	3,595,688	3,928,364	3,808,252	3,781,482
Total Expenditures	$ 34,292,908	$ 34,114,834	$ 33,493,827	$ 33,664,928	$ 34,938,969
Other Uses:					
Interfund Transfers					
Transfers from Other Funds	869,147	20,433	550,387	(5,568)	58,585
Total Expenditures and Other Uses	35,162,055	34,135,267	34,044,214	33,659,360	34,997,554
Excess (Deficit) Revenues Over Expenditures	1,002,990	1,770,608	(687,576)	89,486	(341,367)
FUND BALANCE					
Fund Balance - Beginning of Year	6,130,047	7,133,037	8,903,645	8,216,069	8,305,615
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 7,133,037	$ 8,903,645	$ 8,216,069	$ 8,305,555	$ 7,964,248

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2015			2016	2017
	Adopted Budget	Modified Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	$ 14,130,859	$ 14,130,859	$ 14,123,527	$ 17,708,969	$ 17,538,890
Real Property Tax Items	3,372,000	3,372,000	3,381,309	41,750	-
Nonproperty Taxes	-	-	-	-	-
Charges for Services	67,500	67,500	72,597	3,500	-
Use of Money & Property	39,500	39,500	47,840	22,500	-
Sale of Property and Compensation for Loss	1,000	1,000	53,504	-	-
Miscellaneous	151,000	151,000	577,973	200,000	379,000
Revenues from State Sources	18,008,768	18,068,768	17,967,747	19,153,641	19,760,632
Revenues from Federal Sources	80,000	80,000	43,687	45,000	-
Total Revenues	$ 35,850,627	$ 35,910,627	$ 36,268,184	$ 37,175,360	$ 37,678,522
Other Sources:					
Interfund Revenues	-	-	21,818	216,376	-
Total Revenues and Other Sources	35,850,627	35,910,627	36,290,002	37,391,736	37,678,522
EXPENDITURES					
General Support	$ 3,999,353	$ 4,056,976	$ 3,750,470	$ 4,020,332	$ 4,027,741
Instruction	15,913,685	16,343,909	15,801,607	15,981,368	16,132,466
Pupil Transportation	2,056,947	2,130,260	2,001,099	2,141,628	2,204,177
Community Service	-	-	-	-	-
Employee Benefits	11,465,760	11,129,689	10,166,601	10,755,057	11,043,742
Debt Service	3,960,126	3,990,751	3,984,327	3,936,599	3,940,830
Total Expenditures	$ 37,395,871	$ 37,651,585	$ 35,704,104	$ 36,834,984	$ 37,348,956
Other Uses:					
Transfers to Other Funds	22,000	-	-	124,000	120,000
Total Expenditures and Other Uses	37,417,871	37,651,585	35,704,104	36,958,984	37,468,956
Excess (Deficit) Revenues Over Expenditures	(1,567,244)	(1,740,958)	585,898	432,752	209,566
FUND BALANCE					
Fund Balance - Beginning of Year	1,567,244	1,740,958	7,964,248	(432,752)	(209,566)
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 8,550,146	$ -	$ -

Source: Audited financial report and budgets of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2016	$ 2,765,000	$ 3,907,500.00	$ 6,672,500.00
2017	1,965,000	3,021,900.00	4,986,900.00
2018	2,040,000	3,046,750.00	5,086,750.00
2019	2,120,000	3,083,250.00	5,203,250.00
2020	1,035,000	1,941,500.00	2,976,500.00
2021	885,000	1,610,800.00	2,495,800.00
2022	245,000	297,750.00	542,750.00
2023	255,000	295,500.00	550,500.00
2024	270,000	297,750.00	567,750.00
2025	285,000	299,250.00	584,250.00
TOTALS	$ 11,865,000	$ 17,801,950.00	$ 29,666,950.00

Note: Does not include an energy performance contract. Does not include $8,650,000 serial bonds to be issued through the New York State Dormitory Authority and close on or about June 15, 2016.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2004 Refunding of 1995 and 1996 Bonds Principal	Interest	Total	2011 DASNY Principal	Interest	Total
2016	$ 560,000	$ 28,000.00	$ 588,000.00	$ 180,000	$ 114,250.00	$ 294,250.00
2017	-	-	-	190,000	105,250.00	295,250.00
2018	-	-	-	200,000	95,750.00	295,750.00
2019	-	-	-	210,000	85,750.00	295,750.00
2020	-	-	-	220,000	75,250.00	295,250.00
2021	-	-	-	230,000	64,250.00	294,250.00
2022	-	-	-	245,000	52,750.00	297,750.00
2023	-	-	-	255,000	40,500.00	295,500.00
2024	-	-	-	270,000	27,750.00	297,750.00
2025	-	-	-	285,000	14,250.00	299,250.00
TOTALS	$ 560,000	$ 28,000.00	$ 588,000.00	$ 2,285,000	$ 675,750.00	$ 2,960,750.00

Fiscal Year Ending June 30th	2013 DASNY Refunding of 2005 Bonds Principal	Interest	Total	2013 DASNY Refunding of 2005 Bonds Principal	Interest	Total
2016	$ 1,265,000	$ 220,750.00	$ 1,485,750.00	$ 760,000	$ 84,500.00	$ 844,500.00
2017	1,000,000	157,500.00	1,157,500.00	775,000	69,150.00	844,150.00
2018	1,050,000	107,500.00	1,157,500.00	790,000	53,500.00	843,500.00
2019	1,100,000	55,000.00	1,155,000.00	810,000	37,500.00	847,500.00
2020	-	-	-	815,000	21,250.00	836,250.00
2021	-	-	-	655,000	6,550.00	661,550.00
TOTALS	$ 4,415,000	$ 540,750.00	$ 4,955,750.00	$ 4,605,000	$ 272,450.00	$ 4,877,450.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2016 [(1)] DASNY Principal	Interest	Total
2016	$ -	$ -	$ -
2017	175,000	490,141.39	665,141.39
2018	290,000	375,150.00	665,150.00
2019	300,000	363,550.00	663,550.00
2020	315,000	348,550.00	663,550.00
2021	335,000	332,800.00	667,800.00
2022	350,000	316,050.00	666,050.00
2023	365,000	298,550.00	663,550.00
2024	385,000	280,300.00	665,300.00
2025	400,000	261,050.00	661,050.00
2026	420,000	241,050.00	661,050.00
2027	440,000	224,350.00	664,350.00
2028	460,000	202,350.00	662,350.00
2029	485,000	179,350.00	664,350.00
2030	505,000	155,100.00	660,100.00
2031	350,000	129,850.00	479,850.00
2032	185,000	112,350.00	297,350.00
2033	190,000	103,100.00	293,100.00
2034	200,000	93,600.00	293,600.00
2035	210,000	83,600.00	293,600.00
2036	220,000	73,100.00	293,100.00
2037	235,000	62,100.00	297,100.00
2038	240,000	55,050.00	295,050.00
2039	245,000	47,850.00	292,850.00
2040	255,000	40,500.00	295,500.00
2041	260,000	32,850.00	292,850.00
2042	270,000	25,050.00	295,050.00
2043	280,000	16,950.00	296,950.00
2044	285,000	8,550.00	293,550.00
TOTALS	$ 8,650,000	$ 4,952,841.39	$ 13,602,841.39

[(1)] Scheduled to close on or about June 15, 2016.

CHITTENANGO CENTRAL SCHOOL DISTRICT

MADISON AND ONONDAGA COUNTIES, NEW YORK

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2015

Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

CHITTENANGO CENTRAL SCHOOL DISTRICT

Table of Contents

grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Education
Chittenango Central School District
Chittenango, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chittenango Central School District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited each fiduciary fund type of Chittenango Central School District, as of and for the year ended June 30, 2015, as displayed in the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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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, as well as each fiduciary fund type of Chittenango Central School District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements include additional disclosure, as well as recognition of additional liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures related to Governmental Accounting Standards Board Statement No. 68 – Reporting for Pensions. This statement requires the restatement of beginning net position and disclosures that fully describe the matter can be found on pages 26-30 and page 46. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of funding progress other postemployment benefit plans and schedule of revenues, expenditures and changes in fund balance on pages 4-11 and 50-51 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 Chittenango Central School District's basic primary government financial statements. The *schedule of change from adopted to final budget and the real property tax limit, the schedule of project expenditures – capital projects fund* and *investment in capital assets, net of related debt* (the supplemental information) on pages 52-54 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information is the responsibility of management and 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 September 22, 2015 on our consideration of Chittenango Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Grossman St. Amour CPAs

Syracuse, New York
September 22, 2015

The following is a discussion and analysis of the Chittenango Central School District's (the District) financial performance for the fiscal year ended June 30, 2015. 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

- Health insurance rates increased 7%.
- TRS rates increased to 17.53%.
- ERS rates increased to 20.40%.
- Fuel costs continue to fluctuate due to commodity market fluctuation.
- The District closed Lake Street Elementary School effective July 2015.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Figure A-1 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 activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• 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 outflows of resources/ liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and 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 of resources (if any), liabilities and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues 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, deferred outflow of resources, liabilities and deferred inflows of resources – 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.

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

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

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

- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund 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.

Fund Financial Statements (continued)

The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Table 1
Condensed Statement of Net Position

	District-Wide		Percent
	2015	2014	Change
Current and Other Assets	$ 21,198,312	$ 15,236,519	39.13%
Capital Assets	50,906,843	45,695,832	11.40%
Net pension asset	10,943,935	518,958	2008.83%
Total Assets	83,049,090	61,451,309	35.15%
Deferred outflow of resources	152,132	-	100.00%
Total Assets and Deferred Outflows	$ 83,201,222	$ 61,451,309	35.39%
Current liabilities	$ 26,979,591	$ 15,144,814	78.14%
Noncurrent liabilities	38,287,803	35,094,730	9.10%
Net pension liability	615,981	823,957	-25.24%
Total Liabilities	65,883,375	51,063,501	29.02%
Deferred inflows of resources	8,461,491	429,501	1870.07%
Net Position:			
Net Investment in Capital Assets	24,473,011	26,820,157	-8.75%
Restricted	9,056,692	8,547,319	5.96%
Unrestricted (Deficit)	(24,673,347)	(25,409,169)	-2.90%
Total Net Position	$ 8,856,356	$ 9,958,307	-11.07%

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 2
Changes in Net Position from Operating Results

	District-Wide		
	2015	2014	Percent Change
REVENUES			
Program Revenues:			
Charges for Services	$ 385,374	$ 423,920	-9.09%
Operating Grants and Contributions	1,422,640	1,305,036	9.01%
General Revenue:			
Property Taxes and Other Tax Items	17,504,836	17,106,592	2.33%
State Sources	18,057,583	17,071,597	5.78%
Medicaid Reimbursement	43,687	5,476	697.79%
Other General Revenues	1,129,475	917,596	23.09%
Total Revenues	38,543,595	36,830,217	4.65%
PROGRAM EXPENSES			
General Support	5,428,661	6,586,926	-17.58%
Instruction	28,669,635	30,152,858	-4.92%
Transportation	3,901,224	3,811,335	2.36%
Debt Service	917,925	1,058,075	-13.25%
School Lunch Program	728,101	722,122	0.83%
Total Expenses	39,645,546	42,331,316	-6.34%
Increase (Decrease) in Net Position	$ (1,101,951)	$ (5,501,099)	-79.97%

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 3 presents the cost of each of the District's largest programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Governmental Activities

	Total cost of services		Net cost of services	
	2015	2014	2015	2014
General Support	$ 5,428,661	$ 6,586,926	$ 5,428,661	$ 5,762,969
Instruction	28,669,635	30,152,858	27,640,545	29,791,034
Pupil Transportation	3,901,224	3,811,335	3,901,224	3,811,335
Debt Service - Interest	917,925	1,058,075	917,925	1,058,075
School Lunch Program	728,101	722,122	(50,823)	(126,052)
Total	$ 39,645,546	$ 42,331,316	$ 37,837,532	$ 40,297,361

Financial Analysis of the School District's Funds

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

Governmental Funds

The purpose of the School District's governmental funds is to account for and provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The School District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities and postemployment obligations that are not recognized in the governmental funds. Fund balances for capital projects are restricted by State law to be spent for the purpose of the fund and are not available for spending at the School District's discretion.

Financial Analysis of the School District's Funds (continued)

General Fund Budgetary Highlights

The budgetary comparison information on page 51 presents both adopted and final modified budget totals compared with actual results for the General Fund for the year ended June 30, 2015. The significant variances between the adopted and the final budget for 2015 were as follows:

Adopted Budget	$ 37,417,871
Budget Adjustments	60,000
2014 Additional Appropriations:	
Encumbrances Carryover	173,714
Final Budget	$ 37,651,585

Capital Assets and Debt Administration

Capital Assets

At June 30, 2015, the District had approximately $50 million invested in a broad range of capital assets including buildings, transportation equipment, computer equipment, and furniture and fixtures. Table 4 categorically illustrates the District's capital assets net of related depreciation.

Table 4
Capital Assets at Year End (Net of Depreciation)

	Capital Assets		
	2015	2014	Percent Change
Land	$ 1,257,354	$ 1,257,354	0.00%
Buildings and Improvements	70,489,536	70,489,536	0.00%
Equipment	8,075,911	7,911,766	2.07%
Construction in Progress	8,919,682	2,288,389	289.78%
Less: Accumulated Depreciation	(37,835,640)	(36,251,214)	4.37%
Total	$ 50,906,843	$ 45,695,831	11.40%

Long-Term Debt

At June 30, 2015, the District had approximately $14.3 million in long-term debt. Table 5 provides a summary of the debt. The notes to the basic financial statements provide additional details regarding this debt.

Table 5
Outstanding Long-term Debt, at Year End

	District-Wide		
	2015	2014	Percent Change
General Obligation Bonds	$ 11,865,000	$ 14,635,000	-18.93%
Capital Lease Obligation	2,483,754	2,627,000	-5.45%
Total Outstanding Debt	$ 14,348,754	$ 17,262,000	-16.88%

Factors bearing on the District's Future

- At June 30, 2015, the District had exhausted 31% of its constitutional debt limit.
- Since the District successfully entered the Central New York Health Insurance Cooperative, the cost of health insurance has stabilized but may continue to rise in the future.
- Employer contributions for Teachers' Retirement System and Employees' Retirement System may continue to rise.
- As a result of New York State settling the Oneida Indian Nation claim, the Chittenango Central School District continues to analyze the impact of nation land being put into the land trust. The potential impact could mean $90,000 in real property taxes will have to be redistributed to other taxpayers within the District.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District Business Office at 1732 Fyler Road, Chittenango, New York 13037.

CHITTENANGO CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

ASSETS	
Cash	
Unrestricted	$ 8,705,960
Restricted	9,056,692
Investments	1,856,082
Receivables	
State and federal aid	1,211,031
Due from fiduciary funds	305,024
Other	11,274
Inventories	52,249
Capital assets, net	50,906,843
Net pension asset- proportionate share	10,943,935
Total assets	83,049,090
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	152,132
Total Assets and Deferred Outflows of Resources	$ 83,201,222
LIABILITIES	
Accounts payable	$ 1,513,386
Accrued liabilities	369,822
Due to other governments	828
Notes payable	
Bond anticipation	11,794,075
Long-term liabilities	
Due and payable within one year	
Bonds payable	2,765,000
Capital lease obligation	142,435
Due to teachers' retirement system	2,058,434
Due to employees' retirement system	267,937
Other postemployment benefits payable	8,067,674
Due and payable after one year	
Bonds payable	9,100,000
Capital lease obligation	2,341,319
Other postemployment benefits payable	26,526,639
Compensated absences payable	319,845
Net pension liability- proportionate share	615,981
Total liabilities	65,883,375
DEFERRED INFLOW OF RESOURCES	
Pensions	8,170,488
Deferred amount on refunding of bonds	291,003
Total deferred inflow of resources	8,461,491
NET POSITION	
Investment in capital assets, net of related debt	24,473,011
Restricted	9,056,692
Unrestricted (deficit)	(24,673,347)
Total net position	8,856,356
Total liabilities, deferred inflow of resources and net position	$ 83,201,222

See notes to basic financial statements

CHITTENANGO CENTRAL SCHOOL DISTRICT

Statement of Activities and Changes in Net Position

For the Year Ended June 30, 2015

	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	$ (4,190,877)	$ (1,237,784)	$ -	$ -	$ (5,428,661)
Instruction	(20,520,888)	(8,148,747)	72,597	956,493	(27,640,545)
Pupil transportation	(2,972,886)	(928,338)	-	-	(3,901,224)
Employee benefits	(10,314,869)	10,314,869	-	-	-
Debt service - interest	(917,925)	-	-	-	(917,925)
School lunch program	(728,101)	-	312,777	466,147	50,823
Total functions and programs	$ (39,645,546)	$ -	$ 385,374	$ 1,422,640	(37,837,532)
GENERAL REVENUES					
Real property taxes					14,123,527
Other real property tax items					3,381,309
Use of money and property					479,513
Sale of property and compensation for loss					52,222
State sources					18,057,583
Medicaid reimbursement					43,687
Miscellaneous					597,740
Total general revenues					36,735,581
Change in net position					(1,101,951)
Total net position - beginning of year, as restated					9,958,307
Total net position - end of year					$ 8,856,356

See notes to basic financial statements

CHITTENANGO CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2015

	General	Special Aid	School Lunch Fund	Debt Service	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 3,061,865	$ -	$ 23,598	$ -	$ 5,620,497	$ 8,705,960
Restricted	6,671,431	-	-	2,318,064	67,197	9,056,692
Investments	-	-	-	1,856,082	-	1,856,082
Receivables						
State and federal aid	989,004	222,027	-	-	-	1,211,031
Due from other funds	266,700	-	36,081	67,197	-	369,978
Due from fiduciary funds	305,024	-	-	-	-	305,024
Other	11,021	-	253	-	-	11,274
Inventories	-	-	52,249	-	-	52,249
Total assets	$ 11,305,045	$ 222,027	$ 112,181	$ 4,241,343	$ 5,687,694	$ 21,568,290
LIABILITIES						
Accounts payable	$ 190,938	$ 390	$ 9,650	$ -	$ 1,312,408	$ 1,513,386
Accrued liabilities	214,885	2,179	20,880	-	-	237,944
Due to other funds	36,081	219,458	47,242	-	67,197	369,978
Due to other governments	13	-	815	-	-	828
Due to teachers' retirement system	2,058,434	-	-	-	-	2,058,434
Due to employees' retirement system	254,548	-	13,389	-	-	267,937
Notes payable						
Bond anticipation	-	-	-	-	11,794,075	11,794,075
Total liabilities	2,754,899	222,027	91,976	-	13,173,680	16,242,582
FUND BALANCES						
Nonspendable:						
Reserved for inventory	-	-	52,249	-	-	52,249
Restricted for:						
Reserved for tax certiorari	133,431	-	-	-	-	133,431
Reserved for workers' compensation	725,000	-	-	-	-	725,000
Reserved for unemployment insurance	400,000	-	-	-	-	400,000
Reserved for retirement	1,932,104	-	-	-	-	1,932,104
Reserved for capital expenditures	2,538,896	-	-	-	-	2,538,896
Reserved for repairs	442,000					442,000
Reserved for employee benefits	500,000	-	-	-	-	500,000
Reserved for payment of debt	-	-	-	4,241,343	-	4,241,343
Assigned to:						
Assigned appropriated fund balance	-	-	-	-	-	-
Assigned unappropriated fund balance	219,007	-	(32,044)	-	-	186,963
Unassigned:						
Unassigned fund balance	1,659,708	-	-	-	(7,485,986)	(5,826,278)
Total fund balances	8,550,146	-	20,205	4,241,343	(7,485,986)	5,325,708
Total liabilities and fund balances	$ 11,305,045	$ 222,027	$ 112,181	$ 4,241,343	$ 5,687,694	$ 21,568,290

See notes to basic financial statements

CHITTENANGO CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2015

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	$ 8,705,960	$ -	$ -	$ 8,705,960
Restricted	9,056,692	-	-	9,056,692
Investments	1,856,082	-	-	1,856,082
Receivables				
State and federal aid	1,211,031	-	-	1,211,031
Due from other funds	369,978	-	(369,978)	-
Due from fiduciary funds	305,024	-	-	305,024
Other	11,274	-	-	11,274
Inventories	52,249	-	-	52,249
Capital assets, net	-	50,906,843	-	50,906,843
Net pension asset- proportionate share	-	10,943,935	-	10,943,935
Total assets	21,568,290	61,850,778	(369,978)	83,049,090
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	-	152,132	-	152,132
Total Deferred Outflows of Resources	-	152,132	-	152,132
Total Assets and Deferred Outflows of Resources	$ 21,568,290	$ 62,002,910	$ (369,978)	$ 83,201,222
LIABILITIES				
Payables				
Accounts payable	$ 1,513,386	$ -	$ -	$ 1,513,386
Accrued liabilities	237,944	131,878	-	369,822
Due to other funds	369,978	-	(369,978)	-
Due to other governments	828	-	-	828
Notes payable				
Bond anticipation	11,794,075	-	-	11,794,075
Long-term debt-due within one year				
Due to employees' retirement system	267,937	-	-	267,937
Due to teachers' retirement system	2,058,434	-	-	2,058,434
Bonds payable	-	2,765,000	-	2,765,000
Capital lease obligation	-	142,435	-	142,435
Other postemployment benefits payable	-	8,067,674	-	8,067,674
Long-term debt-due in more than one year				
Bonds payable	-	9,100,000	-	9,100,000
Capital lease obligation	-	2,341,319	-	2,341,319
Other postemployment benefits payable	-	26,526,639	-	26,526,639
Compensated absences	-	319,845	-	319,845
Net pension liability- proportionate share	-	615,981	-	615,981
Total liabilities	16,242,582	50,010,771	(369,978)	65,883,375
DEFERRED INFLOW OF RESOURCES				
Pensions	-	8,170,488	-	8,170,488
Deferred amount on refunding of bonds	-	291,003	-	291,003
Total deferred inflows of resources	-	8,461,491	-	8,461,491
FUND BALANCE/NET POSITION				
Total fund balance/net position	5,325,708	3,530,648	-	8,856,356
Total liabilities and fund balance/net position	$ 21,568,290	$ 62,002,910	$ (369,978)	$ 83,201,222

See notes to basic financial statements

CHITTENANGO CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2015

	General	Special Aid	School Lunch Fund	Debt Service	Capital Projects Fund	Governmental Funds
REVENUES						
Real property taxes	$ 14,123,527	$ -	$ -	$ -	$ -	$ 14,123,527
Other real property tax items	3,381,309	-	-	-	-	3,381,309
Charges for services	72,597	-	-	-	-	72,597
Use of money and property	47,840	-	-	11,975	17,970	77,785
Sale of property and compensation for loss	53,504	-	-	-	-	53,504
State sources	17,967,747	89,836	52,775	-	-	18,110,358
Sales	-	-	312,777	-	-	312,777
Miscellaneous	577,973	1,421	18,346	-	-	597,740
Federal sources	43,687	956,493	413,372	-	-	1,413,552
Total revenues	36,268,184	1,047,750	797,270	11,975	17,970	38,143,149
EXPENDITURES						
General support	3,597,224	-	-	-	-	3,597,224
Instruction	15,801,607	1,033,045	-	-	-	16,834,652
Pupil transportation	2,001,099	14,705	-	-	-	2,015,804
School lunch program	-	-	726,903	-	-	726,903
Employee benefits	10,166,601	-	120,266	-	-	10,286,867
Debt service						
Principal	3,314,974	-	-	-	-	3,314,974
Interest	669,353	-	-	-	-	669,353
Capital outlay	153,246	-	-	-	6,992,922	7,146,168
Total expenditures	35,704,104	1,047,750	847,169	-	6,992,922	44,591,945
Excess (deficiency) of revenues over expenditures	564,080	-	(49,899)	11,975	(6,974,952)	(6,448,796)
OTHER FINANCING SOURCES AND USES						
BANs redeemed from appropriations	-	-	-	-	401,728	401,728
Interfund transfers	21,818	-	-	67,197	(89,015)	-
Total other sources (uses)	21,818	-	-	67,197	312,713	401,728
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	585,898	-	(49,899)	79,172	(6,662,239)	(6,047,068)
Fund balance - beginning of year	7,964,248	-	70,104	4,162,171	(823,747)	11,372,776
Fund balance - end of year	$ 8,550,146	$ -	$ 20,205	$ 4,241,343	$ (7,485,986)	$ 5,325,708

See notes to basic financial statements

CHITTENANGO CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

For the Year Ended June 30, 2015

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	$ 14,123,527	$ -	$ -	$ -	$ 14,123,527
Other real property tax items	3,381,309	-	-	-	3,381,309
Charges for services	72,597	-	-	-	72,597
Use of money and property	77,785	-	-	-	77,785
Sale of property and compensation for loss	53,504	-	(1,282)	-	52,222
State sources	18,110,358	-	-	-	18,110,358
Federal sources	1,413,552	-	-	-	1,413,552
Sales - school lunch	312,777	-	-	-	312,777
Miscellaneous	597,740	-	-	-	597,740
Total revenues	38,143,149	-	(1,282)	-	38,141,867
EXPENDITURES/EXPENSES					
General support	3,597,224	710,267	243,494	(360,108)	4,190,877
Instruction	16,834,652	4,675,925	1,264,800	(2,254,489)	20,520,888
Pupil transportation	2,015,804	532,700	424,382	-	2,972,886
School lunch program	726,903	-	1,198	-	728,101
Employee benefits	10,286,867	28,002	-	-	10,314,869
Debt service	3,984,327	-	-	(3,066,402)	917,925
Capital outlay	7,146,168	-	(7,146,168)	-	-
Total expenditures/expenses	44,591,945	5,946,894	(5,212,294)	(5,680,999)	39,645,546
Excess (deficiency) of revenues over expenditures/expenses	(6,448,796)	(5,946,894)	5,211,012	5,680,999	(1,503,679)
OTHER SOURCES AND USES					
BANs redeemed from appropriations	401,728	-	-	-	401,728
Transfers to other funds	-	-	-	-	-
Total other sources (uses)	401,728	-	-	-	401,728
Net change for the year	$ (6,047,068)	$ (5,946,894)	$ 5,211,012	$ 5,680,999	$ (1,101,951)

CHITTENANGO CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2015

	Private Purpose Trusts	Agency
ASSETS		
Cash	$ 170,623	$ 660,193
Due from other funds	-	13
Total assets	$ 170,623	$ 660,206
LIABILITIES		
Extraclassroom activity balances	$ -	$ 116,949
Due to other funds	-	305,024
Other liabilities	-	238,233
Total liabilities	-	$ 660,206
NET POSITION		
Reserved for scholarships	170,623	
	$ 170,623	

See notes to basic financial statements

CHITTENANGO CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2015

		Private Purpose Trusts
ADDITIONS		
Gifts and contributions	$	25,779
Interest income		852
Total additions		26,631
DEDUCTIONS		
Scholarships and awards		5,700
Change in net position		20,931
Net position - beginning of year		149,692
Net position - end of year	$	170,623

See notes to basic financial statements

Note 1 – Summary of certain significant accounting policies

The financial statements of the Chittenango Central School District (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. Significant accounting principles and policies used by the District are described below:

A) Reporting entity:

The Chittenango Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of nine members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and 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 and its component unit(s) and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education 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.

Note 1 - Summary of certain significant accounting policies (continued)

B) Joint venture:

The District is a component district in Onondaga-Cortland-Madison BOCES. A Board of Cooperative Education Services (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.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component 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 districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed $2,770,791 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $1,335,148.

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

C) Basis of presentation:

i) 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 revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Note 1 - Summary of certain significant accounting policies (continued)

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

ii) 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.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition operations, 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.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

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.

The District reports the following fiduciary funds:

Fiduciary Fund: 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:

Note 1 - Summary of certain significant accounting policies (continued)

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefit 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 as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D) Measurement focus and basis of accounting:

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

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange 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 90 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.

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2014. Taxes were collected during the period September 2, 2014 to October 31, 2014.

Uncollected real property taxes are subsequently enforced by Onondaga and Madison Counties, in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

Note 1 - Summary of certain significant accounting policies (continued)

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are 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.

G) 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 expenditure 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 Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenue activity.

H) 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 date of the financial statements and the reported revenues 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.

Note 1 - Summary of certain significant accounting policies (continued)

I) Cash and investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (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. Investments are stated at fair value.

J) Accounts receivable:

Accounts receivable are shown gross. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2001. For assets acquired prior to June 30, 2001, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	$1,000	Straight Line	20-50 yrs
Furniture and equipment	1,000	Straight Line	5-20 yrs

Note 1 - Summary of certain significant accounting policies (continued)

M) Unearned and Deferred revenues:

Unearned and deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. The District reports unearned and deferred 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.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Many deferred or unearned revenues recorded in governmental funds are not recorded in the District-wide statements.

N) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly are the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

Note 1 - Summary of certain significant accounting policies (continued)

PENSION OBLIGATIONS

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

PLAN DESCRIPTIONS AND BENEFITS PROVIDED

Teachers' Retirement System (TRS)

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 NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

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, 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.

Note 1 - Summary of certain significant accounting policies (continued)

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105. The District has implemented GASB

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERED OUTFLOWS OF RESOURCES AND DEFERED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2015, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2015 for ERS and June 30, 2014 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Actuarial valuation date	3/31/2015	6/30/2014
Net pension asset/ (liability)	($615,981)	$10,943,935
District's portion of the Plan's total net pension asset/ (liability)	0.0182337%	0.079455%

For the year ended June 30, 2015, the District's recognized pension expense of $563,825 for ERS and the actuarial value $347,275 for TRS. At June 30, 2015 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 1 - Summary of certain significant accounting policies (continued)

	Deferred outflow of resources		Deferred inflow of resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 19,718	$ -	$ -	$ 129,426
Changes of assumption	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	106,988	-	-	5,944,232
Changes in proportion and differences between the District's contributions and proportionate share of contributions	25,425	-	-	3,632
District's contribution subsequent to the measurement date	-	-	-	2,093,198
Total	$152,131	$ -	$ -	$8,170,488

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	ERS	TRS
2016	$ 38,033	$ 1,501,530
2017	38,033	1,501,530
2018	38,033	1,501,530
2019	38,033	1,501,530
2020	-	15,472
Thereafter	-	55,699
	$ 152,132	$ 6,077,291

Note 1 - Summary of certain significant accounting policies (continued)

ACTUARIAL ASSUMPTIONS

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2015	June 30, 2014
Actuarial valuation date	April 1, 2014	June 30, 2013
Interest rate	7.5%	8%
Salary scale	4.90% - 6.00%	4.01%-10.91%
Decrement tables	April 1, 2005- March 31, 2010 System's Experience	July 1, 2005- June 30, 2010 System's Experience
Inflation rate	2.70%	3.00%

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.5% for ERS and 8% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions form 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 Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 1 - Summary of certain significant accounting policies (continued)

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 7.5% for ERS and 8% for TRS, as well as what the District's proportionate share of the net pension asset/ (liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.5% or ERS and 7% for TRS) or 1-percentagepoint higher (8.5% for ERS and 9% for TRS) than the current rate:

ERS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension asset (liability)	$ 4,105,777	$ 615,981	$ (2,330,273)

TRS	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
Employer's proportionate share of the net pension asset (liability)	$ (190,923)	$ (10,943,935)	$ (16,230,102)

O) 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 sick leave.

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

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, 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 expensed on a pay-as-you go basis.

Note 1 - Summary of certain significant accounting policies (continued)

P) Other benefits:

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

In addition to providing pension benefits, the District provides post-employment 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.

Q) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), 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 budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the 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.

R) 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, other postemployment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Note 1 - Summary of certain significant accounting policies (continued)

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.

S) Equity classifications:

District-wide statements

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 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 the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund statements

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

Non-spendable 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. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of $52,249.

Restricted – 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. All encumbrances of funds other than the General fund are classified as restricted fund balance. The District has established the following restricted fund balances.

Note 1 - Summary of certain significant accounting policies (continued)

Capital

According to Education Law §3651, 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. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the 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. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due 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.

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.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Tax Certiorari Reserve

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

Note 1 - Summary of certain significant accounting policies (continued)

Unemployment Insurance Reserve

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer 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 School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balance includes the following:

General Fund:	
Capital	$ 2,538,896
Employee benefit accrued liability	500,000
Retirement contributions	1,932,104
Tax certiorari	133,431
Repairs	442,000
Unemployment insurance	400,000
Workers compensation	725,000
Total restricted funds	$ 6,671,431

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2015.

Assigned – 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 General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to $219,007.

Unassigned – includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

Note 1 - Summary of certain significant accounting policies (continued)

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

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable 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, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than 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.

T) New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2015, the District implemented the following new standard issued by GASB:

GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27.*

GASB has issued Statement 69, *Government Combinations and Disposals of Government Operations.*

GASB has issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*

U) Future Changes in Accounting Standards

GASB has issued Statement No. 72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016.

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.* Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

Note 1 - Summary of certain significant accounting policies (continued)

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016.

The District will evaluate the impact that each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Note 2 - Explanation of certain differences between fund statements and District-wide statements

Due to the differences in the measurement focus and basis of accounting used in the funds 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 District-wide statements, compared with the current financial resources focus of the governmental funds.

A) Total fund balances of governmental funds vs. net position of governmental activities:

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

B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

i) Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Note 2 - Explanation of certain differences between fund statements and District-wide statements (continued)

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

iv) 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.

Note 3– Changes in Accounting Principles

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – Amendment to GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for contributions Made Subsequent to the Measurement date*. The implementation of the Statements requires the District to report as an asset and/or liability its portion of the collective net pensions asset and liability in the New York State Teachers' and Employees' Retirement Systems. The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the District contributions to the pension systems subsequent to the measurement date. See note 18 for the financial statement impact of implementation of the Statements.

Note 4 – Stewardship, compliance and accountability

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

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

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

Note 4 – Stewardship, compliance and accountability (continued)

Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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.

Encumbrances

Encumbrance accounting is used for budget 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 reservations 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.

C) Other disclosures:

The Capital Projects fund had a deficit fund balance of $7,485,986. This will be funded when the District obtains permanent financing for its current construction project

Note 5 – Cash and cash equivalents:

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.

Total financial institution bank balances at year-end, per the bank, were $21,044,654. These deposits are insured or collateralized with securities held by the financial institution in the School District's name.

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 $9,056,692 within the governmental funds and $830,816 in the fiduciary funds.

Note 6 - Capital assets

Capital asset balances and activity were as follows:

Governmental activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets that are not depreciated:				
Land	$ 1,257,354	$ -	$ -	$ 1,257,354
Construction in progress	2,288,389	6,631,293	-	8,919,682
Total nondepreciable	3,545,743	6,631,293	-	10,177,036
Capital assets that are depreciated:				
Buildings	70,489,536	-	-	70,489,536
Furniture and equipment	7,911,766	514,875	(350,730)	8,075,911
Total depreciable assets	78,401,302	514,875	(350,730)	78,565,447
Less accumulated depreciation:				
Buildings	(30,740,546)	(1,264,800)	-	(32,005,346)
Furniture and equipment	(5,510,668)	(669,074)	349,448	(5,830,294)
Total accumulated depreciation	(36,251,214)	(1,933,874)	349,448	(37,835,640)
Total depreciated assets, net	$ 45,695,831	$ 5,212,294	$ (1,282)	$ 50,906,843

Depreciation expense was charged to governmental functions as follows:	
General support	$ 243,494
Instruction	1,264,800
Pupil transportation	424,382
School lunch program	1,198
	$ 1,933,874

Note 7 - Short-term debt

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

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN maturing 7/1/14 at 1.74%	$ 83,138	$ -	$ 83,138	$ -
BAN maturing 11/6/14 at 1.00%	-	10,650,000	-	10,650,000
BAN maturing 7/8/15 at 1.50%	167,460	-	83,730	83,730
BAN maturing 7/6/16 at 1.01%	239,451	-	79,817	159,634
BAN maturing 7/5/17 at 0.80%	324,371	-	81,093	243,278
BAN maturing 7/3/18 at 0.74%	369,754	-	73,951	295,803
BAN maturing 7/2/19 at 1.50%	-	361,629	-	361,629
	$ 1,184,174	$ 11,011,629	$ 401,729	$ 11,794,074

Interest incurred on short-term debt for the year approximated $6,000.

Note 8 - Long-term debt

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

	Beginning Balance	Issued	Redeemed	Ending Balance	One Year
Government Activities					
Bonds and Notes Payable	$ 14,635,000	$ -	$ 2,770,000	$11,865,000	$ 2,765,000
Long term capital lease obligation	2,627,000	-	143,246	2,483,754	142,435
Other Liabilities					
Other postemployment benefits payable	28,675,420	8,067,674	2,148,781	34,594,313	8,067,674
Compensated absences	291,843	28,002	-	319,845	-
Total Long-term Liabilities	$ 46,229,263	$ 8,095,676	$ 5,062,027	$49,262,912	$ 10,975,109

Interest paid and expensed on long-term debt for the year approximated $662,000.

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

Note 8 - Long-term debt (continued)

The following is a schedule of bonds outstanding at June 30, 2015:

Payable from/ Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Refunding of 2002 Bonds	10/31/2012	$ 7,930,000	6/1/2019	3.00-5.00%	$ 4,415,000
Refunding of 1995 and 1996 Bonds	9/17/2004	$ 6,510,000	6/15/2016	3.00-5.50%	560,000
Refunding of 2005 Bonds	2/20/2013	$ 4,710,000	10/1/2021	2.00-4.00	4,605,000
Serial Bonds	6/28/2011	$ 2,900,000	6/15/2025	3.00-5.00%	2,285,000
					$ 11,865,000

Effective October 31, 2012 and February 20, 2013, the District issued $7,390,000 and $4,710,000, respectively in refunding bonds to refund previously outstanding $8,788,000 (refunding of 1991, 1997 and 2000 bonds) and $3,560,000 (2005 Serial Bonds). These issuances resulted in a deferred amount on refunding of bonds in the amount of $568,000 to be amortized over the period through 2021. At June 30, 2015 $291,002 remains to be amortized.

The District entered into a capital lease for improvements to implement energy cost-saving techniques. The lease is for a 15 year period of time and requires annual principal and interest payments of approximately $224,000, beginning on January 1, 2015. The assets recorded under this capital lease approximated $2,700,000 as of June 30, 2015. At June 30, 2015, $2,483,754 of the capital lease obligation remains to be paid.

The following is a schedule of capital lease obligations outstanding at June 30, 2015:

Payable from/ Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Capital lease obligation	1/24/2014	$ 2,627,000	1/1/2029	3.30%	$ 2,483,754

Note 8 - Long-term debt (continued)

The following is a summary of the maturity of long-term indebtedness:

	Principal	Interest	Total
Fiscal year ended June 30,			
2016	$ 2,907,435	$ 529,464	$ 3,436,899
2017	2,112,135	409,164	2,521,299
2018	2,191,990	329,158	2,521,148
2019	2,277,006	230,942	2,507,948
2020	1,197,187	166,861	1,364,048
2021-2025	2,834,840	425,502	3,260,342
2026-2030	828,161	83,683	911,844
Totals	$ 14,348,754	$ 2,174,774	$ 16,523,528

Interest on long-term debt for the year was composed of:

Interest paid	$ 669,553
Less interest accrued in the prior year	(146,538)
Plus interest accrued in the current year	131,878
	$ 654,893

Note 9 - Equipment leases

The District leases equipment, printing services, and high-speed communication services under non-cancelable operating leases. The future minimum lease payments, as of June 30, 2015 are approximately:

Fiscal year ended June 30, 2015	$ 137,161

Lease expense under operating leases was approximately $140,000 for the 2015 year.

Note 10 – Interfund balances and activity

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 571,724	$ 36,094	$ 21,818	$ -
Special Aid Fund	-	219,458	-	-
School Lunch Fund	36,081	47,242	-	-
Debt Service Fund	67,197	-	89,014	21,818
Capital Projects Fund	-	67,197	-	89,014
Total government activities	675,002	369,991	110,832	110,832
Fiduciary Agency Fund	13	305,024	-	-
	$ 675,015	$ 675,015	$ 110,832	$ 110,832

The District typically transfers from the General Fund to the Capital Fund to help fund capital renovations and additions. The district also transfers from the General Fund to the Special Aid fund the local portion of the Special Education Summer School Program. 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.

Note 11 – Pension plans

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

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. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute, and benefits to employees. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

Note 11 – Pension plans (continued)

Funding policies:

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

	NYSTRS	NYSERS
2014-2015	$ 2,150,550	$ 956,651
2013-2014	1,956,718	966,799
2012-2013	1,435,273	920,751

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The District exercised that option.

Note 12 – Post Employment Benefits

The District provides post-employment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

The District implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the school year ended June 30, 2009. This required the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2015, the District recognized $2,148,781 for its share of insurance premiums for currently enrolled retirees.

Note 12 - Post Employment Benefits (continued)

The District has obtained an actuarial valuation report as of July 1, 2014 which indicates that the total liability for other post-employment benefits is $78,660,223. As of June 30, 2015, the annual required contributions, net of interest, adjustments and contributions made is $34,594,313, which is reflected as a liability in the Statement of Net Position.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

Annual required contribution	$ 8,750,111
Interest on net OPEB obligation	1,183,541
Adjustment to annual required contribution	(1,865,978)
Annual OPEB cost	8,067,674
Contributions made	(2,148,781)
Increase in net OPEB obligation	5,918,893
Net OPEB obligation—beginning of year	28,675,420
Net OPEB obligation—end of year	$ 34,594,313

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2015, 2014 and 2013 were as follows:

Fiscal year ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$ 8,067,674	23.3%	$ 34,594,313
June 30, 2014	$ 8,221,287	28.7%	$ 28,675,420
June 30, 2013	$ 7,829,367	34.7%	$ 22,582,767

Funded Status and Funding Progress.

As of July 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $78,660,223, and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of $78,660,223. The covered payroll (annual payroll of active employees covered by the plan) was $17,518,276, and the ratio of the UAAL to the covered payroll was 449%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far

Note 12 - Post Employment Benefits (continued)

into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on employer's own investments calculated based on the funded level of the plan at the valuation date, and an initial annual healthcare cost trend rates of 7% and 6.75% for teachers and teamsters, respectively, increasing and decreasing to an ultimate rate of 4.5% after June 30, 2014. Both rates included a 2.9% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was 24 years.

Note 13 – Risk management

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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 two years.

The District incurs costs related to an employee workers' compensation plan. The plan objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the plan must remain a member for a minimum of two years; a member may withdraw from the plan after that time by submitting a thirty days written notice. The Onondaga-Cortland-Madison Workers' Compensation Consortium includes twenty-five (25) members with each bearing a pro-rata share of the plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies.

Note 13 – Risk management (continued)

If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of the claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. The District incurred premiums totaling approximately $238,000 for the current year. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

Note 14 – Donor-restricted endowments

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships.

Donor-restricted endowments are reported at fair value.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

Note 15 – Commitments and Contingent liabilities

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 years' experience, the District's administration believes disallowances, if any, will be immaterial.

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of GASB #16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately $8,000,000 for accumulating, non-vesting sick leave.

Note 16 – Subsequent events

In July 2015, the District closed Lake Street Elementary School and is actively marketing the property and building for sale. On July 2, 2015, the District issued $1,176,376 in bond anticipation notes at 1.50% maturing July 2, 2016.

Note 17 - Restatement of Net Position

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27*. The implementation of Statement No. 68 resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the District's participation in the New York State Teachers' and Employees' retirement systems. As this is the first year of implementation, there are various schedules that were omitted for presentation purposes due to a lack of historical information, but will be included going forward. The District's net position has been restated as follows:

Net position beginning of year, as previously stated	$	10,263,306
GASB 68 Implementation		
Beginning system asset- TRS		518,958
Beginning system liability- ERS		(823,957)
Net position beginning of year, as restated	$	9,958,307

CHITTENANGO CENTRAL SCHOOL DISTRICT
Required Supplementary Information - Schedule of Funding Progress
Other Postemployment Benefit Plans
For the Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2014	$ -	$ 78,660,223	$ 78,660,223	0.00%	$ 17,518,276	449%
July 1, 2012	$ -	$ 63,798,465	$ 63,798,465	0.00%	$ 17,647,261	362%
July 1, 2010	$ -	$ 47,137,605	$ 47,137,605	0.00%	$ 14,949,258	315%

See paragraph on supplementary schedules included in the auditor's report.

CHITTENANGO CENTRAL SCHOOL DISTRICT
Required Supplementary Information - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For the year ended June 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual
REVENUES					
Local sources					
Real property taxes	$ 14,130,859	$ 14,130,859	$ 14,123,527		$ (7,332)
Other tax items	3,372,000	3,372,000	3,381,309		9,309
Nonproperty taxes	-	-	-		-
Charges for services	67,500	67,500	72,597		5,097
Use of money and property	39,500	39,500	47,840		8,340
Sale of property and compensation for loss	1,000	1,000	53,504		52,504
Miscellaneous	151,000	151,000	577,973		426,973
Total local sources	17,761,859	17,761,859	18,256,750		494,891
State sources	18,008,768	18,068,768	17,967,747		(101,021)
Federal sources	-	-	-		-
Medicaid	80,000	80,000	43,687		(36,313)
Total revenues	35,850,627	35,910,627	36,268,184		357,557
OTHER FINANCING SOURCES					
Transfer from other funds	-	-	21,818		21,818
Obligations authorized	-	-	-		-
Appropriated reserves	1,567,244	1,567,244	-		(1,567,244)
Total revenues and other sources	$ 37,417,871	$ 37,477,871	$ 36,290,002		$ (1,187,869)
EXPENDITURES					
General support					
Board of education	36,250	36,686	34,118	-	2,568
Central administration	221,571	221,571	216,000	-	5,571
Finance	406,636	439,142	404,854	20,000	14,288
Staff	133,865	122,129	103,383	-	18,746
Central services	2,935,164	2,967,947	2,744,751	47,301	175,895
Special items	265,867	269,501	247,364	-	22,137
Total general support	3,999,353	4,056,976	3,750,470	67,301	239,205
Instruction					
Instruction, administration and improvement	1,167,701	1,170,695	1,130,767	1,844	38,084
Teaching - regular school	9,323,817	9,423,436	9,161,136	19,299	243,001
Programs for students with disabilities	2,133,399	2,098,363	2,051,364	589	46,410
Occupational education	485,001	515,589	515,589	-	-
Teaching - special schools	15,095	15,948	11,298	-	4,650
Instructional media	1,199,105	1,264,920	1,201,891	28,137	34,892
Pupil services	1,589,568	1,854,958	1,729,562	97,171	28,225
Total instruction	15,913,686	16,343,909	15,801,607	147,040	395,262
Pupil transportation	2,056,947	2,130,260	2,001,099	3,000	126,161
Employee benefits	11,465,759	11,129,689	10,166,601	1,667	961,421
Debt service	3,960,126	3,990,751	3,984,327	-	6,424
Total expenditures	37,395,871	37,651,585	35,704,104	219,008	1,728,473
OTHER FINANCING USES					
Transfer to other funds	22,000	-	-	-	-
Total expenditures and other uses	$ 37,417,871	$ 37,651,585	35,704,104	$ 219,008	$ 1,728,473
Net change in fund balance			585,898		
Fund balance - beginning			7,964,248		
Fund balance - ending			$ 8,550,146		

See paragraph on supplementary schedules included in the auditor's report.

CHITTENANGO CENTRAL SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit
For the year ended June 30, 2015

CHANGE FROM ADOPTED TO REVISED BUDGET

Adopted budget	$	37,417,871
Add prior year's encumbrances		173,714
Original budget		37,591,585
Budget revision:		60,000
Revised budget	$	37,651,585

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2015-16 voter-approved expenditure budget maximum allowed (4% of 2015-16 budget)		$	36,958,984
General fund fund balance subject to Section 1318 of Real Property Tax Law*:			
Unrestricted fund balance:			
Assigned fund balance	219,007		
Unassigned fund balance	1,659,708		
Total unrestricted fund balance	1,878,715		
Less:			
Appropriated fund balance	-		
Encumbrances included in committed and assigned fund balance	219,007		
Total adjustments	219,007		
General fund fund balance subject to Section 1318 of Real Property Tax Law		$	1,659,708
Actual percentage			4.49%

*Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

See paragraph on supplementary schedules included in auditor's report.

CHITTENANGO CENTRAL SCHOOL DISTRICT
Schedule of Capital Projects Fund - Project Expenditures and Financing Resources
For the year ended June 30, 2015

			Expenditures						Methods of Financing			
	Original Budget	Revised Budget	Prior Years	Current Year	Transfers	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Fund Balance June 30, 2015
PROJECT TITLE												
2010 Buses	$ 415,689	$ 415,689	$ 415,689	$ -	$ -	$ 415,689	$ -	$ -	$ -	$ 415,689	$ 415,689	$ -
2011 Buses	418,650	418,650	418,650	-	-	418,650	-	-	-	334,920	334,920	(83,730)
2012 Buses	399,084	399,084	399,084	-	-	399,084	-	-	-	239,451	239,451	(159,633)
2013 Buses	405,464	405,464	405,464	-	-	405,464	-	-	-	162,186	162,186	(243,278)
2014 Buses	369,754	369,754	369,754	-	-	369,754	-	-	-	73,947	73,947	(295,807)
2015 Buses	361,629	361,629	-	361,629	-	361,629				-	-	(361,629)
Energy Performance Contract	2,627,000	2,627,000	1,745,059	814,744	67,197	2,627,000	-	2,627,000	-	-	2,627,000	-
Capital Improvement Project	11,850,000	10,650,000	543,330	5,816,549	-	6,359,879	4,290,121	-	-	17,970	17,970	(6,341,909)
Total projects	$ 16,847,270	$ 15,647,270	$ 4,297,030	$ 6,992,922	$ 67,197	$ 11,357,149	$ 4,290,121	$ 2,627,000	$ -	$ 1,244,163	$ 3,871,163	$ (7,485,986)

See paragraph on supplementary information included in auditor's report.

- CHITTENANGO CENTRAL SCHOOL DISTRICT
Investment in Capital Assets, Net of Related Debt
For the Year Ended June 30, 2015

Capital assets, net		$ 50,906,843
Deduct:		
Premium on bonds payable	(291,003)	
Bond anticipation notes payable	(11,794,075)	
Short-term portion of capital lease obligation	(142,435)	
Short-term portion of bonds payable	(2,765,000)	
Long-term portion of bonds payable	(9,100,000)	
Long-term portion of capital lease obligation	(2,341,319)	
		(26,433,832)
Net investment in capital assets		$ 24,473,011

See paragraph on supplementary schedules included in the auditor's report.

FORM OF OPINION OF BOND COUNSEL

July 1, 2016

Chittenango Central School District
1732 Flyer Road
Chittenango, New York 13037

Re: Chittenango Central School District
$784,546 Bond Anticipation Notes, 2016 (Renewals) CUSIP No.: 170214

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $784,546 Bond Anticipation Notes, 2016 (Renewals) (the "Notes") of the Chittenango Central School District, Counties of Madison and Onondaga, State of New York (the "District"). The Notes are dated July 1, 2016 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, resolutions of the District and a Certificate of Determination dated on or before July 1, 2016 of the President of the Board of Education relative to the form and terms of the Notes.

In our opinion, the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all taxable real property within the District is subject to levy of ad valorem real estate taxes to pay the Notes and interest thereon without limitation of rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereinafter enacted.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. The President of the Board of Education of the District, in executing the Arbitrage and Use of Proceeds Certificate, has certified to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes is excluded from gross income under Section 103 of the Code. We have examined such Arbitrage and Use of Proceeds Certificate of the District delivered concurrently with the delivery of the Notes, and, in our opinion, such certificate contains provisions and procedures under which such requirements can be met.

In our opinion, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; however, it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

The scope of our engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. The opinions expressed herein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the School District, together with other legally available sources of revenue, if any, will be sufficient to enable the School District to pay the principal of or interest on the Notes as the same respectively become due and payable. Reference should be made to the Official Statement for factual information, which, in the judgment of the School District would materially affect the ability of the School District to pay such principal and interest. We have not verified the accuracy, completeness or fairness of the factual information contained in the Official Statement and, accordingly, no opinion is expressed by us as to whether the School District, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in light of the circumstances under which they were made, not misleading.

We have examined the first executed Note of each said issue and, in our opinion, the form of said Note and its execution are regular and proper.

Very truly yours,

Trespasz & Marquardt, LLP

FORM OF OPINION OF BOND COUNSEL

July 21, 2016

Chittenango Central School District
1732 Flyer Road
Chittenango, New York 13037

Re: Chittenango Central School District
$620,621 Bond Anticipation Notes, 2016 CUSIP No.: 170214

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $620,621 Bond Anticipation Notes, 2016 (the "Notes") of the Chittenango Central School District, Counties of Madison and Onondaga, State of New York (the "District"). The Notes are dated July 21, 2016 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, resolutions of the District and a Certificate of Determination dated on or before July 21, 2016 of the President of the Board of Education relative to the form and terms of the Notes.

In our opinion, the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all taxable real property within the District is subject to levy of ad valorem real estate taxes to pay the Notes and interest thereon without limitation of rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereinafter enacted.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. The President of the Board of Education of the District, in executing the Arbitrage and Use of Proceeds Certificate, has certified to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes is excluded from gross income under Section 103 of the Code. We have examined such Arbitrage and Use of Proceeds Certificate of the District delivered concurrently with the delivery of the Notes, and, in our opinion, such certificate contains provisions and procedures under which such requirements can be met.

In our opinion, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; however, it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

The scope of our engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. The opinions expressed herein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the School District, together with other legally available sources of revenue, if any, will be sufficient to enable the School District to pay the principal of or interest on the Notes as the same respectively become due and payable. Reference should be made to the Official Statement for factual information, which, in the judgment of the School District would materially affect the ability of the School District to pay such principal and interest. We have not verified the accuracy, completeness or fairness of the factual information contained in the Official Statement and, accordingly, no opinion is expressed by us as to whether the School District, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in light of the circumstances under which they were made, not misleading.

We have examined the first executed Note of each said issue and, in our opinion, the form of said Note and its execution are regular and proper.

Very truly yours,

Trespasz & Marquardt, LLP