PRELIMINARY OFFICIAL STATEMENT DATED JULY 10, 2017

NEW ISSUES **RATING: S&P GLOBAL RATINGS: " "**
SERIAL BONDS – BOOK ENTRY **See "Bond Rating", herein**

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds will not be subject to the alternative minimum tax on individuals. In the further opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein for a description of the opinion of Bond Counsel and certain other tax consequences.

The Bonds will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code").

$6,920,000

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
ORANGE COUNTY, NEW YORK
(the "District")

LIBRARY BUILDING SERIAL BONDS – 2017
(the "Bonds")
[BOOK-ENTRY-ONLY BONDS]

BOND MATURITY SCHEDULE
(See Inside Front Cover)

Security and Sources of Payment: The Bonds are general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, without limitation as to rate or amount, subject to applicable statutory limitations. See "Tax Levy Limit Law" herein.

Prior Redemption: The Bonds maturing on June 15, 2026 and thereafter are subject to redemption, prior to maturity, at the option of the District, on June 15, 2025, and thereafter on any date, in accordance with terms described herein. (See "*Optional Redemption for the Bonds*" under "*THE BONDS*," herein).

Form and Denomination: The Bonds will be issued as registered bonds, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, ("DTC") which will act as the securities depository for the Bonds. Individual purchases of the Bonds may be made only in book-entry form in denominations of $5,000 or integral multiples thereof. Bondholders will not receive certificates representing their interests in the Bonds purchased. See "Book-Entry-Only System" under "The Bonds" herein.

Payment: Payment of the principal of and interest on the Bonds to the beneficial owners of the Bonds will be made by DTC Participants and indirect participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." Payment will be the responsibility of the DTC Participant or indirect participant and not of DTC or the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry-Only System" under "The Bonds" herein.

Norton Rose Fulbright US LLP has not participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof, and, accordingly, the firm expresses no opinion with respect thereto.

The Bonds are offered when, as and if issued and received by the purchasers and subject to the receipt of the legal opinion as to the validity of the Bonds of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery in New York, New York, or at such place as may be agreed upon with the purchaser(s) on or about August 8, 2017.

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 SALE 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. IN ADDITION, THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE ANNUAL FINANCIAL INFORMATION AND OPERATING DATA AND NOTICE OF CERTAIN MATERIAL EVENTS (AS DEFINED IN THE RULE) AS REQUIRED BY THE RULE (SEE "ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING," HEREIN).

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
ORANGE COUNTY, NEW YORK

$6,920,000 LIBRARY BUILDING SERIAL BONDS – 2017

BOND MATURITY SCHEDULE

Dated: August 8, 2017

Principal Due: June 15, 2018-2031, inclusive
Interest Due: December 15, 2017, June 15, 2018 and semi-annually thereafter in each year until maturity

Year	Amount*	Rate	Yield or Price	CUSIP #
2018	$400,000			
2019	520,000			
2020	500,000			
2021	500,000			
2022	500,000			
2023	500,000			
2024	500,000			
2025	500,000			
2026	500,000			
2027	500,000			
2028	500,000			
2029	500,000			
2030	500,000			
2031	500,000			

*Amounts are subject to adjustment by the District following the sale, pursuant to the terms of the Notice of Sale relating to the Bonds, to achieve substantial level or declining annual debt service as provided in Section 58.00 (c)(2) of the Local Finance Law.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
ORANGE COUNTY, NEW YORK

52 West Main Street
Washingtonville, New York 10992
Telephone: 845/497-4000
Fax: 845/497-4030

BOARD OF EDUCATION

William Santos, President
Jennifer Dellova, Vice President

Colleen Doyle
Kathleen Gualtieri
Kevin McIntyre
John O'Neill

Roy Reese, Superintendent
Paul Nienstadt, Assistant Superintendent for Business
Teresa M. Silverman, District Clerk
Ellen Gunser, District Treasurer

School District Attorneys

Shaw, Perelson, May & Lambert, LLP
Poughkeepsie, New York

John E. Osborn P.C.
New York, New York

* * *

BOND COUNSEL

Norton Rose Fulbright US LLP
New York, New York

* * *

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

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Port Jefferson Station, N.Y. 11776
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E-mail: info@munistat.com
Website: http://www.munistat.com

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

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OFFICIAL STATEMENT

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
ORANGE COUNTY, NEW YORK

$6,920,000 LIBRARTY BUILDING SERIAL BONDS – 2017
[BOOK-ENTRY BONDS]

This Official Statement and the appendices hereto present certain information relating to the Washingtonville Central School District, in the County of Orange, in the State of New York (the "District," "County" and "State," respectively) in connection with the sale of $6,920,000 Library Building Serial Bonds – 2017 (the "Bonds").

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

THE BONDS

Description of the Bonds

The Bonds will be dated August 8, 2017, and will mature on June 15 in each of the years 2018 to 2031, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as Securities Depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denomination of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds.

Interest on the Bonds will be payable December 15, 2017, June 15, 2018 and semi-annually thereafter in each year to maturity. Principal and interest will be paid by the District to the Securities Depository, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the District referred to therein.

The Record Date of the Bonds will be the last day of the month preceding each interest payment date.

The District will act as Fiscal and Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: Paul Nienstadt, Interim Assistant Superintendent for Business, Washingtonville Central School District, 52 West Main Street, Washingtonville, NY 10992, Phone (845) 497-4000, Fax (845) 497-4030 and email: pnienstadt@ws.k12.ny.us.

Optional Redemption on the Bonds

The Bonds maturing on or before June 15, 2025 will not be subject to redemption prior to maturity. The Bonds maturing on June 15, 2026 and thereafter will be subject to redemption, at the option of the District, prior to maturity, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after June 15, 2025, at par plus accrued interest to the date of redemption.

Notice of such call for redemption shall be given by mailing such notice to the registered owner at least thirty (30) days prior to the date set for such redemption. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

Authorization and Purpose for the Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, Local Finance Law, and the bond resolution adopted by the District Board on January 19, 2016, authorizing the issuance of bonds for partial reconstruction and construction of additions to the Moffat Library.

The Bond proceeds will be used to redeem bond anticipation notes in the amount of $6,500,000 and provide original funds in the amount of $420,000 for the partial reconstruction and construction of additions to the Library.

Book-Entry-Only System

In the event that the Bonds are issued in registered book-entry form, DTC will act as securities depository for the Bonds, and the Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each Bond 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

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

Source: The Depository Trust Company

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds 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 transfers through DTC at any time. In the event that such book-entry-only system is discontinued, and a replacement book-entry securities depository is not appointed, the following provisions will apply: the Bonds 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 Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the District as the fiscal agent; certificated Bonds may be transferred or exchanged at no cost to the owner of such bonds at any time prior to maturity at the corporate trust office of the fiscal agent for bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

BOND DISCLOSURE UNDERTAKING

At the time of the delivery of the Bonds, the District will provide an executed copy of its "Undertaking to Disclosure Certain Events" (the "Undertaking"), which shall be substantially in the form attached as Appendix C.

On October 10, 2013, the District filed a material event notice regarding the status of the ratings of the bond insurers on various bonds issued by the District. Since the fall of 2008, there have been in excess of 25 rating actions on bond insurers reported by Moody's, Standard & Poor's and Fitch. Due to widespread knowledge of the downgrades to such bond insurers, material event notices were not filed pursuant to every rating action.

The 1990, 1991 and 2002 bonds of the District were rated by FGIC. The 1993 bonds were rated by AMBAC and the 1997, 1999, 2004, 2006A and 2006B bonds were rated by National Public Finance Guarantee Corp. (formerly known as MBIA). The 2007B bonds were rated by Assured Guaranty (formerly known as FSD). The current rating for National Public Finance Guarantee Corp is "Baa1" by Moody's and "A" by S&P. Assured Guaranty is rated "A2" by Moody's and "AA-" by Standard & Poor's. FGIC is no longer rated by any of the three rating agencies.

The underlying credit of the District was not affected by downgrades to the bond insurance companies. The current rating of the District is "AA" by S&P.

Other than noted above, the District has complied with all previous Undertakings in all material respects pursuant to the Rule for the past five year.

Security and Source of Payment

The Bonds 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 Bonds 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 Bonds and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011. See "Tax Increase Procedural Limitation Legislation" herein.

ENFORCEMENT OF REMEDIES UPON DEFAULT

The following description of factors affecting the possible enforcement of remedies upon a default by the District is not intended to constitute legal advice and is not a substitute for obtaining the advice of counsel on such matters. Factors governing the availability of remedies against the District are complex and the obligations of the District, under certain circumstances, might not be enforced precisely as written.

General Municipal Law Contract Creditors' Provision. The Bonds when duly issued and paid for will constitute a contract between the District and the purchaser. Such contracts, if not honored, would generally be enforceable through court action. 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 on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might apply if there were a default in the payment of the principal of and interest on the Bonds.

Unavailability of Remedies of Levy and Attachment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. Under 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.

Constitutional Non-Appropriation Provision. The Constitution of the State, Article VIII, Section 2, contains the following provision relating to the annual appropriation of monies for the payment of 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 owner of obligations issued for any such indebtedness." This constitutional provision providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal maturing on bonds, but does not apply to principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes. If the District were to fail to make a required appropriation, however, the ability of affected owners of District indebtedness to enforce this provision as written could be compromised or eliminated as described below under "Bankruptcy", "State Debt Moratorium Law" and "Possible Priority of Continuation of Essential Public Services".

Bankruptcy. The Federal Bankruptcy Code allows a political subdivision or agency or instrumentality of a state, such as the District, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness, but only if such recourse is authorized by state law. New York has not authorized school districts to file for relief under the Federal Bankruptcy Code. New York could grant such authority to the District while the Bonds are outstanding, however. If that should happen, and if the District were to file for relief under the Federal Bankruptcy Code there could be adverse effects on the owners of the Bonds.

Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

Under the United States Constitution, Federal law is supreme and may be enforced irrespective of contrary state law. Accordingly, proceedings in accordance with the Federal Bankruptcy Code could result in an allocation of funds that fails to honor the faith and credit pledge required by the State Constitution.

No current State law purports to create any collateral or priority for owners of the Bonds should the District be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. The Bonds could be deemed unsecured obligations of the District in a bankruptcy case.

Under the Federal Bankruptcy Code, if authorized by state law, a petition may be filed in the Federal Bankruptcy court by a municipality or school district that is insolvent, which generally means the municipality or school district is unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality or school district. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's or school district's debt, which may modify or alter the rights of creditors. Any plan of adjustment can be confirmed by the court over the objections of creditors if the plan is found to be "fair and equitable" and in the "best interests of creditors." A plan of adjustment may alter the terms and provisions of the Bonds, including the payment terms, interest rate, maturity date, and payment sources, as long as the bankruptcy court finds that the alterations are "fair and equitable." If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

Accordingly, if the state were to authorize school districts to file a petition under the Federal Bankruptcy Code, the rights of the owners of Bonds to receive interest and principal from the District and the enforceability of the District's faith and credit pledge to pay such interest and principal could be adversely affected by the restructuring of the District's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of owners of debt obligations issued by the District (including the Bonds) to payment from monies retained in any fund or from other sources would be recognized if a petition were filed by or on behalf of the District under the Federal Bankruptcy Code. Such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally, or might even be directed to satisfy other claims instead of being paid to the owners of the Bonds.

Regardless of any specific adverse determinations in a bankruptcy proceeding of the District, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Bonds.

State Debt Moratorium Law. Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of Bond owners will generally be governed by State Law. In 1975, a general State law debt service moratorium statute was enacted.

Under that legislation, 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 was suspended. 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, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731, 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 obligations.

Accordingly, State legislation materially limiting the timing or manner of actions to enforce the faith and credit pledge against an issuer of general obligation debt (including that portion of Title 6-A of Article 2 of the Local Finance Law enacted in 1975 authorizing any municipality in a State-declared financial emergency period to petition to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality) could be determined to conflict with the State Constitution and may not be enforceable.

Possible Priority of Continuation of Essential Public Services. In prior years, certain events and legislation affecting an owner's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of note or bond owners, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

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

THE DISTRICT

Description

The Washingtonville Central School District encompasses an area of approximately 75 square miles with an estimated population of 23,300. The District is located in central Orange County. The District centers about the Village of Washingtonville and is located about 7 miles southwest of the City of Newburgh, 12 miles east of the City of Middletown and 60 miles north of New York City. The District derives over 63% of its tax levy from the Town of Blooming Grove, about 20% from the Town of New Windsor, about 16% from the Town of Hamptonburgh and a minor portion from the Town of Cornwall.

The District is primarily residential with some agricultural, commercial and industrial enterprises. The majority of the commercial activity is centered in the Village of Washingtonville. Shopping facilities are located in Monroe, eight miles to the south, Newburgh, seven miles to the northeast, and Middletown, twelve miles to the west.

Many residents are employed by local industries including the Woodbury Commons, the US military Academy at West Point and businesses in Newburgh and Middletown. The cities of Poughkeepsie and Beacon and the Town of Fishkill, accessible by the Newburgh-Beacon Bridge, also provide job opportunities. A significant portion of the community commutes to New York City.

Transportation to the area is provided by a variety of means. The Stewart International Airport is located in New Windsor. Metro-North train service to Penn Station and Hoboken is available from several nearby stations and there is express bus service from Washingtonville to New York City. In addition, the New York State Thruway, NY Highway 17 (Quickway), NY Routes 94 and 208, as well as Interstate 84 are within the District or within minutes of the District.

District Organization

The Board of Education, which is the policy-making body of the District, consists of seven members with overlapping three-year terms so that as nearly as possible an equal number shall be elected to the Board each year. The President and the Vice President are selected by the Board members.

The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board, include the Superintendent of Schools, the Assistant Superintendent for Business, the School District Clerk and the District Treasurer.

Enrollment History

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

School Year	School Enrollment
2013	4,446
2014	4,317
2015	4,237
2016	4,189
2017	4,097

Source: District Officials.

Projected Future Enrollment

The following table presents the projected future school enrollment for the District.

School Year	School Enrollment
2018	3,929
2019	3,849
2020	3,750

Source: District Officials.

District Facilities

The District operates eleven schools and offices; statistics relating to each are shown below.

Name	Grades	Date of Construction	Insurable Value
Middle School	6-8	1932	$25,120,340
Little Britain	K-5	1955	10,208,192
Taft	K-5	1960	16,574,331
Senior High	9-12	1965	56,766,290
Round Hill	K-5	1968	16,739,582
Administration Building		1920	1,210,583
Bus Garage		1952	2,023,089
Other (Yard Fixtures, Modular Classrooms)		Various	1,194,679
Borden Garage & Athletic Field		Various	455,403

Employees

The District provides services through approximately 584 employees who are represented by the following units of organized labor, plus non-union employees not represented.

Name of Union	Expiration Date of Contract	Approx. No. of Members
Teachers Association	06/30/17	328
CSEA, Local 1000	06/30/18	209
Nurses	06/30/17	6
Administrators Association	06/30/17	24
Superintendent	10/31/19	1
Assistant Superintendents	06/30/17	3
Confidential Managerial	06/30/17	12
Director of Personnel & Staff Development	06/30/17	1

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics for the District.

Year	District
1990	17,785
2000	18,320
2010	23,300
2014	23,978

Source: U.S. Bureau of the Census.

Income Data

Income data is not available for the District as such. The smallest area for which such statistics are available (which includes the District) are the Town of Blooming Grove and the County of Orange. The information set forth below with respect to such Town is included for informational purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Town or vice versa.

	Per Capita Money Income			
	1990	2000	2010	2015[a]
Town of Blooming Grove	$17,029	$25,097	$31,930	$35,693
County of Orange	15,198	21,597	29,044	31,023
State of New York	16,501	23,389	30,791	33,236

	Median Household Income			
	1990	2000	2010	2015[a]
Town of Blooming Grove	$50,570	$66,040	$85,967	$89,221
County of Orange	39,198	52,058	69,144	70,848
State of New York	32,965	43,393	55,217	59,269

Source: United States Bureau of the Census
a. Note: Based on American Community Survey 5-Year Estimate (2011-2015)

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) is the County of Orange. The information set forth below with respect to such County is included for informational purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the County or vice versa.

Annual Averages:	County of Orange (%)	New York State (%)
2012	8.3	8.6
2013	7.3	7.7
2014	5.8	6.4
2015	4.7	5.5
2016	4.3	4.8
2017 (4 Month Average)	4.5	4.6

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE DISTRICT

Constitutional and Statutory Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the period of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purpose for which it is contracted; 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. (See *"The Tax Levy Limit Law"* herein).

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of $100,000 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 notices 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 school 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 constitutional and statutory method for determining full valuation is by 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 Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

The following table sets forth the computation of the debt limit of the District and its debt contracting margin:

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As July 10, 2017)

Town (2016-2017):	Assessed Valuation	State Equalization Rate (%)	Full Valuation
Blooming Grove	$238,143,380	18.60%	$1,280,340,753
Cornwall	10,318,629	73.52	14,035,132
Hamptonburgh	359,263,104	100.00	359,263,104
New Windsor	87,803,199	18.67	470,290,300
	$695,528,312		2,123,929,289
Debt Limit - 10% of Full Valuation			212,392,929
Inclusions:			
Outstanding Bonds			16,215,000
Bond Anticipation Notes			6,500,000
Total Indebtedness			22,715,000
Exclusions (Estimated Building Aid)[a]			15,673,350
Total Net Indebtedness Before the Issuance of the Bonds			7,041,650
The Bonds			6,920,000
Less: Bond Anticipation Notes to be Redeemed by the Issuance of the Bonds			6,500,000
Net Effect of the Bonds			420,000
Total Indebtedness after the Issuance of the Bonds			7,461,650
Net Debt Contracting Margin			$204,931,279
Per Cent of Debt Contracting Margin Exhausted			3.51%

a. Represents estimate of moneys receivable by the District from the State as an apportionment form debt service for school building purposes, based on most recent information received by the District from the State Department of Education. The amount shown is not necessarily the amount the District will ultimately receive.

Trend of District Indebtedness

	Outstanding as of June 30:				
	2013	2014	2015	2016	2017
Bonds	$21,935,400	$19,730,000	$18,825,000	$17,525,000	$16,215,000
BANs	-	-	-	-	6,500,000
Total	$21,935,400	$19,730,000	$18,825,000	$17,525,000	$22,715,000

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the District has no short-term Indebtedness outstanding.

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending June 30:	Principal	Interest	Total
2018	$2,050,000	$555,576	$2,605,576
2019	2,090,000	499,317	2,589,317
2020	2,020,000	434,569	2,454,569
2021	1,705,000	369,357	2,074,357
2022	1,795,000	299,638	2,094,638
2023	1,565,000	228,275	1,793,275
2024	1,175,000	166,800	1,341,800
2025	810,000	111,100	921,100
2026	850,000	78,100	928,100
2027	520,000	57,550	577,550
2028	530,000	41,800	571,800
2029	545,000	25,675	570,675
2030	560,000	8,750	568,750
	$16,215,000	$2,876,507	$19,091,507

Capital Leases

The Washingtonville Central School District entered into an agreement to finance the cost of energy efficiency improvements over a fourteen-year period. The unpaid balance at June 30, 2016 was $1,770,542. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2016.

Fiscal Year Ended June 30:	Debt Service ($)
2018	$ 380,216
2019-Thereafter	1,140,649
Minimum Lease Payments- Capital Leases	1,520,864
Less: Amount representing interest of 1.70%	130,538
Present Value-Minimum Lease Payments	$ 1,390,326

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Orange	08/25/2016	6.23	$13,674,102	$12,776,982
Town of:				
Blooming Grove	06/15/2015	86.13	7,250,620	7,250,620
Cornwall	06/20/2016	1.00	67,540	65,940
Hamptonburgh	12/31/2015	55.12	150,580	150,580
New Windsor	03/13/2017	15.85	1,186,691	317,880
Village of Washingtonville	02/12/2016	100.00	3,195,000	2,230,000
Fire Districts (Est.)	12/31/2015	Var	1,100,000	1,100,000
Totals			$26,624,533	$23,892,002

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements or available data.

Debt Ratios
(As of July 10, 2017)

	Amount	Per Capita[a]	Percentage Of Full Value (%)[b]
Total Direct Debt	$22,715,000	$ 858	1.069
Net Direct Debt	7,041,650	266	0.332
Total Direct & Applicable Total Overlapping Debt	49,339,534	1,865	2.323
Net Direct & Applicable Net Overlapping Debt	30,933,652	1,169	1.456

a. The current estimated population of the District is 26,461.
b. The full valuation of taxable real property in the District for 2016-17 is $2,123,929,289.

FINANCES OF THE DISTRICT

Independent Audit

The financial affairs of the District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the District has complied with the requirements of various state and federal statutes. The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2016. A copy of such report is included herein as Appendix B.

Investment Policy

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

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the District, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into 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 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 obligations 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 by Section 10 of the GML.

The Board of Education of the District has 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.

Fund Structure and Accounts

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund and school lunch fund. In addition, a capital projects fund is used to record capital facility projects, while a trust and agency fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

The district-wide and fiduciary fund financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. 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 transaction, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real 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 and the related expenditures are incurred.

The fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 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.

Source: Audited Financials of the District.

Budget Process

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 Levy Limit Law"* herein).

On May 16, 2017, a majority of the voters of the District approved the District's budget for the 2017-2018 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2016-2017 and 2017-2018 may be found in Appendix A, herein.

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See *"Tax Information"* herein.

State Aid

In addition to the amount of State aid budgeted by the District, the State is expected to make STAR payments representing tax savings provided by school districts to their taxpayers under the STAR Program (See *"STAR - School Tax Exemption"* herein).

The District is dependent in part on financial assistance from the State in the form of State Aid for both operating and capital purposes. The District expects to receive approximately 34.25% of its total General Fund Revenue operating from State aid in the 2016-2017 fiscal year and expects to receive approximately 33.53% in the 2017-2018 fiscal year. Should the District in the current fiscal year or in future fiscal years 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 cut in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of such uncollected State aid. (See *"Events Affecting State Aid to New York State School Districts"* herein).

The State is not constitutionally obligated to maintain or continue State aid to the School District. 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. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget and other circumstances including State fiscal stress. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor. State budgetary restrictions, which eliminate or substantially reduce State aid could have a material adverse effect upon the School District requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

Recent Events Affecting State Aid to New York School Districts

State aid to school districts in the State has declined in some recent years.

School district fiscal year (2009-2010): Total State aid for the 2009-2010 fiscal year was maintained at the 2008-2009 levels in part due to the use of Federal aid made available as part of the American Reinvestment and Recovery Act of 2009 ("ARRA"). During said fiscal year, the District's receipt of State aid was delayed as a result of several initiatives adopted by then Governor Paterson in response to the State's ongoing and worsening fiscal crisis. Despite such delays, the District did receive all of the State aid due to it for the fiscal year ended June 30, 2010.

School district fiscal year (2010-2011): The total reduction in State aid for the 2010-2011 fiscal year was approximately $2.1 billion; however, this amount was partially offset by $726,000,000 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 the 2011-2012 fiscal year was $1.3 billion or 6.1 percent 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 includes an increase of $751 million in State aid for school districts.

School district fiscal year (2013-2014): The State Legislature adopted the State budget on March 29, 2013. The budget includes an increase of $936.6 million in State aid for school districts.

School district fiscal year (2014-2015): The State Legislature adopted the State budget on March 31, 2014. The Enacted 2014-2015 State Budget included a $1.1 billion or 5.3% increase in State aid to school districts for the 2014-2015 school year. High-need school districts received 70% of the state aid increase. The Enacted 2014-2015 State Budget restored $602 million of Gap Elimination Adjustment reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The Enacted 2014-2015 State Budget invests $1.5 billion over five years to support the phase-in of a statewide universal full-day pre-kindergarten program.

School district fiscal year (2015-2016): The State Legislature adopted the State budget on March 31, 2015. The budget includes an increase of $1.4 billion in State aid for school districts, that is tied to changes in the teacher evaluation and tenure process. School districts must 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 Enacted 2016-2017 State Budget included a school aid increase of $991 million over 2015-2016, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the Enacted 2016-2017 State Budget included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment (the "GEA"). The majority of the remaining increase ($100 million) related to Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. Such 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 Enacted 2017-2018 State 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 usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted 2017-2018 State 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 Enacted 2017-18 State Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. Such plan would take effect automatically unless the Legislature passes its own plan within 90 days.

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 is a negative number (funds that are deducted from the State aid originally due to the District under existing State aid formulas). The District's State aid has been reduced by an approximate aggregate amount of $9.6 million as a result of the GEA program since 2009. In the 2014-15 fiscal year, the State began to decrease the amount of the GEA deduction, and as a result, the reduction in State aid to the District was $1.9 million. The Adopted Budget for the State's 2015-2016 fiscal year also includes a further reduction of the GEA. The Adopted Budget for the State's 2016-2017 fiscal year includes the elimination of the remaining balance of the GEA, resulting in more State aid to the District in the 2016-2017 fiscal year.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of $2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is $2.8 million.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year and during the District's 2017-2018 fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing.

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2012 through 2016, inclusive, as presented in the audited financial statements for such years and the budgeted amounts for fiscal years 2017 and 2018.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid	State Aid To Revenues (%)
2012	$76,822,700	$25,194,045	32.80
2013	79,725,331	26,241,522	32.91
2014	80,679,197	26,448,594	32.78
2015	82,716,093	27,563,796	33.32
2016	85,037,457	29,908,489	35.17
2017 (Budgeted)	89,401,006	30,616,301	34.25
2018 (Budgeted)	92,291,918	30,946,151	33.53

a. Budgeted revenues include the application of reserves and fund balance.

Expenditures

The major categories of expenditure for the District are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

The State Comptroller's Fiscal Stress Monitoring System and OSC 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 has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school districts 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 ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). 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 OSC designates the District as "No Designation" (Fiscal Score: 0.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released June 6, 2014. The purpose of such audit was to examine the District's management of reserve funds for the period July 1, 2012 through October 29, 2013. The complete report, together with the District's response, may be found on the OSC's official website. Reference to this website implies no warranty of accuracy of information therein.

Employee Pension System

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 most 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 addition, 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 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 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.

The primary purpose of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with assistance in its ability to create a projection. However, although the SCO plan will reduce payments in the near term, it may result in much higher payments in the future. As such, the District does not intend to amortize any payments to the Retirement System.

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years.

Fiscal Year Ending June 30:	TRS	ERS
2013	$3,863,165	$1,654,911
2014	5,379,538	1,384,169
2015	6,085,833	1,404,397
2016	4,441,409	1,277,758
2017	4,103,706	1,704,471
2018 (Budgeted)	3,344,364	1,815,222

Other Post Employment Benefits

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

GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits were generally administered on a pay-as-you-go basis and had not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers are now based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") is determined for each state or local government. 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 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 liabilities actually be funded, only that the District account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation will be required every two years for the District.

The following tables, as presented in the audited financial statement for the fiscal year ending June 30, 2016, show the components of the District annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District net OPEB obligation to the plan:

Annual OPEB Cost and Net OPEB Obligation	Fiscal Year Ending June 30 2016:
Annual required contribution (ARC)	$25,177,482
Interest on net OPEB obligation	4,210,359
Less: Adjustments to ARC	(5,744,010)
Annual OPEB cost (expense)	23,643,831
Less: Contributions made	(4,269,176)
Increase in net OPEB obligation	19,374,655
Net OPEB obligation-beginning of year	93,563,538
Net OPEB obligation-end of year	$112,938,193

The District's annual OPEB cost, OPEB contributions, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for June 30, 2016, and the two preceding years are as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed (%)	Net OPEB Obligation
June 30, 2016	$23,643,831	18.1	$112,938,193
June 30, 2015	22,278,354	15.6	93,563,538
June 30, 2014	20,959,128	15.3	74,761,116

Should the District be required to fund its unfunded actuarial accrued 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 actuarial accrued OPEB liability.

In February of 2015, the OSC proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to 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. 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 has decided to continue funding the expenditure on a pay-as-you-go basis.

TAX INFORMATION

Real Property Taxes

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the Towns of Blooming Grove, Cornwall, Hamptonburgh and New Windsor. Assessment valuations are determined by the Town assessor and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations.

The following table sets forth the percentage of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2012 through 2016, inclusive, and the amount budgeted for 2016 fiscal year.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2012	$76,822,700	$43,359,700	56.44
2013	79,725,331	44,240,120	55.49
2014	80,679,197	45,679,932	56.62
2015	82,716,093	46,767,719	56.54
2016	85,037,457	46,717,806	54.94
2017 (Budgeted)	89,401,006	53,680,007	60.04
2018 (Budgeted)	92,291,918	54,145,067	58.67

Note: Budgeted estimates for real property taxes include STAR. Budgeted estimates for total revenues include appropriations of fund balance.

Tax Collection Procedure

Property taxes for the District, together with County, Town and Fire District taxes, are collected by the Town Tax Receiver. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and 10% after May 31.

The Town Tax Receiver distributes the collected tax money to the Town, fire and school districts prior to distributing the balance collected to the County. Uncollected amounts are not segregated by the Receiver and any deficiency in tax collection is the County's liability. The District thereby is assured of full tax collection.

Tax Levy Limit Law

Chapter 97 of the Laws of 2011, as amended, (the "Tax Levy Limit Law" or the "Law"), generally applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of most municipalities and school districts to levy certain year-to-year increases in real property taxes.

The District is subject to the Tax Levy Limit Law, beginning with the District's budget for its fiscal year beginning July 1, 2012. Pursuant to the Tax Levy Limit Law, additional procedural requirements are imposed if a school district seeks to increase the tax levy by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the District's prior year's tax levy (the "Tax Levy Increase Limit"). In the event the District seeks to adopt a budget requiring a tax levy exceeding the Tax Levy Increase Limit, after presentation to the voters, approval by at least 60% of the voters will be required. Tax levies that do not exceed such limit will require approval by at least 50% of the voters. However, if the budget is defeated after two presentations to the voters, or after one defeat where the District decides not to resubmit a budget to the voters, then the District will be required to adopt a budget with a tax levy less than or equal to that of the prior year.

The Law permits certain exceptions to the Tax Levy Increase Limit. The District may levy taxes exceeding the Tax Levy Increase Limit, if necessary, to support the following expenditures: (i) funds needed to pay judgments arising out of tort actions that exceed five percent of the total tax levied by the District in the prior fiscal year, (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points), and (iii) voter-approved capital expenditures. Taxes necessary for these expenditures will not be included in the calculation of the Tax Levy Increase Limit.

The Law also provides for adjustments to be made to the District's Tax Levy Increase Limit based upon changes in the assessed value of the taxable real property in the District. Additionally, the District will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year.

The effect of the Law on the District's finances and its ability to continue to levy taxes sufficient to both pay debt service and meet its educational responsibilities is uncertain.

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 in full by the State for real property taxes exempted pursuant to the STAR program on or before the first business day of January in each year.

Approximately 12% of the District's 2016-2017 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Based on information furnished to the District, approximately 12% of the District's 2017-2018 school tax levy is expected to be exempted by the STAR program. (See *"State Aid"* herein).

Valuations, Tax Levies and Collections, and Tax Rates

A schedule of valuations, tax levies, collections and tax rates may be found in Appendix A.

Selected Listing of Large Taxable Properties
2016-17 Assessment Roll

Name	Type	Full Valuation
Town of New Windsor	Municipality	$5,683,200
Orange and Rockland Utilities Inc.	Utility	4,559,147
Central Hudson	Utility	5,768,348
NYS Dept. of ENCON	Utility	2,364,400
NYS Dept. of ECON	Utility	1,561,400
Brotherhood Plaza LLC	Commercial	1,275,000
Keen Equities LLC	Commercial	1,194,800
Frontier Communications	Commercial	941,544
DRA Fidelco New Windsor, LLC	Commercial	763,500
Waterways Associates LLC	Commercial	1,255,050
	Total[a]	$25,366,389

a. Represents 3.65% of the taxable assessed valuation of the District.

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 District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

MARKET AND RISK FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

The financial and economic condition of the District, as well as the market for the Bonds, could be affected by a variety of factors, many of which are beyond the District's control. There can be no assurance that adverse events in the global economy, the State or elsewhere, 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 Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction, or of any of their respective agencies or political subdivisions or elsewhere, thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected. The market for and the market value of the Bonds could be adversely affected if the District encountered real or perceived difficulty in marketing notes or bonds to pay principal on the Bonds at maturity; the District, like other issuers, is dependent on the orderly functioning of the municipal debt markets to refinance existing debt coming due, and could be unable to pay the Bonds at maturity if market access proved unavailable.

There are various other forms of risk associated with investing in the Bonds. Although none of such risks currently exist with respect to the District or the Bonds, there can be no assurance that one or more of such events will not occur in the future. One such risk is that the District will be unable to promptly pay interest and principal on the Bonds as they become due (see "Remedies Upon Default", herein). If a bondholder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition, there may be other risk factors which a potential investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

There are a number of factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly its property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in certiorari proceedings could result in a large reduction in the assessed valuation of taxable real property in the District. Unforeseen developments could also result in substantial increases in District expenditures, thus placing considerable strain on the District's financial condition.

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 and revenues 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. The State's Annual Information Statement and other information about the State's finances are provided by the State Division of the Budget on its website.

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 "State Aid").

A deterioration of District finances could cause the credit rating of the Bonds to be lowered, suspended or withdrawn, if such action were to be deemed appropriate by Moody's Investors Service. Any of such actions on the part of Moody's Investors Service could have an adverse effect on the market price of the Bonds or the availability of a secondary market for the Bonds.

If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interests rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the District. Any such future legislation would have an adverse effect on the market value of the Bonds (See "Tax Exemption" herein).

TAX MATTERS

Tax Exemption

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in a certificate (the "Tax Certificate") dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the District with the provisions of the Tax Certificate subsequent to the issuance of the Bonds. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption". Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

RATING

The District has applied to S&P Global Ratings ("S&P") for a rating on the Bonds and such rating is pending at this time. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P's, 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the 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 such ratings could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds will be covered by the unqualified legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Such legal opinion will be delivered in substantially the form attached hereto as Appendix D.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Financial Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Financial Advisor serves as independent financial advisor to the District on matters relating to debt management. The Financial 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 Financial Advisor has provided advice as to the plan of financing and the structuring of the Bonds 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 Bonds was based on materials provided by the District and other sources of information believed to be reliable. The Financial 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 Financial Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

OTHER MATTERS

The statutory authority for the District to borrow money in anticipation of the receipt of real property taxes and to issue tax anticipation notes is Section 24.00 of the Local Finance Law.

There is no bond or note principal or interest past due.

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

This Official Statement does not include the financial data of any political subdivision of the State having power to levy taxes within the District, except as expressed in the "Calculation of Estimated Overlapping and Underlying Indebtedness."

ADDITIONAL INFORMATION

Additional information may be obtained from the office of the business office of the District: Washingtonville Central School District, 52 West Main Street, Washingtonville, NY 10992, telephone number 845/497-4000, Fax 845/497-4030, email: pnienstadt@ws.k12.ny.us or from Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

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 such opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing with regard to the Bonds is to be construed as a contract with the holders of the Bonds.

Except for its review of the descriptions of the terms of the Bonds and its approving legal opinion to be rendered on the Bonds as Bond Counsel to the District, Norton Rose Fulbright US LLP has not participated in the preparation of this Official Statement, nor verified the accuracy, completeness or fairness of the information contained herein, and accordingly, expresses no opinion with respect thereto.

The preparation and distribution of this Official Statement has been approved by the President of the Board of Education of the District pursuant to the power delegated to him by the authorizing Bond resolution to sell and deliver the Bonds.

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

President of the Board of Education
Washingtonville Central School District
Washingtonville, New York

July 10, 2017

APPENDIX A

FINANCIAL INFORMATION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Equity

General Fund

	2012	2013	2014	2015	2016
Revenues:					
Real Property Taxes	$ 43,359,700	$ 44,240,120	$ 45,679,932	$ 46,767,719	$ 46,717,806
Other Tax Items	6,653,730	6,791,820	6,874,979	6,864,400	7,013,253
Charges for Services	370,995	312,150	333,306	364,194	285,709
Use of Money and Property	326,405	289,757	270,334	204,795	254,374
Sale of Property & Comp. for Loss	78,708	97,500	83,351	89,140	98,943
Miscellaneous	665,906	354,567	794,612	712,772	636,877
State Aid	25,194,045	26,241,522	26,448,594	27,563,796	29,908,489
Federal Aid	173,211	1,397,895	194,089	149,277	122,006
Total Revenues	76,822,700	79,725,331	80,679,197	82,716,093	85,037,457
Expenditures:					
General Support	8,371,873	7,328,853	6,783,431	8,010,533	7,260,498
Instruction	41,996,839	41,595,301	43,267,338	43,407,002	45,184,062
Pupil Transportation	4,356,782	4,356,850	4,656,593	4,707,359	4,736,258
Employee Benefits	18,930,600	20,497,770	21,670,427	22,679,617	22,302,756
Debt Service	3,821,815	3,489,558	3,234,161	2,894,240	2,971,818
Total Expenditures	77,477,909	77,268,332	79,611,950	81,698,751	82,455,392
Other Sources and Uses:					
Operating Transfers In					
Operating Transfers Out	(366,516)	(245,239)	(348,469)	(553,740)	(400,142)
Total Other Sources and Uses	(366,516)	(245,239)	(348,469)	(553,740)	(400,142)
Excess of Revenues & Other Sources Over Expenditures & Other Uses	(1,021,725)	2,211,760	718,778	463,602	2,181,923
Other Changes in Fund equity	0	0	0	0	0
Fund Equity Beginning of Year	18,459,759	17,438,034	19,649,794	20,368,572	29,383,000
Fund Equity End of Year	$ 17,438,034	$ 19,649,794	$ 20,368,572	$ 20,832,174	$ 31,564,923

Source: Audited Annual Financial Reports of the School District.
NOTE: This Table NOT audited

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet - General Fund

Fiscal Year Ended June 30:

	2015	2016
ASSETS:		
Unrestricted Cash	$ 23,624,082	$ 14,908,482
Restricted Cash	10,990,984	16,420,047
Other Receivables, net	126,350	77,440
State and Federal Aid Receivable	768,495	840,891
Due from Other Governments	757,147	873,883
Due from Other Funds	875,920	4,544,911
Total	$ 37,142,978	$ 37,665,654
LIABILITIES:		
Accounts Payable	$ 541,881	$ 108,182
Accrued Liabilities	6,418,589	201,222
Due to Teachers Retirement System	6,148,537	4,778,124
Due to Employees Retirement System	485,230	484,965
Due to Other Funds	10,469	
Due to Other Governments		228,168
Compensated Absences Payable	2,706,098	300,070
Unearned Revenue		
Total Liabilities and Deferred Revenues	16,310,804	6,100,731
FUND EQU BALANCES:		
Restricted	10,990,984	16,420,047
Assigned	6,347,481	10,247,741
Unassigned	3,493,709	4,897,135
Total Fund Equity	20,832,174	31,564,923
Total Liabilities, Deferred Revenues And Fund Equity	$ 37,142,978	$ 37,665,654

Source: Audited Annual Financial Report of the School District.
NOTE: This Table NOT audited.

WASHINGTONVILLE CSD, NEW YORK

Budget Summaries
Fiscal Year Ending June 30:

	2018	2017
Revenues:		
Real Property Taxes (Incl. STAR)	$ 54,145,067	$ 53,680,007
Charges for Services, Interest, etc	925,325	904,425
PILOTS (Payment in Lieu of Taxes)	75,375	90,273
State Aid	30,946,151	30,616,301
Federal Aid	150,000	150,000
Appropriated Fund Balance	5,360,000	3,960,000
Library Payment	690,000	
Total Revenues	$ 92,291,918	$ 89,401,006
Expenditures:		
General Support	$ 12,246,186	$ 12,018,824
Instruction	45,841,990	45,160,889
Transportation	5,336,375	5,092,799
Employee Benefits	25,067,485	23,588,746
Debt Service	3,524,882	3,114,748
Interfund Transfers	275,000	425,000
Total Expenditures	$ 92,291,918	$ 89,401,006

Source: Approved budgets of the District.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT

APPENDIX B

FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATIONS AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS HAS NOT BEEN REQUESTED OR OBTAINED.

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INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
Washingtonville Central School District
Washingtonville, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Washingtonville Central School District, New York, as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 of 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

892 State Route 17B, P.O. Box 190, Mongaup Valley, NY 12762 — Phone: 845-796-1800 — Fax: 845-796-1826 — www.cooperarias.com

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

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Washingtonville Central School District, New York, as of June 30, 2016, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 4 through 16 and 59 through 63, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washingtonville Central School District, New York's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The prior year summarized comparative information has been derived from the District's June 30, 2015 financial statements and, in a report by other auditors dated September 4, 2015, they expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2016 on our consideration of the Washingtonville Central School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Washingtonville Central School District, New York's internal control over financial reporting and compliance.

Cooper Ovias LLP

Mongaup Valley, New York
September 17, 2016

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
WASHINGTONVILLE, N.Y.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016
UNAUDITED

The discussion and analysis of Washingtonville Central School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June, 1999.

Financial Highlights

Key financial highlights for the District-wide statements are as follows:

For fiscal year 2015-16 total revenues for all categories was $88,937,591. General revenues accounted for $84,704,891 of revenue or 95 percent of all revenues. Program specific revenues in the form of operating grants, charges for services, contributions and capital grants accounted for $4,232,700 or 5 percent of total revenues.

The District had $100,121,748 in total expenses. Of this amount, expenses of $4,232,700 were offset by program specific charges for services or grants.

Key financial highlights for the governmental funds are as follows:

The Worker's Compensation Reserve has a year-end balance of $1,717,087. The reserve continues to be monitored on an annual basis. Improved effectiveness in the monitoring of this potential liability is expected to continue utilization of the Third Party Administrator for the District program.

The District has an Employees Retirement System Reserve in the amount of $4,299,457. The purpose of the reserve fund is to fund employer retirement contributions.

The District also created a Capital Reserve in the amount of $4,000,000. The purpose of the reserve is to fund future capital improvement.

Board action on creating and adjusting these reserves demonstrates effective fund balance management which is important for fiscal stability.

The General Fund had $85,037,457 in revenues and $82,855,534 in expenses. This resulted in a net increase in fund balance in of $2,181,923. The District is in the first phase of a multi-phase, multi-year capital project.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Washingtonville Central School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Washingtonville Central School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions to ask the question, "How did we do financially in the 2015-2016 year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the method of accounting used by most private-sector businesses. This basis of accounting considers all of the current year revenues and expenses, regardless of when cash is received or paid.

These two statements report District-wide net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, if financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current New York State legislation regarding State Aid, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports the following activities:

Governmental Activities:

All of the School District's programs and services are recorded here, including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and cafeteria.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Aid Fund, School Lunch Fund, Capital Fund and the Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationships, or differences, between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 30 to 58 of this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve, over time, as a useful indicator of a government's financial position.

The District's financial position is the product of many financial transactions, including the net result of all activities, payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a comparison of the School District's net position as of June 30, 2016 and June 30, 2015.

Table 1
Net Position

Assets	June 30, 2016	June 30, 2015
Current and Other Assets	$ 38,816,213	$ 39,526,635
Non-Current Assets	70,957,869	71,727,177
Total Assets	**109,774,082**	**111,253,812**
Total Deferred Outflows of Resources	**9,680,613**	**7,201,125**
Liabilities		
Current Liabilities	7,094,515	16,541,959
Long Term Liabilities	140,058,085	116,366,691
Total Liabilities	**147,152,600**	**132,908,650**
Total Deferred Inflows of Resources	**8,541,909**	**17,117,437**
Net Position		
Net Investment in Capital Assets	28,439,985	25,634,651
Restricted	16,420,047	13,151,081
Unrestricted	(81,099,846)	(70,356,882)
Total Net Position	**(36,239,814)**	**$ (31,571,150)**

The District's net position was $(36,239,814) on June 30, 2016. This was a decrease of $11,184,157 from the June 30, 2015 restated net position of $(25,055,657). See Note 14 for details of the restatement.

Table 2 shows changes in net position for fiscal year 2015-2016. Comparative data is presented for fiscal year end June 30, 2015.

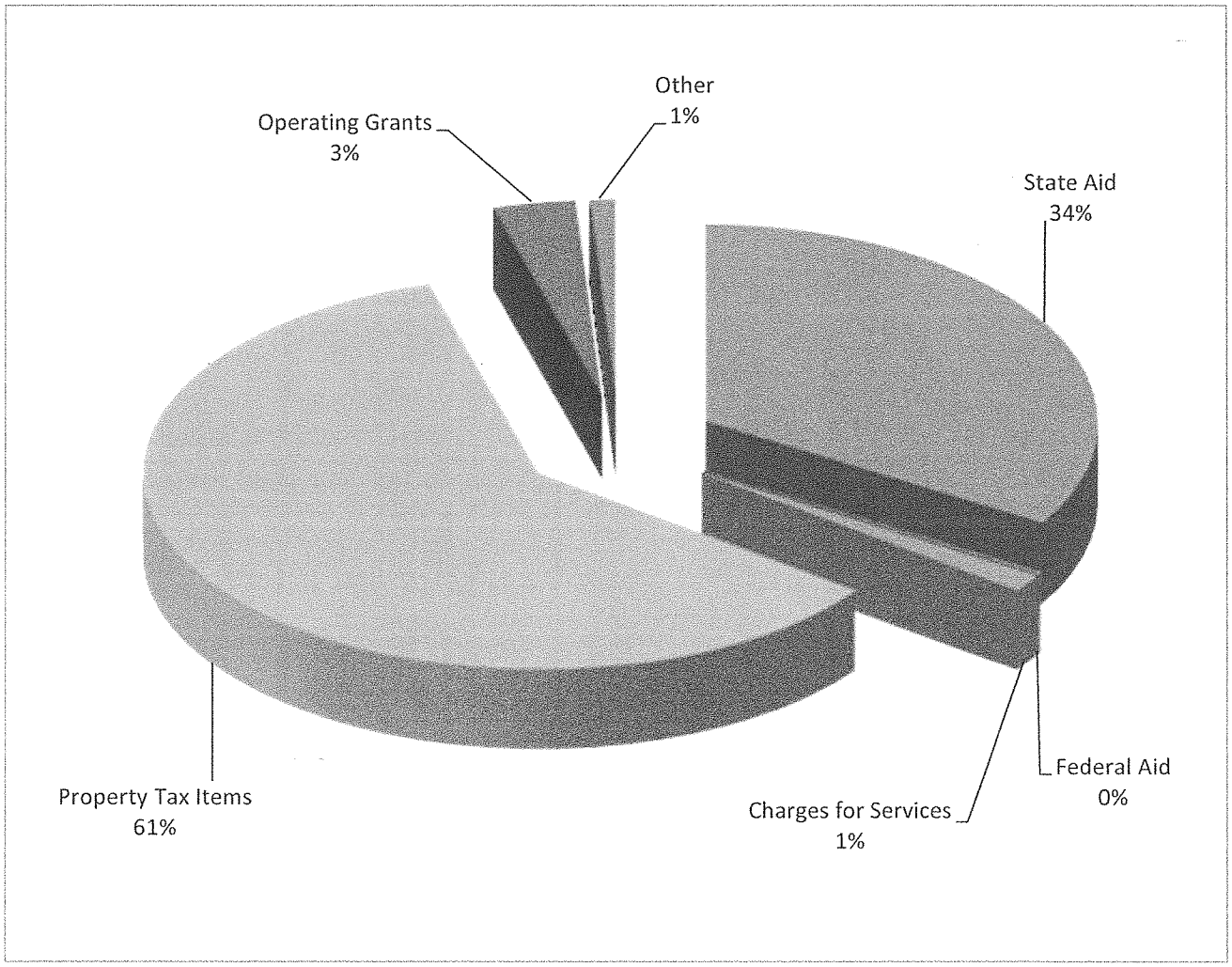
Table 2
Changes in Net Position

REVENUES	6/30/2016	6/30/2015
Program Revenues:		
Charges for Services	$1,223,970	$ 1,321,463
Operating Grants	3,008,730	2,729,898
Capital Grant		-
General Revenues:		
Property Tax Items	46,717,806	46,767,719
Other Tax Items	7,013,253	6,864,400
State Aid	29,908,489	27,563,796
Federal Aid	122,006	149,277
Local Sources	943,337	1,015,289
Total Revenues	**88,937,591**	**86,411,842**
EXPENSES		
General Support	10,593,830	10,912,571
Instruction	73,609,095	73,469,550
Pupil Transportation	7,360,359	7,283,372
Debt Service	4,907,940	753,400
School Lunch Program	1,617,507	1,647,693
Unallocated Depreciation	2,033,017	2,013,796
Total Expenses	**100,121,748**	**96,080,382**
Decrease in Net Position	**$ (11,184,157)**	**$ (9,668,540)**

Governmental Activities

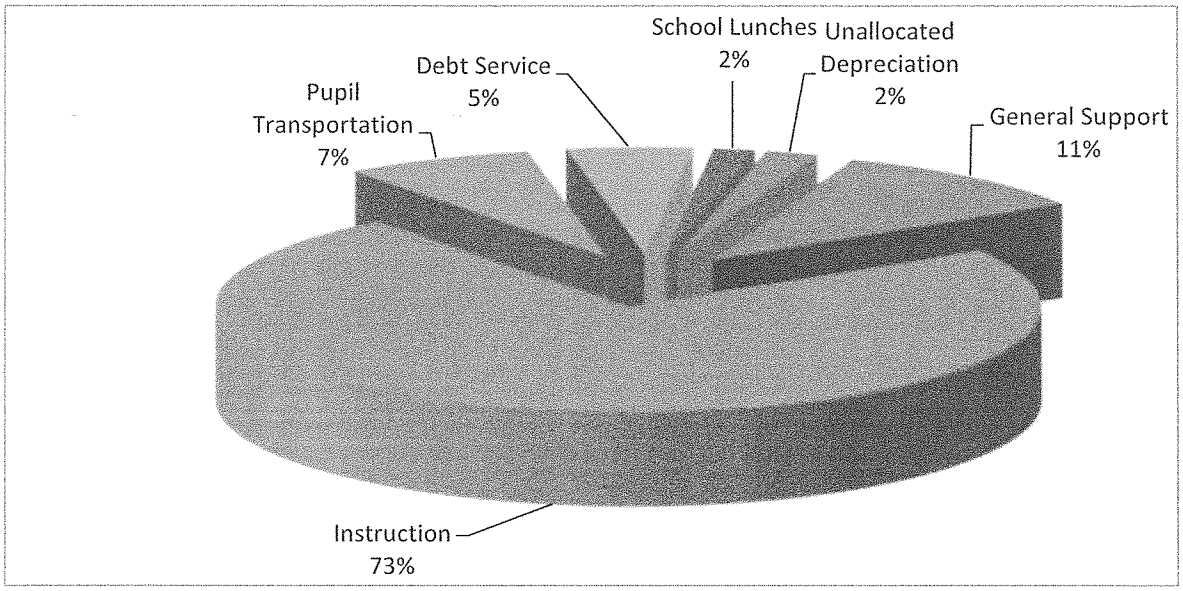
School district revenue sources are similar throughout the State. The nature of property taxes in New York creates the legal requirement to annually seek voter approval for School District operations. Property taxes and other tax items made up 61 percent of revenues for governmental activities for fiscal year 2016. State Aid, exclusive of amounts reported as program revenues, accounted for another 34 percent of revenue. The District's total revenue for the year ended June 30, 2016 was $88,937,591. Please refer to the Statement of Activities for additional detail.

Sources of Revenue 2015-2016



The total cost of all programs and services was $100,121,748. Instruction comprises 73 percent of District expenses. The District strives to focus its resources to improve the instructional program for our students. Please refer to the Statement of Activities for additional detail.

Expenses for 2015-2016



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these expenses. Table 3 shows the total cost of services and the net cost of services. The net cost shows financial burden that was placed upon the District's taxpayers by each of these functions. Information presented compares the current fiscal year end to June 30, 2015.

Table 3
Cost of Services

	Total Cost 2015-16	Net Cost 2015-16	Total Cost 2014-15	Net Cost 2014-15
General Support	10,593,830	10,572,999	10,912,571	10,912,571
Instruction	73,609,095	71,078,8446	73,469,550	71,135,289
Pupil Transportation	7,360,359	7,214,284	7,283,372	7,144,355
Debt Service	4,907,940	4,907,940	753,400	753,400
School Lunch Program	1,617,507	81,962	1,647,693	69,610
Unallocated Depreciation	2,033,017	2,033,017	2,013,796	2,013,796
Total Expenses	**$100,121,748**	**$95,889,048**	**$ 96,080,382**	**$ 92,029,021**

Instructional expenses include activities dealing directly with the teaching of pupils, and the interaction between teacher and student, including extracurricular activities and technology to support classroom instruction.

General support includes all departments not directly connected to classroom instruction or transportation, and included school administration, business office, maintenance and operation of plant.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities and special programs.

Debt service, unallocated depreciation and amortization, and the school lunch program include all identifiable expenses relevant to these areas.

The School District's Funds

Information about the School District's major funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting. Total revenues and expenditures for the year ended June 30, 2016, exclusive of interfund transfers, amounted to $89,597,183 and $89,404,119 respectively. The net change in fund balance for the year ended June 30, 2016 for all governmental funds was an increase of $193,064.

	2016 Fund Balance	2015 Fund Balance (Restated)	Increase (Decrease)
General	$ 31,564,923	$ 29,383,000	$ 2,181,293
Special Aid	-	-	-
School Lunch	15,254	6,212	9,042
Capital Projects	(1,831,022)	170,659	(2,001,681)
Debt Service	2,163,877	2,160,097	3,780
Total Governmental	$ 31,913,032	$ 31,719,968	$ 193,064

The General Fund had a fund balance increase of $2,181,923. This increase indicates that current year revenues were in excess of current year expenses. With the volatile fiscal environment on the local, state and federal levels, fund balance will be a necessary tool for District budget management.

The Cafeteria had an increase in fund balance of $9,042. The increase in Cafeteria Fund balance reflects revenues in excess of current year expenses. The District continues to take steps to maximize revenues by closely monitoring of expenditures and improving menu selection to increase program participation.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year's revenues. This table excludes proceeds of long term debt and interfund transfers.

	Revenue 2015-16	Revenue 2014-15	Increase/ (Decrease) from 06/30/2015	Percentage Inc/(Dec) from 06/30/2015
Property Taxes	$46,717,806	$46,767,719	$(49,913)	-0.11%
Other Tax Items	7,013,253	6,864,400	148,853	2.17%
Local Sources	2,183,418	2,336,752	(153,334)	-6.56%
State Sources	30,814,012	28,392,333	2,421,679	8.53%
Federal Sources	2,218,694	2,050,638	168,056	8.20%
Total	**$88,947,183**	**$86,411,842**	**$2,535,341**	**2.93%**

The increase in revenue of $2,535,341 was mainly due to an increase in State Aid. Similar to other entities, economic conditions continue to be a factor on the District's investment and revenues generated. Remaining items were considered routine revenue variances and are detailed in the supplementary information section of the financial statements.

The following schedule represents a summary of expenditures for each of the District's funds for the fiscal year ended June 30, 2016, and the percentage increases and decreases in relation to prior year amounts. This table excludes interfund transfers.

	Expenses 2015-16	Expenses 2014-15	Increase/ (Decrease) from 06/30/2015	Percentage Inc/(Dec) from 06/30/2015
General Support	$7,260,498	$ 8,010,533	-750,035	-9.36%
Instruction	47,255,540	45,501,642	1,753,898	3.85%
Pupil Transportation	4,899,410	4,846,376	53,034	1.09%
Employee Benefits	22,812,013	22,914,046	-102,033	-0.45%
Debt Service	2,971,818	2,894,240	77,578	2.68%
Cost of Sales	1,351,301	1,413,264	-61,963	-4.38%
Capital Outlay	2,853,539	1,496,366	1,357,173	90.70%
Total	**89,404,119**	**$ 87,076,467**	**$2,327,652**	**2.67%**

General Fund Budget Highlights

The School District's budget is prepared in accordance with New York State Law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund for the District is the General Fund.

Budget adjustments were made during the course of the fiscal year, within general ledger functions. In accordance with District policy, the Superintendent may process transfers under the amount of $100,000 between functional categories as long as the transfers are submitted for approval at the next Board meeting.

The budget status was reviewed monthly to monitor budget allocations with recorded expenditures to ensure accurate reporting. This practice provides oversight at the next level to the payroll and accounts payable process.

Capital Assets

At the end of fiscal year 2016, the District had $47,772,305 invested in land, buildings, machinery and equipment and vehicles, net of $27,573,957 in accumulated depreciation. Table 4 shows fiscal year 2016 balances compared to fiscal 2015.

Table 4
Capital Assets (Net of Depreciation)

	6/30/2016	6/30/2015
Land	$ 6,891,876	$ 6,891,876
Construction in Progress	2,004,427	92,257
Building and Improvements	34,653,037	35,650,865
Machinery and Equipment	1,029,642	1,189,808
Vehicles	3,193,323	2,958,270
Total	**$ 47,772,305**	**$ 46,783,076**

Overall, net capital assets increased by $989,229. The increase is a result of current year acquisitions exceeding depreciation and disposals. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2016, the School District had $135,476,792 of outstanding long-term debt. Table 5 represents fiscal year 2016 balances compared to fiscal year 2015.

Table 5
Outstanding Debt

	6/30/2016	6/30/2015 (Restated)
Serial Bonds	$ 17,525,000	$ 18,825,000
Energy Performance Contract	1,807,320	2,150,758
Compensated Absences	3,206,279	2,855,618
Net OPEB Obligation	112,938,193	93,563,538
Total	**$ 135,476,792**	**$ 117,394,914**

Serial bonds decreased overall by $1,300,000 due to repayment of principal. In addition, outstanding debt decreased due to repayment of principal in conjunction with the Energy Performance Contract of $343,438 an increase in Compensated Absences in the amount of $350,661 and Other Post-Employment Benefits Obligation net increase in the amount of $19,374,655.

For the Future

There are a number of factors that the District needs to continually be cognizant moving forward that could potentially affect the financial well-being of the District. First, the District is very dependent on funding from the State. Any economic changes could adversely affect the State and subsequently the School District. Secondly, the Property Tax Cap Law has had a dramatic impact on the District. The legislation provides a calculation for a tax levy limit, which caps the amount of revenue the District can raise through the levy of taxes. These items could potentially make it very challenging for the District to meet its financial obligations and could diminishes the fund balance.

The District is in the midst of a multi-phase 5 year $59.9 million dollar project. This project will address a number of the facilities concerns that were identified in the Building Condition Survey that is required by the State. It will eliminate the portatble classrooms in all three elementary schools, it will allow for full day kindergarten in September 2019 and it will address a number of infrastructure concerns. The District will utilize the Capital Reserve that was established as well as an Interfund Transfer to offset the tax impact.

Fiscal oversight requirements continue to require the District to be audited on several fronts. The administration and the Board of Education continue to address issues raised by the auditors in order to make the necessary improvements to the internal controls.

Contacting the School District's Financial Management

This financial report is designed to provide our taxpayers, citizens, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report, or need additional information, contact Mr. Paul Nienstadt, Washingtonville Central School District, 52 West Main St., Washingtonville, NY 10992.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	2016	2015
ASSETS		
Current Assets:		
Cash	$ 19,581,132	$ 23,996,292
Cash - Restricted	16,420,047	13,151,081
Accounts Receivable	83,293	132,957
State And Federal Aid Receivable	1,822,252	1,467,793
Due From Other Governments	873,883	757,147
Inventory	35,606	21,365
Total Current Assets	38,816,213	39,526,635
Non-Current Assets		
Net Pension Asset	23,185,564	24,944,101
Capital Assets	75,346,262	73,601,121
Less: Accumulated Depreciation	(27,573,957)	(26,818,045)
Total Non-Current Assets	70,957,869	71,727,177
TOTAL ASSETS	109,774,082	111,253,812
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	9,520,279	7,028,458
Deferred Charge on Refunding, Net	160,334	172,667
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,680,613	7,201,125
LIABILITIES		
Accounts Payable	854,668	556,554
Accrued Liabilities	393,162	6,604,480
Due To Other Governments	228,398	202
Due To TRS	4,778,124	6,148,537
Due To ERS	484,965	485,230
Unearned Revenues	55,128	40,858
Compensated Absences	300,070	2,706,098
Non-Current Liabilities:		
Due Within One Year	6,984,311	2,305,771
Due Beyond One Year	128,492,481	113,053,810
Net Pension Liability	4,581,293	1,007,110
TOTAL LIABILITIES	147,152,600	132,908,650
DEFERRED INFLOWS OF RESOURCES		
Pensions	8,541,909	17,117,437
TOTAL DEFERRED INFLOWS OF RESOURCES	8,541,909	17,117,437
NET POSITION		
Net Investment In Capital Assets	28,439,985	25,634,651
Restricted	16,420,047	13,151,081
Unrestricted	(81,099,846)	(70,356,882)
TOTAL NET POSITION	$ (36,239,814)	$ (31,571,150)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2015)

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANT	2016	2015
FUNCTIONS AND PROGRAMS:						
General Support	$ 10,593,830	$ 20,831	$ -	$ -	$ (10,572,999)	$ (10,912,571)
Instruction	73,609,095	285,709	2,244,540	-	(71,078,846)	(71,135,289)
Pupil Transportation	7,360,359	15,553	130,522	-	(7,214,284)	(7,144,355)
Debt Service	4,907,940	-	-	-	(4,907,940)	(753,400)
School Lunch Program	1,617,507	901,877	633,668	-	(81,962)	(69,610)
Unallocated Depreciation	2,033,017	-	-	-	(2,033,017)	(2,013,796)
TOTAL FUNCTIONS AND PROGRAMS	100,121,748	1,223,970	3,008,730	-	(95,889,048)	(92,029,021)
GENERAL REVENUES						
Real Property Taxes					46,717,806	46,767,719
Other Tax Items					7,013,253	6,864,400
Investment Earnings					221,770	213,377
Sale Of Property And Compensation For Loss					89,351	89,140
Miscellaneous Local Sources					632,216	712,772
State Sources					29,908,489	27,563,796
Federal Sources					122,006	149,277
TOTAL GENERAL REVENUES					84,704,891	82,360,481
CHANGE IN NET POSITION					(11,184,157)	(9,668,540)
TOTAL NET POSITION – Beginning Of Year (Restated)					(25,055,657)	(21,902,610)
TOTAL NET POSITION – End Of Year					$ (36,239,814)	$ (31,571,150)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

					I NON-MAJOR I		
	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS	2015 TOTAL
ASSETS							
Cash	$ 14,908,482	$ 56,792	$ 37,831	$ 2,414,150	$ 2,163,877	$ 19,581,132	$ 23,996,292
Cash - Restricted	16,420,047	-	-	-	-	16,420,047	13,151,081
Accounts Receivable	77,440	-	5,853	-	-	83,293	132,957
Due From Other Funds	4,544,911	-	-	-	-	4,544,911	886,389
State And Federal Aid Receivable	840,891	941,592	39,769	-	-	1,822,252	1,467,793
Due From Other Governments	873,883	-	-	-	-	873,883	757,147
Inventories	-	-	35,606	-	-	35,606	21,365
TOTAL ASSETS	$ 37,665,654	$ 998,384	$ 119,059	$ 2,414,150	$ 2,163,877	$ 43,361,124	$ 40,413,024

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

					I NON-MAJOR I		
LIABILITIES AND FUND BALANCES	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS	2015 TOTALS
LIABILITIES							
Accounts Payable	$ 108,182	$ 1,314	$ -	$ 745,172	$ -	$ 854,668	$ 556,554
Accrued Liabilities	201,222	-	606	-	-	201,828	6,420,014
Due To Other Governments	228,168	-	230	-	-	228,398	202
Due To Other Funds	-	972,963	71,948	3,500,000	-	4,544,911	886,389
Due To Teachers' Retirement System	4,778,124	-	-	-	-	4,778,124	6,148,537
Due To Employees' Retirement System	484,965	-	-	-	-	484,965	485,230
Compensated Absences	300,070	-	-	-	-	300,070	2,706,098
Unearned Revenues	-	24,107	31,021	-	-	55,128	40,858
TOTAL LIABILITIES	6,100,731	998,384	103,805	4,245,172	-	11,448,092	17,243,882
FUND BALANCES							
Nonspendable:							
Inventory	-	-	35,606	-	-	35,606	21,365
Restricted:							
Tax Certiorari	1,201,886	-	-	-	-	1,201,886	1,195,906
Unemployment Insurance	927,009	-	-	-	-	927,009	929,323
Workers' Compensation	1,717,087	-	-	-	-	1,717,087	506,555
Employee Benefit Accrued Liability	3,311,425	-	-	-	-	3,311,425	647,618
Capital	4,000,000	-	-	-	-	4,000,000	3,500,000
Retirement Contribution	4,299,457	-	-	-	-	4,299,457	3,402,444
Liability	354,104	-	-	-	-	354,104	203,089
Insurance	609,079	-	-	-	-	609,079	606,049
Debt Service	-	-	-	-	-	-	2,160,097
Assigned:							
Encumbrances	3,093,539	-	-	-	-	3,093,539	2,687,481
Appropriated	3,960,000	-	-	-	-	3,960,000	3,660,000
Unappropriated	3,194,202	-	-	173,405	2,163,877	5,531,484	170,659
Unassigned	4,897,135	-	(20,352)	(2,004,427)	-	2,872,356	3,478,556
TOTAL FUND BALANCES	31,564,923	-	15,254	(1,831,022)	2,163,877	31,913,032	23,169,142
TOTAL LIABILITIES AND FUND BALANCES	$ 37,665,654	$ 998,384	$ 119,059	$ 2,414,150	$ 2,163,877	$ 43,361,124	$ 40,413,024

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS AND LIABILITIES	RECLASSIFICATIONS AND ELIMINATIONS	STATEMENT OF NET POSITION
ASSETS				
Current Assets:				
Cash	$ 19,581,132	$ -	$ -	$ 19,581,132
Cash - Restricted	16,420,047	-	-	16,420,047
Accounts Receivable	83,293	-	-	83,293
State and Federal Aid Receivable	1,822,252	-	-	1,822,252
Due From Other Governments	873,883	-	-	873,883
Due From Other Funds	4,544,911	-	(4,544,911)	-
Inventory	35,606	-	-	35,606
Total Current Assets	43,361,124	-	(4,544,911)	38,816,213
Non-Current Assets				
Net Pension Asset	-	23,185,564	-	23,185,564
Capital Assets	-	75,346,262	-	75,346,262
Less: Accumulated Depreciation	-	(27,573,957)	-	(27,573,957)
Total Non-Current Assets	-	70,957,869	-	70,957,869
TOTAL ASSETS	43,361,124	70,957,869	(4,544,911)	109,774,082
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	-	9,520,279	-	9,520,279
Deferred Charge on Refunding, Net	-	160,334	-	160,334
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	9,680,613	-	9,680,613
LIABILITIES				
Accounts Payable	854,668	-	-	854,668
Accrued Liabilities	201,828	191,334	-	393,162
Due To Other Funds	4,544,911	-	(4,544,911)	-
Due To Other Governments	228,398	-	-	228,398
Due To TRS	4,778,124	-	-	4,778,124
Due To ERS	484,965	-	-	484,965
Compensated Absences	300,070	-	-	300,070
Unearned Revenues	55,128	-	-	55,128
Non-Current Liabilities:				
Due Within One Year	-	6,984,311	-	6,984,311
Due Beyond One Year	-	128,492,481	-	128,492,481
Net Pension Liability	-	4,581,293	-	4,581,293
TOTAL LIABILITIES	11,448,092	140,249,419	(4,544,911)	147,152,600
DEFERRED INFLOWS OF RESOURCES				
Pensions	-	8,541,909	-	8,541,909
TOTAL DEFERRED INFLOWS OF RESOURCES	-	8,541,909	-	8,541,909
TOTAL FUND BALANCE/NET POSITION	$ 31,913,032	$ (68,152,846)	$ -	$ (36,239,814)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE STATEMENT OF POSITION
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

		2016	2015
Total Governmental Fund Balances		$ 31,913,032	$ 23,169,142
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2016 are $75,346,262 and $27,573,957, respectively.		47,772,305	46,783,076
Refunding bond issuance costs are reported in the governmental funds as expenditures when paid. In the statement of net position, the costs are capitalized and amortized over the life of the bonds. Deferred refunding bond costs and accumulated amortization at June 30, 2016 are $185,000 and $24,666, respectively.		160,334	172,667
Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.			
Net Pension Asset	23,185,564		
Deferred Outflows of Resources	9,520,279		
Net Pension Liability	(4,581,293)		
Deferred Inflows of Resources	(8,541,909)	19,582,641	13,848,012
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Serial Bonds	(17,525,000)		
Energy Performance Contract	(1,807,320)		
Compensated Absences	(3,206,279)		
Net OPEB Obligation	(112,938,193)	(135,476,792)	(115,359,581)
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.		(191,334)	(184,466)
Net Position Of Governmental Activities		$ (36,239,814)	$ (31,571,150)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

					I NON-MAJOR I		
	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS	2015 TOTALS
REVENUES							
Real Property Taxes	$ 46,717,806	$ -	$ -	$ -	$ -	$ 46,717,806	$ 46,767,719
Other Tax Items	7,013,253	-	-	-	-	7,013,253	6,864,400
Charges For Services	285,709	-	-	-	-	285,709	364,194
Use Of Money And Property	254,374	-	-	-	3,780	258,154	213,377
Sale Of Property And Compensation For Loss	98,943	-	-	-	-	98,943	89,140
Miscellaneous Local Sources	636,877	-	64,048	1,858	-	702,783	774,112
State Sources	29,908,489	881,781	23,742	-	-	30,814,012	28,392,333
Federal Sources	122,006	1,486,762	609,926	-	-	2,218,694	2,050,638
Sales	-	-	837,829	-	-	837,829	895,929
TOTAL REVENUES	85,037,457	2,368,543	1,535,545	1,858	3,780	88,947,183	86,411,842
OTHER SOURCES							
Interfund Transfers In	-	150,142	50,000	200,000	-	400,142	553,740
Proceeds of Long-Term Debt	-	-	-	650,000	-	650,000	675,000
TOTAL REVENUES AND OTHER SOURCES	85,037,457	2,518,685	1,585,545	851,858	3,780	89,997,325	87,640,582
EXPENDITURES							
General Support	7,260,498	-	-	-	-	7,260,498	8,010,533
Instruction	45,184,062	2,071,478	-	-	-	47,255,540	45,501,642
Pupil Transportation	4,736,258	163,152	-	-	-	4,899,410	4,846,376
Employees Benefits	22,302,756	284,055	225,202	-	-	22,812,013	22,914,046
Debt Services:							
Principal	2,293,438	-	-	-	-	2,293,438	2,301,664
Interest	678,380	-	-	-	-	678,380	592,576
Cost Of Sales	-	-	1,351,301	-	-	1,351,301	1,413,264
Capital Outlay	-	-	-	2,853,539	-	2,853,539	1,496,366
TOTAL EXPENDITURES	82,455,392	2,518,685	1,576,503	2,853,539	-	89,404,119	87,076,467
OTHER USES							
Interfund Transfers Out	400,142	-	-	-	-	400,142	553,740
TOTAL EXPENDITURES AND OTHER USES	82,855,534	2,518,685	1,576,503	2,853,539	-	89,804,261	87,630,207
NET CHANGE IN FUND BALANCES	2,181,923	-	9,042	(2,001,681)	3,780	193,064	10,375
FUND BALANCE – Beginning Of Year (Restated)	29,383,000	-	6,212	170,659	2,160,097	31,719,968	23,158,767
FUND BALANCE – End Of Year	$ 31,564,923	$ -	$ 15,254	$ (1,831,022)	$ 2,163,877	$ 31,913,032	$ 23,169,142

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUES AND EXPENSES	CAPITAL ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS AND ELIMINATIONS	STATEMENT OF ACTIVITIES
REVENUES						
Real Property Taxes	$ 46,717,806	$ -	$ -	$ -	$ -	$ 46,717,806
Other Tax Items	7,013,253	-	-	-	-	7,013,253
Charges For Services	285,709	-	-	-	938,261	1,223,970
Use of Money and Property	258,154	-	-	-	(36,384)	221,770
Sale of Property and Compensation For Loss	98,943	-	(9,592)	-	-	89,351
Miscellaneous Local Sources	702,783	-	-	-	(70,567)	632,216
State Sources	30,814,012	-	-	-	(905,523)	29,908,489
Federal Sources	2,218,694	-	-	-	(2,096,688)	122,006
Sales	837,829	-	-	-	(837,829)	-
Operating Grants and Contributions	-	-	-	-	3,008,730	3,008,730
TOTAL REVENUES	88,947,183	-	(9,592)	-	-	88,937,591
OTHER SOURCES						
Interfund Transfers In	400,142	-	-	-	(400,142)	-
Proceeds of Long Term Debt	650,000	-	-	(650,000)	-	-
TOTAL REVENUES AND OTHER SOURCES	89,997,325	-	(9,592)	(650,000)	(400,142)	88,937,591
EXPENDITURES						
General Support	7,260,498	1,521,984	(73,860)	-	1,885,208	10,593,830
Instruction	47,255,540	7,151,683	(104,439)	-	19,306,311	73,609,095
Pupil Transportation	4,899,410	1,065,657	-	-	1,395,292	7,360,359
Employees Benefits	22,812,013	-	-	-	(22,812,013)	-
Debt Services:						
Principal	2,293,438	-	-	(2,293,438)	-	-
Interest	678,380	4,222,692	-	6,868	-	4,907,940
Cost of Sales	1,351,301	-	-	-	(1,351,301)	-
Capital Outlay	2,853,539	-	(2,853,539)	-	-	-
School Lunch Program	-	41,004	-	-	1,576,503	1,617,507
Unallocated Depreciation	-	-	2,033,017	-	-	2,033,017
TOTAL EXPENDITURES	89,404,119	14,003,020	(998,821)	(2,286,570)	-	100,121,748

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

(Continued)

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUES AND EXPENSES	CAPITAL ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS AND ELIMINATIONS	STATEMENT OF ACTIVITIES
OTHER USES						
Interfund Transfers Out	$ 400,142	$ -	$ -	$ -	$ (400,142)	$ -
TOTAL EXPENDITURES AND OTHER USES	89,804,261	14,003,020	(998,821)	(2,286,570)	(400,142)	100,121,748
NET CHANGE IN FUND BALANCES/NET POSITION	$ 193,064	$ (14,003,020)	$ 989,229	$ 1,636,570	$ -	$ 11,184,157

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

		2016	2015
Total Net Change in Fund Balances – Governmental Funds		$ 193,064	$ 10,375
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.			
Depreciation Expenses	(2,033,017)		
Capital Outlay	3,031,838	998,821	(163,948)
Refunding bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are refunded. However, on the statement of activities, the costs are capitalized and amortized over the life of the bonds.			
Amortization Expense	(12,333)		
Deferred Refunding Charges	-	(12,333)	-
Repayments of principal on long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.			
Serial Bonds	1,950,000		
Energy Performance Contract	343,438	2,293,438	2,301,664
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when paid amount exceeds the earned amount, the difference is an addition to the reconciliation.			
Compensated Absences	(350,661)		
Net OPEB Obligation	(19,374,655)	(19,725,316)	(18,805,002)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

(Continued)

		2016	2015
Proceeds from the sale of capital assets are reported as revenues in the governmental funds. In the statement of activities, the revenues are reduced by the net book value of the disposed assets.		$ (9,592)	$ -
Proceeds of long term debt are reported as revenues in the governmental funds. In the statement of net position, the proceeds increase the liability and no revenue is reported in the statement of activities.			
Serial Bonds		(650,000)	(675,000)
(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.			
Teachers' Retirement System	6,038,008		
Employees' Retirement System	(303,379)	5,734,629	7,824,195
In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.			
Current Year Accrued Interest	(191,334)		
Prior Year Accrued Interest	184,466	(6,868)	(160,824)
Change in Net Position of Governmental Activities		$ (11,184,157)	$ (9,668,540)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	PRIVATE PURPOSE TRUST FUND	AGENCY FUND
ASSETS		
Cash And Cash Equivalents	$ 6,627	$ 261,788
TOTAL ASSETS	6,627	$ 261,788
LIABILITIES		
Extraclassroom Activity Balances	-	$ 112,511
Agency Liabilities	-	149,277
TOTAL LIABILITIES	-	$ 261,788
Reserved For Scholarships	$ 6,627	

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2016

	PRIVATE PURPOSE TRUST FUND
ADDITIONS	
Gifts And Contributions	$ 30,110
Investment Earnings	36
TOTAL ADDITIONS	30,146
DEDUCTIONS	
Scholarships Awarded	41,800
TOTAL DEDUCTIONS	41,800
Change In Net Position	(11,654)
NET POSITION – Beginning Of Year	18,281
NET POSITION – End Of Year	$ 6,627

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Washingtonville Central School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. **Financial Reporting Entity**

The Washingtonville Central School District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise School District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity includes all funds, account groups, functions and organizations over which the School District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of the financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

1. Included in the Reporting Entity

Based on the foregoing criteria and the significant factors presented below, the following organizations, functions or activities are included in the reporting entity:

a. The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Washingtonville Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash balances are reported in the Agency Fund of the School District. Separate audited general purpose financial statements (cash basis) of the Extraclassroom Activity Funds can be found within these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. **Joint Venture**

The Washingtonville Central School District is a component school district in the Orange-Ulster Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school district's enrollment as defined in Education Law Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component School Districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law. Separate financial statements for the BOCES are available from the BOCES' administrative office.

C. **Basis of Presentation**

1. District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District as a whole. These statements include the financial activities of the overall District, 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, inter-governmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity and for each function of the District's governmental activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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 operation or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. 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:

a. *General Fund*

The General Fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

b. *Special Revenue Fund*

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

1. Special Aid Fund – used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.

2. School Lunch Fund – used to account for transactions of the School District lunch, breakfast, and milk programs.

3. Capital Projects Fund – used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District Reports the following non-major Governmental Fund:

a. *Debt Service Fund*

Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

Additionally, the District reports the following fund type:

a. *Fiduciary Fund*

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

Private Purpose Trust Fund
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 Fund
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. **Basis of Accounting/Measurement Focus**

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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental 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 one year 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**

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1st, and become a lien on September 1st. Taxes are collected during the period commencing September 1st and ending November 6th.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County of Orange. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1st.

F. **Budgetary Procedures And Budgetary Accounting**

1. Budget Policies

The budget policies are as follows:

a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:
   I. General Fund

b. The proposed appropriation budget for the General Fund is approved by the voters within the District.

c. Appropriations are adopted at the program level.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end.

Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year.

Instruction	$ 72,519

2. Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the 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 the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year. Encumbrances are reported as assigned fund balance in the General Fund.

3. Budget Basis of Accounting

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

G. **Cash and Cash Equivalents**

For financial statement purposes, the District considers all highly liquid investments with maturities of three months or less as cash equivalents.

H. **Inventory**

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. **Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would be immaterial.

J. **Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by the District is $500.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

ASSET CLASS	ESTIMATED USEFUL LIVES
School Buildings	50
Site Improvements	20-50
Furniture & Equipment	5-10
Vehicles	10

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the governmental fund financial statements.

K. **Unearned Revenue**

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when sources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. **Vested Employee Benefits**

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. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated on the pay rates in effect at year-end.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

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 health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach 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 in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 11).

M. **Interfund Activity**

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities/business type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. **Equity Classifications**

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

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

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

Unrestricted – reports all other 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.

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

Non-spendable – 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 $35,606.

Restricted – includes amounts with constraints placed on the use of resources either externally 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:

Unemployment Insurance

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. This reserve is accounted for in the General Fund.

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

Workers' Compensation

This reserve is 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. This reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounting for in the General Fund.

Employee Benefit Accrued Liability

Used to reserve funds for the payment of any accrued employee benefit due an employee upon termination. The reserve is established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Retirement Contribution

Used to pay contributions to the NYS Employee Retirement System. This reserve is accounted for in the General Fund.

Insurance

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liability

Used to pay for liability claims incurred. This reserve may not in total exceed 3% of the annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000.

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2016.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of $3,093,539 as assigned fund balance in the General Fund as of June 30, 2016. Additionally, the District assigned $3,194,202 of fund balance as of June 30, 2016 to be transferred to the Capital Projects Fund in fiscal 2017.

Unassigned – represents the residual classification for the General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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 district's General Fund budget for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2016, the District implemented the following new standards issued by GASB:

GASB 72 – *Fair Value Measurement and Application.*

GASB 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

GASB 79 – *Certain External Investment Pools and Pool Participants,* except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for the year ending June 30, 2017.

Q. **Future Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and GASB 68,* effective for the year ending June 30, 2017.

GASB 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pensions,* effective for the year ending June 30, 2017.

GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* effective for the year ending June 30, 2018.

GASB 77 – *Tax Abatement Disclosures,* effective for the year ending June 30, 2017.

GASB 78 – *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans,* effective for the year ending June 30, 2017.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 79 – *Certain External Investment Pools and Pool Participants,* effective for the year ending June 30, 2016, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for the year ending June 30, 2017.

GASB 80 – *Blending Requirements for Certain Component Units – an Amendment of GASB 14,* effective for the year ending June 30, 2017.

GASB 81 – *Irrevocable Split-Interest Agreements,* effective for the year ending June 30, 2018.

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

R. **Deferred Outflows/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 is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The District reports $185,000 in deferred refunding charges and $24,666 in accumulated amortization, as of June 30, 2016, and $9,520,279 in deferred outflows of resources related to pensions as of June 30, 2016.

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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The District reports $8,541,909 in deferred inflows of resources related to pensions as of June 30, 2016.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Balance

The District's unassigned fund balance in the General Fund is in excess of the amount permitted by law. New York State Law limits the unassigned fund balance to 4% of the subsequent year's adopted budget.

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

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

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

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

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (Continued)

1. 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 report 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.

2. Capital related differences:

   Capital related differences include the differences between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences:

   Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 4 – PARTICIPATION IN BOCES

During the year ended June 30, 2016, the Washingtonville Central School District was billed $9,099,343 for BOCES administrative and program costs. The District's share of BOCES income amounted to $1,937,874. General purpose financial statements for the BOCES are available from the BOCES administrative office

NOTE 5 – CASH AND INVESTMENTS

The Washingtonville Central School District investment polices are governed by State statutes. In addition the District has its own written investment policy. Washingtonville Central School District monies must be deposited in FDIC-Insured commercial banks or trust companies located within the State.

NOTE 5 – CASH AND INVESTMENTS (Continued)

The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and states other than New York and their municipalities and school districts.

The District's aggregate cash balances include balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the District's name.	$ 10,785,881

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS/ RECLASSIFICATIONS	ENDING BALANCE
Governmental Activities:				
Capital assets that are not depreciated:				
Land	$ 6,891,876	$ -	$ -	$ 6,891,876
Construction In Progress	92,257	2,004,427	92,257	2,004,427
Total non-depreciable historical cost	6,984,133	2,004,427	92,257	8,896,303
Capital assets that are depreciated:				
Building and Improvements	54,695,104	191,563	-	54,886,667
Machinery and Equipment	4,176,042	130,336	597,093	3,709,285
Vehicles	7,745,842	797,769	689,604	7,854,007
Total depreciable historical cost	66,616,988	1,119,668	1,286,697	66,449,959
Less accumulated depreciation:				
Building and Improvements	19,044,239	$ 1,189,391	$ -	$ 20,233,630
Machinery and Equipment	2,986,234	285,310	591,901	2,679,643
Vehicles	4,787,572	558,316	685,204	4,660,684
Total Accumulated Depreciation	26,818,045	2,033,017	1,277,105	27,573,957
Total historical cost, net	$ 46,783,076	$ 1,091,078	$ 101,849	$ 47,772,305
Depreciation expense was charged to Governmental functions as follows:				
Unallocated		$ 2,033,017		

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2016 are as follows:

	INTERFUND RECEIVABLE	INTERFUND PAYABLE	INTERFUND REVENUES	INTERFUND EXPENDITURES
General Fund	$ 4,544,911	$ -	$ -	$ 400,142
Special Aid Fund	-	972,963	150,142	-
Capital Fund	-	3,500,000	200,000	-
School Lunch Fund	-	71,948	50,000	-
Total Governmental Activities	4,544,911	4,544,911	400,142	400,142
TOTALS	$ 4,544,911	$ 4,544,911	$ 400,142	$ 400,142

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District periodically transfers funds between the General Fund and Debt Service Fund to make debt service payments and to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants.

The District transfers investment income earned in the Capital Projects Fund to the Debt Service Fund for the purpose of making future debt service payments.

The District typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 8 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2016 consisted of the following:

Food & Supplies	$ 35,606

NOTE 9 - LIABILITIES

A. **Pension Plans and Post-Employment Benefits**

1. General Information

The Washingtonville Central School District participates in New York State and Local Employee's Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These Systems 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.

NOTE 9 – LIABILITIES (Continued)

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the New York State Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York. The New York State TRS issued a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL).

The system issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

3. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and prior to January 1, 2010, with less than ten years of service, are required to contribute 3% of their salary.

Those joining the NYSERS on or after January 1, 2010 and before April 1, 2012, contribute 3% of their salary throughout their entire working career. Those joining after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, dependent upon their salary, for their entire working career.

NOTE 9 – LIABILITIES (Continued)

Those joining the NYSTRS on or after January 1, 2010 and before April 1, 2012 contribute 3.5% of their salary throughout their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on their salary, for their entire working career.

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 13.26% of the annually covered payroll for the fiscal year ended June 30, 2016. Rates applicable to the fiscal years ended June 30, 2015 and 2014, were respectively 17.53% and 16.25%.

For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS	TRS
2016	$ 1,404,132	$ 4,572,292
2015	1,683,534	5,877,936
2014	1,418,945	5,584,872

B. **Indebtedness**

1. Long-Term Debt

a. Long-Term Debt Interest

Interest Expense on long-term debt consisted of the following:

Interest Paid	$ 678,380
Less: Interest Accrued in the Prior Year	(184,466)
Plus: Interest Accrued in the Current Year	191,334
Interest on OPEB Obligation	4,210,359
Interest on Deferred Refunding Charges	12,333
Total Expense	$ 4,907,940

NOTE 9 – LIABILITIES (Continued)

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2016 are summarized as follows:

	BALANCE 07/01/15	ADDITIONS	DELETIONS	BALANCE 06/30/16	AMOUNTS DUE WITHIN ONE YEAR
Serial Bonds	$ 18,825,000	$ 650,000	$ 1,950,000	$ 17,525,000	$ 2,135,000
Energy Performance Contract	2,150,758	-	343,438	1,807,320	349,311
Compensated Absences	2,855,618	350,661	-	3,206,279	-
Net OPEB Obligation	93,563,538	23,643,831	4,269,176	112,938,193	4,500,000
TOTAL	$ 117,394,914	$ 24,644,492	$ 6,562,614	$ 135,476,792	$ 6,984,311

Additions and deletions to compensated absences are shown net since it is impractical to determine those amounts separately.

c. Maturity

The following is a summary of maturity of indebtedness:

PURPOSE	ISSUE DATE	FINAL MATURITY	INTEREST RATE	OUTSTANDING 06/30/16
Buses	2016	2020	3.00%	$ 650,000
Buses	2013	2017	1.50%	150,000
Buses	2014	2017	0.95-1.35%	125,000
Buses	2014	2019	0.75-2.20%	525,000
Refunding	2014	2019	0.5-2.25%	1,500,000
Refunding	2012	2022	2.0-2.375%	630,000
Refunding	2014	2029	2.0-5.00%	8,350,000
Districtwide	2007	2023	3.25-3.75%	2,735,000
Reconstruction	2009	2024	2.5-4.00%	2,860,000
Total Bonds				17,525,000
Energy Performance Contract	2005	2021	1.70%	1,807,320
TOTAL				$ 19,332,320

NOTE 9 – LIABILITIES (Continued)

The following is a summary of maturing debt service requirements.

YEAR	PRINCIPAL	INTEREST
2017	$ 2,484,311	$ 623,685
2018	2,255,284	568,170
2019	2,301,360	508,621
2020	2,237,540	400,621
2021	1,903,825	369,999
2022-2026	5,995,000	881,913
2027-2030	2,155,000	133,775
TOTAL	$ 19,332,320	$ 3,486,784

2. Short-Term Debt

The District had no short-term debt as of June 30, 2016 and 2015.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. **Risk Financing and Related Insurance**

The Washingtonville Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

B. **Tax Certiorari Proceedings**

The District may be liable for refunds related to tax assessment reviews brought on by various taxpayers. Individually, these claims would not have a material impact on the financial statements. However, in the aggregate, if settled unfavorably, they may be material to the financial statements. The outcome cannot be reasonably estimated at this time. The District has funded its Tax Certiorari Reserve to be prepared in the event of unfavorable outcomes.

C. **Other Items**

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

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

The District provides post-employment 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.

GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, requires 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, 2016 the District recognized $4,269,176 for its share of insurance premiums for currently enrolled retirees.

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 $222,018,423.

Plan Description: The healthcare plan (HP) is a single-employer defined benefit healthcare plan administered by the District. HP provides medical insurance benefits to eligible retirees and their spouses. The Board of Education of the District has the authority to establish and amend benefit provisions.

Funding Policy: The contribution requirements of Plan members and the District are established by the Board of Education. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016, the District contributed $4,269,176 to the Plan for current premiums and $0 to prefund benefits. Plan members receiving benefits are not required to contribute towards the cost of the Plan.

Annual OPEB Cost and Net OPEB Obligation: The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), 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.

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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 HP:

Annual required contribution	$ 25,177,482
Interest on net OPEB obligation	4,210,359
Adjustment to annual required contribution	(5,744,010)
Annual OPEB cost (expense)	23,643,831
Contributions made	(4,269,176)
Increase in net OPEB obligation	19,374,655
Net OPEB obligation—beginning of year	93,563,538
Net OPEB obligation—end of year	$ 112,938,193

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding years were as follows:

Fiscal Year Ended	Beginning Net OPEB obligation (a)	Annual OPEB Cost (b)	Contributions (c)	Percentage of Annual OPEB Cost Contributed (c/b)	Ending Net OPEB Obligation (a+b-c)
6/30/2016	$ 93,563,538	$ 23,643,831	$ 4,269,176	18.06%	$ 112,938,193
6/30/2015	74,761,116	22,278,354	3,475,932	15.6%	93,563,538
6/30/2014	57,008,514	20,959,128	3,206,526	15.3%	74,761,116

Funded Status and Funding Progress: As of July 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $222,018,423, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $222,018,423. The covered payroll (annual payroll of active employees covered by the plan) was approximately $37.9 million, and the ratio of the UAAL to the covered payroll was approximately 586.4%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far 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.

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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 Cost Method was used. The actuarial assumptions included an annual healthcare cost trend rate of 7.03% initially, decreased by increments to an ultimate rate of 5.00%, and a discount rate of 4.50%. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years.

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) are included in Note 9-A to the financial statements.

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

At June 30, 2016, 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, 2016 for ERS and June 30, 2015 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation.

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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	April 1, 2015	June 30, 2014
Net pension asset/(liability)	$ (4,581,293)	$ 23,185,564
District's portion of the Plan's total net pension asset/(liability)	0.0285434%	0.223221%

For the year ended June 30, 2016, the District recognized pension expense of $1,707,512 for ERS and the actuarial value of $(1,530,279) for TRS. At June 30, 2016, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 23,150	$ -	$ 543,036	$ 642,571
Changes of assumptions	1,221,693	-	-	-
Net difference between projected and actual earnings on pension plan investments	2,717,874	-	-	7,329,077
Changes in proportion and differences between the District's contributions and proportionate share of contributions	265,687	28,786	27,225	-
District's contributions subsequent to the measurement date	484,965	4,778,124	-	-
Total	$ 4,713,369	$ 4,806,910	$ 570,261	$ 7,971,648

District contributions subsequent to the measurement date of $4,778,124 to TRS and $484,965 to ERS will be recognized as a reduction of the net pension liability in the year June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

	ERS	TRS
2016	$ N/A	$ (2,953,022)
2017	938,177	(2,953,022)
2018	938,177	(2,953,022)
2019	938,177	1,221,940
2020	843,612	(77,012)
2021	-	N/A
Thereafter	-	(228,724)
TOTAL	$ 3,658,143	$ (7,942,862)

Actuarial Assumptions

The total pension liability as of the measurement date was measured 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 valuations used the following significant actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2016	June 30, 2015
Actuarial valuation date	April 1, 2015	June 30, 2014
Interest rate	7.5%	8%
Salary scale	4.9%	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	2.7%	3.0%

For ERS, annuitant mortality rates are based on April 1, 2005-March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2005-March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2005-June 30, 2010.

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

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

	ERS	TRS
Measurement date	March 31, 2016	June 30, 2015
Asset Type:		
Domestic Equity	7.30%	6.5%
International Equity	8.55	7.7
Real Estate	8.25	4.6
Alternative Investments	6.75-11.00	9.9
Domestic fixed income securities	-	2.1
Global fixed income securities	-	1.9
Bonds and Mortgages	4.00	3.4
Short-term	2.25	1.2

Discount Rate

The discount rate used to calculate the total pension liability was 7.00% for ERS and 8.00% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employees 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.

Sensitivity of the Proportionate Share for 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 7.00% for ERS and 8.00% 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-percentage point lower (6.00% for ERS and 7.00% for TRS) or 1-percentage point higher (8.00% for ERS and 9.00% for TRS) than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset (liability)	$ (10,330,483)	$ (4,581,293)	$ 276,527

TRS	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
Employer's proportionate share of the net pension asset (liability)	$ (1,581,554)	$ 23,185,564	$ 44,306,714

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	ERS	TRS
Valuation date	April 1, 2015	June 30, 2014
Employers' total pension asset/(liability)	$ (172,303,544,000)	$ (99,332,103,743)
Plan Net Position	156,253,265,000	109,718,916,659
Employer's net pension asset/(liability)	$ (16,050,279,000)	$ 10,386,812,916
Ration of plan net position to the Employer's total pension asset/(liability)	90.7%	110.46%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to $484,965.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2016 are paid to the System in September, October, and November 2016 through a state aid intercept. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employer's contribution rate by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2016 amounted to $4,778,124.

NOTE 13 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2016 and September 17, 2016, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 14 – RESTATED BALANCES

The beginning fund balance in the General Fund for the year ended June 30, 2016 has been restated to adjust for the following items accrued at June 30, 2015:

Long term portion of retiree health insurance	$ 2,671,226
Long term portion of compensated absences	2,208,000
Anticipated pay increases	3,194,202
Insurance premium attributable to fiscal 2016	327,398
Potential legal fees	150,000
Adjustment to beginning fund balance in governmental fund statements	$ 8,550,826

The beginning net position in the statement of activities for the year ended June 30, 2016 has been restated for the following items:

Retiree health insurance liability accrued in the General Fund at June 30, 2015	$ 2,671,226
Anticipated pay increases	3,194,202
Insurance premium attributable to fiscal 2016	327,398
Potential legal fees	150,000
Deferred outflows of resources included in long term liabilities	172,667
Adjustment to beginning net position in full accrual statements	$ 6,515,493

NOTE 15 – SUBSEQUENT EVENTS

On August 11, 2016, the District issued a $6.5 million bond anticipation note, which bears interest at 0.85% and matures on August 11, 2017. The proceeds of the note are to be turned over to the Moffat Library of Washingtonville for renovations and additions to the existing library. The District is required to issue the notes in its name and furnish the proceeds to the Library in accordance with Section 260 of Education Law. The Library will include in its budget a sufficient amount to reimburse the District for all principal and interest payments on the note.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES,
OTHER USES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2015)

REVENUES	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2015 ACTUALS
Local Sources:					
Real Property Taxes	$ 46,713,463	$ 46,713,463	$ 46,717,806	$ 4,343	$ 46,767,719
Other Tax Items	6,918,296	6,918,296	7,013,253	94,957	6,864,400
Charges For Services	267,000	267,000	285,709	18,709	364,194
Use Of Money And Property	207,000	207,000	254,374	47,374	204,795
Sale Of Property And Compensation For Loss	23,000	23,000	98,943	75,943	89,140
Miscellaneous Local Sources	365,000	371,519	636,877	265,358	712,772
State Sources:					
Basic Formula	21,701,867	21,701,867	22,372,854	670,987	20,165,059
Lottery Aid	5,200,000	5,200,000	5,123,054	(76,946)	5,222,376
BOCES	1,700,000	1,700,000	1,937,874	237,874	1,682,548
Other	418,025	484,025	474,707	(9,318)	493,813
Federal Sources	169,000	169,000	122,006	(46,994)	149,277
TOTAL REVENUES	83,682,651	83,755,170	85,037,457	1,282,287	82,716,093
OTHER SOURCES					
Interfund Transfers	-	-	-	-	-
TOTAL REVENUES AND OTHER SOURCES	83,682,651	83,755,170	85,037,457	1,282,287	82,716,093

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES,
OTHER USES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2015)

EXPENDITURES	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	ENCUMBRANCES	UNENCUMBERED BALANCES	2015 ACTUALS
General Support:						
Board Of Education	$ 47,700	$ 50,140	$ 40,208	$ 2,771	$ 7,161	$ 27,362
Central Administration	298,126	303,736	284,872	2,412	16,452	273,150
Finance	667,278	721,488	499,075	28,895	193,518	548,705
Staff	546,335	558,822	504,020	30,274	24,528	495,320
Central Services	5,505,805	6,413,658	5,028,738	1,043,695	341,225	5,555,687
Special Items	923,996	939,041	903,585	23,249	12,207	1,110,309
Instructional:						
Instruction, Administration And Improvement	3,901,173	3,920,502	3,830,661	41,128	48,713	3,684,735
Teaching:						
Regular School	26,103,437	25,961,707	24,078,959	81,680	1,801,068	23,695,992
Programs For Children With Handicapped Conditions	10,995,952	10,639,627	9,988,360	239,494	411,773	9,592,096
Occupational Education	1,545,200	1,500,045	1,467,190	-	32,855	1,517,951
Special Schools	148,500	149,500	137,136	724	11,640	77,506
Instructional Media	1,179,823	2,616,302	1,930,046	539,029	147,227	1,064,349
Pupil Services	4,014,945	4,028,969	3,751,710	30,835	246,424	3,774,373
Pupil Transportation	5,070,951	5,503,367	4,736,258	439,911	327,198	4,707,359
Employee Benefits	23,030,558	23,545,292	22,302,756	589,442	653,094	22,679,617
Debt Service:						
Principal	2,293,439	2,293,439	2,293,438	-	1	2,301,664
Interest	694,433	694,433	678,380	-	16,053	592,576
TOTAL EXPENDITURES	86,967,651	89,840,068	82,455,392	3,093,539	4,291,137	81,698,751
OTHER USES						
Interfund Transfers Out	375,000	400,200	400,142	-	58	553,740
TOTAL EXPENDITURES AND OTHER USES	87,342,651	90,240,268	82,855,534	$ 3,093,539	$ 4,291,195	82,252,491
NET CHANGE IN FUND BALANCE	(3,660,000)	(6,485,098)	2,181,923			463,602
FUND BALANCE – Beginning Of Year (Restated)	3,660,000	6,485,098	29,383,000			20,368,572
FUND BALANCE – End Of Year	$ -	$ -	$ 31,564,923			$ 20,832,174

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS
JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	$ -	$ 129,157,613	$ 129,157,613	0%	$ 41,094,519	314.3%
7/1/2012	-	188,966,775	188,966,775	0%	39,051,820	483.9%
7/1/2014	-	222,018,423	222,018,423	0%	37,858,936	586.4%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
YEAR ENDED JUNE 30, 2016

TRS System – Asset

	2016	2015
The District's proportion of the net pension asset	0.223%	0.224%
The District's proportionate share of the net pension asset	$ 23,185,564	$ 24,944,101
The District's covered employee payroll	33,530,724	33,137,674
The District's proportionate share of the net pension asset as a percentage of covered employee payroll	69.15%	75.27%
Plan Fiduciary net position as a percentage of the total pension liability	110.46%	111.48%

ERS System – Liability

	2016	2015
The District's proportion of the net pension liability	0.0285%	0.0298%
The District's proportionate share of the net pension liability	$ 4,581,293	$ 1,007,110
The District's covered employee payroll	8,016,964	8,000,000
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	57.15%	12.59%
Plan Fiduciary net position as a percentage of the total pension liability	90.7%	97.9%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2016

TRS System

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	$ 4,510,515	$ 5,584,872	$ 4,148,663	$ 3,855,159	N/A	N/A	N/A	N/A	N/A	N/A
Contribution in relation to the contractually required contribution	4,510,515	5,584,872	4,148,663	3,855,159	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution as a percentage of covered employee payroll	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%	6.19%	7.63%	8.73%	8.60%

ERS System

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	$ 1,404,132	$ 1,683,524	$ 1,418,945	$ 1,431,548	N/A	N/A	N/A	N/A	N/A	N/A
Contribution in relation to the contractually required contribution	1,404,132	1,683,524	1,418,945	1,431,548	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution as a percentage of covered employee payroll	17.51%	21.04%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2016

ADOPTED BUDGET	$ 87,342,651
ADDITIONS:	
Encumbrances From Prior Year	2,687,481
Appropriated Reserves	137,617
Supplemental Appropriations	72,519
FINAL BUDGET	$ 90,240,268

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
REAL PROPERTY TAX LIMIT
YEAR ENDED JUNE 30, 2016

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2016-2017 Voter Approved Expenditure Budget		$ 89,401,006
Maximum allowed (4% of 2016-2017 Budget)		$ 3,576,040
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance *	10,247,741	
Unassigned Fund Balance	4,897,135	
Total Unrestricted Fund Balance		15,144,876
Less:		
Appropriated Fund Balance	3,960,000	
Encumbrances included in Assigned Fund Balance	3,093,539	
Total Adjustments		7,053,539
General Fund Balance subject to Section 1318 of Real Property Tax Law:		$ 8,091,337
Actual Percentage		9.05%

* **Note** – On August 22, 2016, the Board of Education passed a resolution to appropriate $3,194,202 of fund balance to the ongoing capital project. That amount has been reported as assigned fund balance as of June 30, 2016, since it has been set aside for a purpose narrower than the General Fund as a whole. Although this portion of assigned fund balance is not included in the calculation of fund balance subject to Section 1318 of Real Property Tax Law, the District's effective unassigned fund balance will be 5.48% of the subsequent year's budget once this amount is transferred to the Capital Projects Fund in fiscal 2017.

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2016

			EXPENDITURES				METHODS OF FINANCING			
PROJECT TITLE	ORIGINAL APPROPRIATIONS	REVISED APPROPRIATIONS	PRIOR YEARS	CURRENT YEARS	TOTAL	UNEXPENDED BALANCE	PROCEEDS OF DEBT	LOCAL SOURCES	TOTAL	FUND BALANCE JUNE 30, 2016
Capital	$ 100,000	$ 200,000	$ 92,257	$ -	$ 92,257	$ 107,743	$ -	$ 200,000	$ 200,000	$ 107,743
High School Stage	100,000	200,000	184,977	-	184,997	15,023	-	200,000	200,000	15,023
Middle School Sidewalks	100,000	100,000	-	99,306	99,306	694	-	100,000	100,000	694
Middle School Hurricane Project	230,000	230,000	182,107	-	182,107	47,893	-	230,000	230,000	47,893
Buses	690,000	690,000	-	689,806	689,806	194	590,000	101,858	691,858	2,052
Construction And Reconstruction	59,995,174	59,995,174	-	2,004,427	2,004,427	57,990,747	-	-	-	(2,004,427)
Equipment	60,000	60,000	-	60,000	60,000	-	60,000	-	60,000	-
				$ 2,853,539						$ (1,831,022)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2016

Capital Assets, Net	$ 47,772,305
Less: Outstanding Bonds	(17,525,000)
Outstanding Energy Performance Contract	(1,807,320)
Net Investment in Capital Assets	$ 28,439,985

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

GRANTOR AGENCY	CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	EXPENDITURES CURRENT YEAR
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through State Dept. of Education:			
School Lunch Program	10.555	N/A	$ 457,925
School Breakfast Program	10.553	N/A	52,528
Total Child Nutrition Cluster			510,453
Passed Through State Dept. of Health and Human Services:			
Commodity Supplement Food Program (Non-cash)	10.565	N/A	99,473
TOTAL U.S DEPT. OF AGRICULTURE			609,926
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
Title 1	84.010A	021-16-2220	409,819
Title 1	84.010A	021-15-2220	9,618
IDEA, Part B	84.027A	032-16-0675	929,555
IDEA, Pre-School	84.173A	033-16-0675	34,360
Total Special Education Cluster			963,915
Title II, A	84.367A	147-15-2220	103,410
TOTAL U.S. DEPARTMENT OF EDUCATION			1,486,762
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 2,096,688

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Washingtonville Central School District. The Washingtonville Central School District's reporting entity is defined in Note 1 to the District's basic financial statements. All federal financial assistance passed through other governmental agencies is included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the District's basic financial statements as follows:

Governmental Funds:	
Special Aid Fund	$ 1,486,762
School Lunch Fund	609,926
TOTAL	$ 2,096,688

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

To the Board of Education of the
Washingtonville Central School District
Washingtonville, New York

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Washingtonville Central School District, New York as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Washingtonville Central School District, New York's basic financial statements and have issued our report thereon dated September 17, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Washingtonville Central School District, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Washingtonville Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Washingtonville Central School District, New York's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cooper Arias LLP

Mongaup Valley, New York
September 17, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of the
Washingtonville Central School District
Washingtonville, New York

Report on Compliance for Each Major Federal Program

We have audited the Washingtonville Central School District, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Washingtonville Central School District, New York's major federal programs for the year ended June 30, 2016. The Washingtonville Central School District, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

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

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Washingtonville Central School District, New York's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Washingtonville Central School District, New York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Cooper Arias LLP

Mongaup Valley, New York
September 17, 2016

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of the Washingtonville Central School District.

2. There were no significant deficiencies disclosed during the audit of the financial statements of the Washingtonville Central School District.

3. No instances of non-compliance material to the financial statements of the Washingtonville Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. There were no significant deficiencies disclosed during the audit of internal control over major federal award programs.

5. The auditors' report on compliance for the major federal award programs for the Washingtonville Central School District expresses an unmodified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) are reported on this schedule.

7. The programs tested as major programs included:

IDEA, Part B	84.027A
IDEA, Pre-School	84.173A

8. The threshold for distinguishing Type A and B programs was $750,000.

9. The Washingtonville Central School District was determined to be a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016

No findings noted in the prior year.

INDEPENDENT AUDITORS' REPORT

To The President and Board Members of
The Board of Education
Washingtonville Central School District
Washingtonville, New York

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Washingtonville Central School District as of June 30, 2016, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Washingtonville Central School District as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion of these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

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

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

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the Washingtonville Central School District as of June 30, 2016, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

This report is intended solely for the information and use of the school board governing body and management of the Extraclassroom Activity Funds of Washingtonville Central School District, and for filing with the various offices and agencies of the State of New York. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Cooper Arias LLP
Mongaup Valley, New York
September 17, 2016

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
JUNE 30, 2016

ASSETS	
Cash	$ 112,511
TOTAL ASSETS	$ 112,511
FUND BALANCE	$ 112,511

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE-CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016

ACTIVITY	CASH & FUND BALANCE 07/01/15	RECEIPTS	DISBURSEMENTS	CASH & FUND BALANCE 06/30/16
Class of 2016	$ 3,722	$ 30,432	$ 34,154	$ -
Class of 2017	3,122	24,376	24,151	3,347
Class of 2018	1,226	6,167	3,057	4,336
Class of 2019	-	2,522	991	1,531
AADA	463	71	168	366
Drama Club	22,301	26,540	23,840	25,001
MS Drama Club	2,023	11,105	11,751	1,377
FBLA	22	29	51	-
GSA	256	76	7	325
MS Language Club	349	-	-	349
Literary Magazine	2,647	1,433	1,225	2,855
HS Language Club	887	5,716	4,733	1,870
Math Honor Society	964	-	141	823
Memorial Park Maintenance Club	501	55	473	83
Newspaper Club	60	-	-	60
JROTC	857	11,972	6,876	5,953
Science Honor Society	1,594	-	-	1,594
Ski Club	37	-	-	37
MS Ski Club	929	484	644	769
National Honor Society	2,984	5,947	8,394	537
Yearbook	10,616	9,147	10,271	9,492
National Junior Honor Society	4,669	750	1,317	4,102
MS Student Council	23,584	7,556	6,165	24,975
MS Yearbook	5,659	4,580	5,916	4,323
MS Recycle Club	205	267	-	472
Student Coalition	18,562	91,589	92,217	17,934
TOTAL	$ 108,239	$ 240,814	$ 236,542	$ 112,511

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - DESCRIPTION OF OPERATIONS

Student activity funds are defined by the New York State Education Department as "funds raised other than by taxation, or through charges of a Board of Education, for, by or in the name of a school, student body or any subdivision thereof."

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school activity funds in accordance with established policies and rules of the District's Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The books and records of the Extraclassroom Activity Funds of Washingtonville School District are maintained on the cash basis of accounting. Consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.

Interest Income

Interest income earned on the bank account during the year has been credited to the Student Council Fund.

Bank Charges

All bank service charges have been charged to the respective activity fund.

Inactive Accounts

Account balances of inactive clubs have been transferred to the Student Council Fund.

APPENDIX C

FORM OF DISCLOSURE UNDERTAKING

DISCLOSURE UNDERTAKING CERTIFICATE
PURSUANT TO RULE 15c2-12 OF THE
SECURITIES AND EXCHANGE COMMISSION

On the date hereof, the Washingtonville Central School District, Orange County, New York (the "School District") is issuing the Bonds (as defined below) To facilitate compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended by the underwriter (as defined in the Rule), the School District hereby undertakes for the benefit of the record and beneficial owners from time to time of the Bonds (the "Holders") to provide:

A. ***Definitions****.* As used in this Undertaking, the following terms have the meanings ascribed to such terms below*:*

"Bonds" means the Issuer's $6,920,000 Library Building Serial Bonds - 2017, dated August 8, 2017.

"Issuer" means the Washingtonville Central School District, Orange County, New York.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"Undertaking" means this Disclosure Undertaking.

B. ***Annual Reports.*** The Issuer shall provide annually to the MSRB, (1) within six months after the end of each fiscal year ending after the date hereof, financial information and operating data with respect to the Issuer of the general type contained in or cross referenced in the Issuer's final Official Statement, dated _____ under the headings **"THE DISTRICT", "INDEBTEDNESS OF THE DISTRICT" "FINANCES OF THE DISTRICT", "TAX INFORMATION" and "LITIGATION"; and in Appendix A,** and (2) if not provided as part of such financial information and operating data, audited financial statements of the Issuer, when and if available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and shall be audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Undertaking.

The financial information and operating data to be provided pursuant to this Undertaking may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

C*. Event Notices.* The Issuer shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to rights of holders of the Bonds, if material;

(8) Bond or Note calls, if material, and tender offers;

(9) Defeasances;

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

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;

(13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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; and

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

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, 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 Issuer.

The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide a notice described in “B”, above, by the time required by this Undertaking.

D*.* ***Filings with the MSRB***. All notices and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

E*.* ***Limitations, Disclaimers, and Amendments***. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Bonds within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY NOTE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Bonds.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of the Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

APPENDIX D

FORM OF OPINION OF NORTON ROSE FULBRIGHT US LLP

NORTON ROSE FULBRIGHT

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August 8, 2017

Washingtonville Central School District,
County of Orange,
State of New York

Re: Washingtonville Central School District, Orange County, New York
$6,920,000 Library Building Serial Bonds - 2017

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $6,920,000 Library Building Serial Bonds – 2017 (the "Obligation"), of the Washingtonville Central School District, County of Orange, State of New York (the "Obligor"), dated August 8, 2017.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986 (the "Code"), including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder;

(3) a tax certificate (the "Tax Certificate") executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes; and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or

certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

(a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion in certain cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.

(c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the federal alternative minimum taxable income of the owners thereof who are individuals. We call to your attention that interest on the Obligation owned by a corporation (other than an "S" corporation or a qualified mutual fund, real estate mortgage investment conduit, real estate investment trust or a financial asset securitization investment trust (FASIT)) will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code is computed. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners

of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinion expressed herein. Such opinion is 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 Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. We have not examined, reviewed or passed upon the accuracy, completeness or fairness of any factual information which may have been furnished to any purchaser of the Obligation by or on behalf of the Obligor and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, 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 the light of the circumstances under which they were made, not misleading.

Very truly yours,