

**BLIND BROOK-RYE UNION FREE SCHOOL DISTRICT**

**Westchester County, New York**

**(the “School District”)**

**2018 ANNUAL FINANCIAL INFORMATION  
AND  
OPERATING DATA**

**As of June 30, 2018  
(Unless otherwise noted)**

## **THE DISTRICT**

### ***General Information***

The District, with a population of 6,564 people according to the 2016 US Census, is located wholly within the Village of Rye Brook in south-eastern Westchester County (the “County”), approximately 25 miles from Mid-Town Manhattan. An upper middle-class community, nearly all residents of the District are executives or professionals. The District is comprised mainly of single-family homes, with some condominium development and light industry, consisting mainly of office complexes. The Westchester County Airport is partially located within the boundaries of the District.

Municipal services such as water, sewer, police and fire protection are provided to the residents of the District by the Village of Rye Brook (the “Village”). Gas service is provided by Con Edison of New York and electric service is provided by the Power Authority of the State of New York, while telephone access is provided by Verizon and Cablevision.

The residents of the District have an excellent transportation network at their disposal. The Hutchinson River Parkway bisects the District, which affords its residents high speed highway access to numerous nearby highways, including the Merritt Parkway in Connecticut and the Cross-Westchester Expressway (I-287) which ultimately connects with the New York State Thruway (I-87) to the west and the New England Thruway (I-95) to the east. Electrified Rail Service is available from the Metropolitan Transportation Authority (Metro-North Division), which operates stations in nearby Port Chester and Rye.

### ***District Organization***

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

The legislative power of the District is vested in the Board of Education. Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board of Education. They are generally elected for staggered terms of three years.

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

### ***Financial Organization***

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the Assistant Superintendent of Finance and Facilities.

### ***Budgetary Procedure***

The District’s fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District’s financial plan and enrollment projection are reviewed and updated and the first draft of the next year’s proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. The District’s budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See “*The Tax Levy Limit Law*” under “TAX INFORMATION” herein).

***Financial Statements and Accounting Procedures***

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and are available for public inspection upon request.

***School Enrollment Trends***

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

<b><u>School Enrollment Trends</u></b>			
<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Enrollment</u>	<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Projected</u> <u>Enrollment</u>
2014	1,508	2019	1,424
2015	1,531	2020	1,397
2016	1,507	2021	1,408
2017	1,467	2022	1,391
2018	1,439	2023	1,405

Source: District Officials.

***District Facilities***

The District currently operates the following facilities:

<u>Name</u>	<u>Year</u> <u>Originally Built</u>	<u>Type</u>	<u>Present</u> <u>Capacity</u>
Ridge Street School	1946	K-5	800
Blind Brook Middle School	2002	6-8	425
Blind Brook High School	1973	9-12	525

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 as follows:

<u>No. of</u> <u>Employees</u>	<u>Union</u>	<u>Contract</u> <u>Expiration Date</u>
150	Blind Brook - Rye Federation of Teachers	June 30, 2021
107	Blind Brook - Rye Employees Local 4060	June 30, 2018 <sup>1</sup>
12	Association of Blind Brook - Rye Administrators	June 30, 2018 <sup>1</sup>

Source: District Officials.

<sup>1</sup>Currently under negotiations.

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System (“TRS”). Employer pension payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System (“ERS”). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year’s full-time service contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, the Governor signed in to law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010 and before March 31, 2012. New ERS employees will now contribute 3% of their salaries and new TRS employees will contribute 3.5% of their salaries. There is no provision for these employee contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. The new pension tier has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee’s pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower payment possible. The annual employer pension payment is due on February 1 of each year.

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

In Spring 2013, the State and TRS approved a Stable Contribution Option (“SCO”) that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). ERS followed suit and modified its existing ERS SCO. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts.

The State Legislature previously passed legislation allowing employers to prepare for future ERS contributions increases by establishing a retirement contribution reserve fund. In the Spring of 2017, the State Assembly and Senate each proposed similar legislation to allow eligible participating employers of the TRS the option to establish a retirement contribution reserve sub-fund with respect to contributions for TRS. There can be no assurance as to if or when the State Legislature will pass the proposed legislation.

The TRS SCO deferral plan is available to school districts for up to 7 years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of A-4 deferred amounts over five 21 years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in

the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%. The District has not amortized any of its employer pension payments as part of the SCO and expects to continue to pay all payments in full when due.

### ***Other Post Employment Benefits***

The District implemented GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), which replaces GASB Statement No. 45 as of fiscal year ended June 30, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

GASB 75 requires state and local governments to measure a defined benefit OPEB plan as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, attributable to past periods of service in order to calculate the total OPEB liability. Total OPEB liability generally is required to be determined through an actuarial valuation using a measurement date that is no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year.

GASB 75 requires that most changes in the OPEB liability be included in OPEB expense in the period of the changes. Based on the results of an actuarial valuation, certain changes in the OPEB liability are required to be included in OPEB expense over current and future years.

The District’s total OPEB liability as of June 30, 2018 was \$63,174,663 using a discount rate of 3.87% and actuarial assumptions and other inputs as described in the District’s June 30, 2018 audited financial statements.

Should the District be required to fund the total OPEB liability, it could have a material adverse impact upon the District’s finances and could force the District to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the District to partially fund its OPEB liability.

At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District will continue funding this expenditure on a pay-as-you-go basis.

Legislation has been introduced to create an optional investment pool to help the State and local governments fund retiree health insurance and OPEB. The proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can 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 proposed legislation, there would be no limits on how much a local government can deposit into the trust. The District cannot predict whether such legislation will be enacted into law in the foreseeable future.

### ***Investment Policy Permitted Investments***

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

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district,

or district corporation, other than those bonds issued by the District; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

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

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

## FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ending June 30, 2018 is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

### ***Real Property Taxes***

The District derives a major portion of its operating revenues from a tax on real property (See “*Statement of Revenues, Expenditures and Changes in Fund Balance*” in Appendix B, herein). On June 24, 2011, the Chapter 97 of the Laws of 2011 was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. (See “*The Tax Levy Limit Law*” under “TAX INFORMATION” herein). Property taxes accounted for 84.2% of total general fund revenues for the fiscal year ended June 30, 2018, while State aid accounted for 7.0%.

The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years and the amounts budgeted for the two most recent fiscal years.

<u>Fiscal Year</u>	<b>Property Taxes</b>		Real Property
	<u>Total Revenues<sup>(1)</sup></u>	<u>Real Property Taxes<sup>(1)</sup></u>	<u>Taxes to Revenues</u>
2014	\$39,920,785	\$32,706,511	81.9%
2015	40,886,314	33,417,566	81.7
2016	41,336,260	34,705,435	83.9
2017	41,823,643	34,936,024	83.5
2018	42,484,886	35,757,802	84.2
2019 (Adopted Budget)	45,190,424	38,872,545	63.9

(1) General Fund.

Source: Audited Financial Statements and Adopted Budgets of the District.

## ***State Aid***

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to school districts, including the District, can be paid only if the State has such monies available for such payment.

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

### **State Aid (General Fund)**

<u>Fiscal Year Ended June 30:</u>	<u>Total Revenues<sup>(1)</sup></u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2014	\$39,920,785	\$2,465,402	6.2%
2015	40,886,314	2,615,983	6.4
2016	41,336,260	2,673,500	6.5
2017	41,823,643	2,945,551	7.0
2018	42,484,886	2,991,477	7.0
2019 (Adopted Budget)	45,190,424	3,175,757	7.0

Source: Audited Financial Statements and Adopted Budgets of the District.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See “*STAR – School Tax Exemption*” herein). The District expects to receive timely STAR aid from the State for the current fiscal year.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. During the 2012 to 2018 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 fiscal year, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. Although the State’s 2018-2019 Budget was adopted on March 30, 2018, in advance of the April 1 deadline, the State’s 2017-2018 Budget was adopted on April 9, 2017, a delay of approximately 8 days. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State’s 2018-2019 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during fiscal year 2018-2019 and fiscal year 2019-2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more,

exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which are effective in the 2018 tax year. The new federal tax law makes extensive changes to federal personal income taxes, corporate income taxes, and estate taxes, and the deductibility of various taxes and interest costs. The State's income tax system interacts with the federal system in numerous ways. The federal changes are expected to have significant flow-through effects on State tax burdens and revenues. The State's 2018-2019 Enacted Budget includes legislation decoupling certain linkages between federal and local income tax and corporate taxes, increasing the opportunities for charitable contributions, and providing an option to employers to shift to an employer compensation tax and reduce State personal income taxes. In addition, the State's 2018-2019 Enacted Budget includes legislation that grants localities the option to establish local charitable funds that would provide taxpayers with a credit against their property taxes. The District has not exercised this option.

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

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

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

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

After further litigation in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools - as initially proposed by the Governor and presented to the State Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in *Campaign for Fiscal Equity* ("CFE") v. *State of New York*, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled *NYSER v. State of New York* has been filed recently on behalf of the State's public school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in *CFE v. State of New York*. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to

develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER's claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

### ***Events Affecting New York School Districts***

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years.

*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 State Legislature adopted the State budget on March 31, 2014. The budget included an increase of \$1.1 billion in State aid for school districts.

*School district fiscal year (2015-2016):* The State Legislature adopted the State budget on March 31, 2015. The budget included an increase of \$1.4 billion in State aid for school districts that was tied to changes in the teacher evaluation and tenure process. School districts were required to obtain approval of their revised teacher evaluation plans by November 15, 2015 in order to receive their allotted increase in State aid.

*School district fiscal year (2016-2017):* The State Legislature adopted the State budget on March 31, 2016. The budget included an increase of \$991 million in State aid for school districts over the 2015-16 budget, \$863 million of which consisted of traditional operating aid. In addition to the \$408 million of expense based aid, the State's Adopted Budget included a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase related to (\$100 million) 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.

*School district fiscal year (2017-2018):* The State's 2017-2018 Enacted Budget provides for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the 2016-2017 school year. The majority of the increases have been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State's 2017-18 Enacted Budget continues to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. In addition, the State's Enacted 2017-2018 Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by \$850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Market Factors Affecting Financing of the State and School Districts of the State*" herein).

*School district fiscal year (2018-2019):* The State's 2018-2019 Enacted Budget provides for school aid of approximately \$26.7 billion, an increase of approximately \$1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases have been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State

2018–2019 Enacted Budget continues to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

*Gap Elimination Aid:* The State provides annual State aid to school districts in the State, including the District, on the basis of various formulas. Due to the State’s own budgetary crisis in 2009 and to assist the State in mitigating the impacts of its own revenue shortfall, the State reduced the allocation of State aid to school districts as part of a program known as the Gap Elimination Adjustment (“GEA”). The GEA was a negative number (funds that were deducted from the State aid originally due to the District under then existing State aid formulas). The District’s State aid was reduced as a result of the GEA program starting in 2009. Subsequent, State budgets decreased the amount of the GEA deduction and the Adopted Budget for the State’s 2016-2017 fiscal year included the elimination of the remaining balance of the GEA.

The Smart Schools Bond Act (the “SSBA”) was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The SSBA requires that a Review Board review and approve districts’ Smart Schools Investment Plan before any funds may be made available for the program.

### ***Other Revenues***

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

### ***The State Comptroller’s Fiscal Stress Monitoring System and Compliance Reviews***

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 (“OSC”) has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the District as “No Designation.”

See the State Comptroller’s official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

## TAX INFORMATION

### *Real Property Tax Assessments and Rates*

The following table sets forth the assessed and full valuation of taxable real property, the District's real property tax levy, including taxes levied for library purposes, and rates of tax per \$1,000 assessed valuation.

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

Year Ending June 30:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Valuation	\$1,910,128,309	\$2,011,252,369	\$2,172,992,897	\$2,190,441,713	\$2,208,143,412
New York State Equalization Rate	100%	100%	100%	100%	100%
Full Valuation	\$1,910,128,309	\$2,011,252,369	\$2,172,992,897	\$2,190,441,713	\$2,208,143,412
Total Tax Levy	\$32,706,511	\$34,705,367	\$34,937,523	\$35,757,692	\$36,931,986
Tax Rate Per \$1,000 A.V.					
Homestead	\$17.25	\$17.04	\$15.79	\$16.22	\$15.67
Non-Homestead	26.09	26.89	25.60	23.41	33.70
Uncollected Taxes End of Fiscal Year <sup>2</sup>	None	None	None	None	None

<sup>1</sup>See "Tax Collection Procedure."

Source: New York State Office of the State Comptroller.

### ***Tax Limit***

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. However, the Tax Levy Limit Law imposes a statutory limit on the amount of real property taxes that a school district may levy. (See "*The Tax Levy Limit Law*" under "TAX INFORMATION" herein).

### ***The Tax Levy Limit Law***

Chapter 97 of the Laws of 2011, as amended, (herein referred to as the "Tax Levy Limit Law" or "Law") modified previous law by imposing a limit on the amount of real property taxes that a school district may levy.

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

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

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

### ***Tax Collection Procedure***

In Nassau County, property taxes for the school districts are levied by the County, and are collected by the town tax receivers. Such taxes are due and payable in equal installments on October 1 and April 1, but may be paid without penalty by November 10 and May 10, respectively. The Town Tax Receiver pays to each school district the amounts collected therefor in each month from October to June. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable. A 1% discount for prepayment of second half taxes is given if received by November 10. Any such discount is a Town charge.

On or before June 1, the Town Tax Receiver files a report of any uncollected school district taxes with the County. The County thereafter pays to each school district the amount of its uncollected taxes. Thus, each school district should receive its full levy prior to the end of its fiscal year. However, in some recent years, the District has experienced delays in its receipt of uncollected school district taxes from the County. In such years, the District received its payments in July and August, the first months of its subsequent fiscal year.

Under existing law, the County assumes liability for all tax certiorari refund payments, including any portion of the refund attributable to the reduction in the amount of taxes raised to support District operations.

### ***Rebate Program***

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

Chapter 20 of the Laws of 2015 (“Chapter 20”) introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District (“MCTD”) received \$130, and eligible taxpayers who resided outside the MCTD received \$185. Credits in 2017-2019 will vary based on a taxpayer’s personal income level and STAR tax savings. Similar to the Chapter 59 real property tax credit, under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district’s compliance with the provisions of the Tax Levy Limitation Law. Unlike Chapter 59, however, for taxpayers other than those living in one of the “Big 4” cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the “Big 4” cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law. In either scenario, the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of Chapter 97.

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

## ***STAR - School Tax Exemption***

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$86,000 or less, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$65,300 for the 2016-17 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$500,000 are eligible for a \$30,000 “full value” exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

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

The State 2017-18 Enacted Budget includes changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year’s amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year’s STAR credit check or taxpayers also may account for those changes in their State income taxes.

Approximately 5.59% of the District’s 2017-2018 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 4.99% of the District’s 2018-2019 school tax levy was exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January, 2019. (See “*State Aid*” herein).

## ***Ten of the Largest Taxpayers***

### **Taxable Assessments<sup>(1)</sup>**

<u>Name</u>	<u>Type</u>	2018 <u>Assessed Value</u>	% of Total <u>Assessed Value</u>
Westchester County Airport 7	Airport	44,592,750	2.02%
1100 King Associates LLC	Commercial Offices	40,150,000	1.82
SC Rye Brook Partners	Commercial Offices	36,539,200	1.65
Doral Conference Center Assoc.	Hotel & Conference Center	35,000,000	1.59
VTR Rye Brook, LLC	Commercial Offices	32,805,400	1.48
Con Edison Public	Utility	16,539,739	0.75
900 King Associates, LLC	Commercial Offices	15,150,000	0.69
Iroquois Gas Trans System	Gas Company	10,093,293	0.46
Blind Brook Club, Inc.	Country Club	8,800,000	0.40
King Street Home Inc.	Commercial Offices	7,778,600	0.35

Source: Town Assessment Rolls.

<sup>(1)</sup> The District’s total assessed valuation for the 2017-2018 fiscal year is \$2,208,143,412.

## DISTRICT INDEBTEDNESS

### ***Constitutional Requirements***

The New York State Constitution limits the power of the District (and other municipalities and school districts of the State) to issue obligations and to otherwise contract indebtedness.

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

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

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

***General.*** The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, 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. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in such law. (*See "The Tax Levy Limit Law,"* herein).

### ***Statutory Procedure***

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

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

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

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has complied with such procedure with respect to the Bonds.

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

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

***Statutory Debt Limit and Net Indebtedness***

The debt limit of the District is \$220,814,341, as of June 30, 2018. This is calculated by taking 10% of the current full value of the taxable real property of the District.

**Statutory Debt Limit and Net Indebtedness**

Full valuation of taxable real property .....	\$2,208,143,412
Debt limit (10% of full valuation).....	220,814,341
Outstanding Indebtedness <sup>1</sup> (Principal Only):	
Bonds .....	\$14,982,354
BANs Outstanding .....	2,100,000
Less Exclusion for Estimated Building Aid <sup>2</sup> .....	<u>0</u>
Total Net Indebtedness.....	<u>\$ 17,082,354</u>
Net Debt Contracting Margin.....	<u>\$203,731,987</u>
Percentage of Debt Contracting Power Exhausted .....	7.74%

<sup>1</sup> Tax anticipation notes and revenue anticipation notes are not included in the computation of the statutory debt limit of the District.

<sup>2</sup> The District may exclude from gross indebtedness estimated State aid for school building purposes. However, because the District has not applied for a Building Aid Estimate from the Commissioner of Education, no exclusion for such aid is listed in the Debt Statement Summary. Under current law, State Building Aid is, however, currently estimated by the District to be approximately 49% of the total net indebtedness shown above.

Source: District Officials.

***Bond Anticipation Notes***

The District issued bond anticipation notes dated January 25, 2018 in the amount of \$2,100,000 and maturing on January 25, 2019.

***Tax and Revenue Anticipation Notes***

The District has not needed to issue tax or revenue anticipation notes in recent fiscal years.

### ***Trend of Capital Indebtedness***

The following table sets forth the amount of direct capital indebtedness outstanding at year-end for each of the last five fiscal years.

<b><u>Direct Capital Indebtedness Outstanding</u></b>					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Bond Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,100,000
Bonds	<u>18,265,000</u>	<u>15,020,000</u>	<u>13,455,000</u>	<u>11,850,000</u>	<u>14,982,354</u>
Total	<u>\$9,190,000</u>	<u>\$8,595,000</u>	<u>\$7,995,000</u>	<u>\$7,390,000</u>	<u>\$17,082,354</u>

Source: District's Audited Financial Statements and District records. This summary is not audited.

### ***Overlapping and Underlying Debt***

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

<u>Unit</u>	<u>Net Debt Indebtedness</u>	<u>As of:</u>	<u>District's Share<sup>1</sup></u>	<u>Applicable Indebtedness</u>
County of Westchester	\$597,766,156	12/31/16	1.3%	\$777,096
Town of Rye	1,925,000	09/21/17	30.88	594,440
Village of Rye Brook	2,035,000	05//31/16	79.07	<u>1,609,074</u>
Total				<u>\$2,980,610</u>
Total Net Overlapping Debt				\$ 2,980,610
Total Net Direct Debt				<u>17,082,354</u>
Net Direct and Overlapping Debt				<u>\$ 20,062,964</u>

- (1) The District is served by the Bellmore, North Bellmore and North Merrick Fire Districts. All three fire districts serve both inside and outside of the District's boundaries. Notwithstanding the foregoing, for purposes of this chart, 100% of the indebtedness of such entities is included in the net debt outstanding figure.

Source: Data provided by County, Town Officials.

### ***Debt Ratios***

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

	<u>Amount</u>	<u>Debt Per Capita<sup>(1)</sup></u>	<u>Debt to Full Value<sup>(2)</sup></u>
Net Direct Debt	\$ 17,082,354	\$2,602.43	0.77%
Net Direct and Overlapping Debt	20,062,964	3,056.47	0.91

(1) The population of the District is 6,564 according to the 2016 U.S. Census.

(2) The District's full value of taxable real property for fiscal year 2017-2018 is \$2,208,143,412 .

### ***Authorized and Unissued Indebtedness***

On October 17, 2017, voters of the District approved a Bond Proposition authorizing the construction of alterations and improvements to District buildings and the sites thereof at the total cost of \$44,700,000.

### ***Debt Service Schedule***

The following table shows the debt service requirements to maturity on the District's outstanding bonded indebtedness, inclusive of the Bonds, for the fiscal years listed below.

#### **Bond Principal and Interest Maturity Table**

<b>Fiscal Year Ending June 30th</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal &amp; Interest</b>
2019	\$1,827,354	\$603,798	\$2,431,152
2020	1,860,000	543,994	2,403,994
2021	1,900,000	457,994	2,357,994
2022	1,140,000	365,669	1,505,669
2023	1,190,000	311,443	1,501,443
2024	1,245,000	254,694	1,499,694
2025	1,300,000	195,294	1,495,294
2026	1,355,000	133,244	1,488,244
2027	220,000	98,294	318,294
2028	225,000	91,694	316,694
2029	235,000	84,944	319,944
2030	240,000	77,894	317,894
2031	250,000	70,694	320,694
2032	255,000	63,194	318,194
2033	265,000	55,544	320,544
2034	275,000	47,594	322,594
2035	285,000	39,000	324,000
2036	295,000	29,737	324,737
2037	305,000	20,150	325,150
2038	315,000	10,237	325,237
<b>Totals</b>	<b><u>\$14,982,354</u></b>	<b><u>\$3,555,106</u></b>	<b><u>\$18,537,460</u></b>

Source: Audited Financial Statements of the District. This summary is not audited.

***Energy Performance Contract***

The following table shows the debt service requirements to maturity on the District's outstanding energy performance contract.

**Energy Performance Contract**  
**Principal and Interest Maturity Table**

Fiscal Year Ending June 30th	Principal	Interest	Total Principal and Interest
2019	\$186,193	\$59,089	\$245,282
2020	190,430	54,852	245,282
2021	194,763	50,518	245,281
2022	199,195	46,086	245,281
2023	203,728	41,553	245,281
2024-2028	1,090,328	136,078	1,226,406
2029-2033	592,927	20,276	613,203
Totals	<u>\$2,657,564</u>	<u>\$408,452</u>	<u>\$3,066,016</u>

Source: Audited Financial Statements of the District. Summary itself is not audited.

**ECONOMIC AND DEMOGRAPHIC DATA**

***Population***

The District's population is 6,564 according to the 2016 U.S. Census. The following table presents population trends for the District, the Town of Hempstead (the "Town"), County and State, based upon recent census data.

	<u>2000</u>	<u>2010</u>	<u>2015</u>	<u>Percentage Change</u> <u>2000/2010</u>	<u>Percentage Change</u> <u>2010/2015</u>
Town	43,880	45,299	46,650	3.08%	2.98%
County	923,458	949,113	967,315	2.78	1.92
State	18,976,457	19,379,102	19,697,457	2.12	1.64

Source: US Census Bureau.

***Income***

The following table presents median family income for the Town, County and State.

**Median Family Income**

	<u>2000</u>	<u>2010</u>	<u>2015</u>	<u>Percentage Change</u> <u>2000/2010</u>	<u>Percentage Change</u> <u>2010/2015</u>
Town	NA	67,083	69,435	NA	3.51%
County	83,100	98,078	83,958	18.02%	-14.4
State	52,280	54,148	59,269	3.6	9.46

Source: US Census Bureau.

***Employment and Unemployment***

The following tables provide information concerning employment and unemployment in the Town, County, and State. Data provided is not necessarily representative of the District.

**Civilian Labor Force**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town	23,500	23,500	24,100	24,100	24,200
County	475,500	471,700	479,500	484,300	484,100
State	9,623,100	9,570,700	9,591,200	9,584,500	9,704,700

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

**Yearly Average Unemployment Rates**

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2013	5.0%	6.3%	7.7%
2014	4.1	5.1	6.3
2015	3.8	4.5	5.3
2016	3.5	4.3	4.8
2017	3.7	4.6	4.7

Source: New York State Department of Labor statistics. Information not seasonally adjusted.

**Monthly Unemployment Rates**

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
May	2.9%	3.8%	3.7%
June	3.4	4.1	4.2
July	3.4	4.1	4.2
August	3.4	4.1	4.1
September 2017	3.5	4.6	4.6
October	3.4	4.5	4.4
November	3.5	4.5	4.4
December	3.8	4.4	4.4
January 2018	4.6	4.9	5.1
February	4.8	5.2	5.1
March	4.2	4.7	4.8
April	3.4	4.2	4.3

Source: New York State Department of Labor statistics. Information not seasonally adjusted.

**LITIGATION**

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the School District Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

The District's two largest taxpayers have filed tax certiorari petitions under Article 7 of the Real Property Tax Law. Such petitions allege that property values as previously determined are excessive and request assessment reductions and a refund of property taxes previously paid. The aggregate amount of tax refunds claimed, including costs incidental thereto, is \$4,752,354. The District has entered into consent judgments with both taxpayers and on January 8, 2018, the Board of Education has adopted a bond resolution to finance said tax refunds. The Bonds are being issued pursuant to such bond resolution.

**END OF APPENDIX A**

**APPENDIX B**

**FINANCIAL STATEMENT SUMMARIES**

**Blind Brook-Rye Union Free School District  
Statement of Budgeted Revenues and Expenses  
General Fund  
Fiscal Year Ending June 30:**

	2017-2018 Adopted <u>Budget (2)</u>	2018-2019 Adopted <u>Budget (2)</u>
<b>REVENUES</b>		
Real Property Taxes	\$37,875,647	\$38,872,545
Other Property Tax Items	325,000	300,000
State Aid	2,993,179	3,175,757
Other Sources	1,152,400	1,274,376
Interfund Transfers	100,000	50,000
Appropriated Fund Balance	<u>1,468,841</u>	<u>1,517,746</u>
Total Revenues	<u><u>\$43,915,067</u></u>	<u><u>\$45,190,424</u></u>
<b>EXPENDITURES</b>		
General Support	\$3,621,397	\$3,664,780
Instruction	26,760,284	26,861,320
Pupil Transportation	1,333,102	1,396,809
Community Services	1,000	1,000
Employee Benefits	9,750,520	10,497,426
Transfers	39,832	40,656
Debt Service	<u>2,408,932</u>	<u>2,728,935</u>
Total Expenditures	<u><u>\$43,915,067</u></u>	<u><u>\$45,190,926</u></u>

(1) The budget for the 2017-2018 fiscal year was approved by voters of the District on May 16, 2017.

(2) The budget for the 2018-2019 fiscal year was approved by voters of the District on May 15, 2018.

Source: Annual budgets of the Blind Brook - Rye Union Free School District.

**Blind Brook-Rye Union Free School District  
Consolidated Balance Sheet  
General Fund  
Fiscal Year Ending June 30:**

As of June 30:	<u>2017</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 6,512,307	\$ 5,806,631
Receivables:		
Accounts	11,800	50,121
State and Federal Aid	262,656	279,446
Due from Other Governments	85,618	93,974
Due from Other Funds	494,896	667,979
Prepaid Expenditures	<u>398,661</u>	<u>430,995</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$7,765,938</u></u></b>	<b><u><u>\$7,329,146</u></u></b>
<u>LIABILITIES</u>		
Accounts Payable	\$ 299,539	\$ 123,869
Accrued Liabilities	73,422	47,306
Unearned Revenues	0	126,603
Due to Other Funds	17,162	0
Due to Other Governments	58,828	44,577
Due to Retirement Systems	<u>2,628,596</u>	<u>2,197,201</u>
<b>TOTAL LIABILITIES</b>	<b><u><u>3,077,547</u></u></b>	<b><u><u>2,539,556</u></u></b>
<u>FUND BALANCES</u>		
Nonspendable	398,661	430,995
Restricted	1,089,545	970,109
Assigned	1,646,141	1,628,117
Unassigned	<u>1,554,044</u>	<u>1,760,369</u>
<b>TOTAL FUND BALANCES</b>	<b><u><u>4,688,391</u></u></b>	<b><u><u>4,789,590</u></u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b><u><u>\$7,765,938</u></u></b>	<b><u><u>\$7,329,146</u></u></b>

Source: Annual audited financial statements of the Blind Brook - Rye Union Free School District. Summary itself not audited.

**Blind Brook-Rye Union Free School District**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**  
**Fiscal Year Ended June 30:**

Year Ended June 30:	2014	2015	2016	2017	2018
<b>REVENUES</b>					
Real Property Taxes	\$32,706,511	\$33,417,566	\$34,705,435	\$34,936,024	\$35,757,802
Other Tax Items	3,434,944	3,332,316	2,593,255	2,450,634	2,117,845
Non Property Taxes	336,806	330,291	336,179	340,834	364,131
Charges for Services	626,347	659,334	699,511	744,197	740,337
Use of Money and Property	240,949	234,745	140,747	198,926	423,458
Sale of Property and Compensation for Loss	240	4,984	2,380	16,671	2,455
State Sources	2,465,402	2,615,983	2,673,500	2,945,551	2,991,477
Federal Sources	0	0	0	0	0
Miscellaneous	109,586	291,095	185,253	190,806	87,381
<b>Total Revenues</b>	<b>39,920,785</b>	<b>40,886,314</b>	<b>41,336,260</b>	<b>41,823,643</b>	<b>42,484,886</b>
<b>EXPENDITURES</b>					
General Support	3,799,283	3,600,282	3,392,053	3,444,678	8,274,775
Instruction	23,272,452	23,867,503	24,768,186	25,546,549	25,675,047
Pupil Transportation	1,126,475	1,192,807	1,100,586	1,224,651	1,304,126
Community Services	0	0	0	0	0
Employee Benefits	9,479,391	9,738,950	9,259,591	9,326,756	9,443,723
Debt Service	2,470,550	2,378,004	2,344,040	2,454,806	2,408,932
<b>Total Expenditures</b>	<b>40,148,151</b>	<b>40,777,546</b>	<b>40,864,456</b>	<b>41,997,440</b>	<b>47,106,603</b>
Excess (Deficiency) of Revenues Over Expenditures	(227,366)	108,768	471,804	(173,797)	(4,621,717)
<b>Other Financing Sources (Uses):</b>					
Bonds Issued	0	0	0	0	4,752,354
Operating Transfers In	100,000	0	0	0	0
Operating Transfers Out	(30,262)	(32,288)	(132,429)	(34,904)	(29,438)
<b>Total Other Financing Sources</b>	<b>69,738</b>	<b>(32,288)</b>	<b>(132,429)</b>	<b>(34,904)</b>	<b>4,722,916</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(157,628)	76,480	339,375	-208,701	101,199
Fund Balances (Deficits) - Beginning of Year	4,638,865	4,481,237	4,557,717	4,897,092	4,688,391
Accounting Change Adjustment	0	0	0	0	0
<b>Fund Balances - End of Year</b>	<b>\$4,481,237</b>	<b>\$4,557,717</b>	<b>\$4,897,092</b>	<b>\$4,688,391</b>	<b>\$4,789,590</b>

Source: Annual audited financial statements of the Blind Brook - Rye Union Free School District.  
Summary itself not audited.