

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

REVENUE ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

The Notes will NOT be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$5,000,000

**CITY SCHOOL DISTRICT OF THE CITY OF BINGHAMTON
BROOME COUNTY, NEW YORK**



**GENERAL OBLIGATIONS
\$5,000,000 Revenue Anticipation Notes, 2019
(the "Notes")**

Dated: January 24, 2019

Due: January 24, 2020

The Notes are general obligations of the City School District of the City of Binghamton, Broome County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "THE NOTES - Nature of Obligation" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption. The Notes are not subject to redemption prior to maturity.

At the option of the Purchaser, the Notes will be issued as book-entry only notes or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof, as may be determined by such successful bidder.

Alternatively, if the Notes are issued as book-entry only notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the Purchaser elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder. If the Notes are issued as book-entry only notes, payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Direct 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 registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on or about January 24, 2019.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on January 15, 2019 by no later than 11:00 A.M., Eastern Time, pursuant to the respective Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the respective Notice of Sale.

January 9, 2019

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. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX - E, MATERIAL EVENT NOTICES" HEREIN.

**CITY SCHOOL DISTRICT OF THE CITY OF BINGHAMTON
BROOME COUNTY, NEW YORK**

SCHOOL DISTRICT OFFICIALS

2018-2019 BOARD OF EDUCATION

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President



EVAN MCNAMARA
Vice President

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PENELOPE HARPER
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MICHAEL HOLLY
Assistant Superintendent for Personnel and Administration

KARRY MULLINS
Assistant Superintendent for Instruction and Budget

KATHRYN BLACKMAN
Controller, Central Business Office

VINCE SMITH
School District Treasurer, Central Business Office

SANYA BROWN
School District Clerk

COUGHLIN & GERHART LLP
School District Attorneys



ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

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

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
THE NOTES	1	STATUS OF INDEBTEDNESS (cont.)	
Description of the Notes	1	Estimated Overlapping Indebtedness	28
Purpose of Issue	1	Debt Ratios.....	29
Nature of the Obligation	2	SPECIAL PROVISIONS AFFECTING	
BOOK-ENTRY-ONLY SYSTEM	3	REMEDIES UPON DEFAULT	29
Certificated Notes under Certain Circumstances.....	4	MARKET AND RISK FACTORS	30
THE SCHOOL DISTRICT	5	CONTINUING DISCLOSURE	31
General Information.....	5	Historical Continuing Disclosure Compliance	31
2011 Flood Damage.....	5	TAX MATTERS	31
District Population	5	LEGAL MATTERS	32
Population Trends	6	LITIGATION	32
Selected Wealth and Income Indicators	6	MUNICIPAL ADVISOR	33
Unemployment Rate Statistics.....	6	CUSIP IDENTIFICATION NUMBERS	33
Larger Employers	7	RATINGS	33
Form of School Government.....	7	MISCELLANEOUS	33
Budgetary Procedures and Recent Budget Votes	8	APPENDIX - A	
Investment Policy	8	GENERAL FUND - Balance Sheets	
State Aid.....	9	APPENDIX - A1	
State Aid Revenues.....	12	GENERAL FUND – Revenues, Expenditures and	
School Facilities.....	12	Changes in Fund Balance	
Enrollment Trends	12	APPENDIX - A2	
Employees	13	GENERAL FUND – Revenues, Expenditures and	
Status and Financing of Employee Pension Benefits	13	Changes in Fund Balance - Budget and Actual	
Other Post-Employment Benefits	15	APPENDIX – B	
Other Information	17	BONDED DEBT SERVICE	
Financial Statements	18	APPENDIX – B1	
The State Comptroller’s Fiscal Stress Monitoring System.....	18	CURRENT BONDS OUTSTANDING	
State Comptroller Reports of Examination	19	APPENDIX – C	
TAX INFORMATION	19	COMPUTATIONS OF TAXABLE FULL VALUATIONS	
Valuations.....	19	APPENDIX – D	
Tax Rate Per \$1,000 (Assessed).....	19	ACTUAL AND ESTIMATED CASH FLOWS	
Tax Levy and Tax Collection Record	20	APPENDIX – E	
Tax Collection Procedure	20	MATERIAL EVENT NOTICES	
Real Property Tax Revenues.....	20	APPENDIX – F	
Ten Largest Taxpayers - 2018 for 2018-19 Tax Roll.....	21	FORM OF BOND COUNSEL’S OPINION	
STAR - School Tax Exemption	21	APPENDIX – G	
Additional Tax Information	21	AUDITED FINANCIAL STATEMENTS AND	
TAX LEVY LIMITATION LAW	22	SUPPLEMENTARY INFORMATION- JUNE 30, 2017	
Real Property Tax Rebate	23		
STATUS OF INDEBTEDNESS	23		
Constitutional Requirements.....	23		
Statutory Procedure.....	24		
Debt Outstanding End of Fiscal Year	25		
Details of Outstanding Indebtedness.....	25		
Debt Statement Summary	26		
Bonded Debt Service	26		
Capital Project Plans	27		
Cash Flow Borrowings	27		
Federal Sequestration.....	28		

PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
CITY SCHOOL DISTRICT OF THE CITY OF BINGHAMTON
BROOME COUNTY, NEW YORK

Relating To
\$5,000,000 Revenue Anticipation Notes, 2019

This Official Statement, which includes the cover page, has been prepared by the City School District of the City of Binghamton, Broome County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$5,000,000 principal amount of Revenue Anticipation Notes, 2019 (the "Notes").

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

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

THE NOTES

Description of the Notes

The Notes are general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the School District, is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "THE NOTES – Nature of Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Notes will be dated January 24, 2019 and will mature January 24, 2020. The Notes are not subject to redemption prior to maturity. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the Purchaser(s) either (i) registered in the name of the purchaser, or (ii) 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 Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Purpose of Issue

The Notes are being issued pursuant to a resolution adopted by the Board of Education of the School District in accordance with the Constitution and statutes of the State of New York, including among others, the Education Law and Section 25.00 of the Local Finance Law, in anticipation of the collection of State Aid receivable by the School District during its 2018-2019 fiscal year, which commenced July 1, 2018.

The Notes are being issued to provide moneys to meet a cash flow deficit expected to occur during the period the Notes are outstanding due to lack of congruence between the cash flow needs of the School District and the receipt of budgeted revenues. (See "APPENDIX – D, ESTIMATED MONTHLY CASH FLOW").

In the event that the aforesaid aid is not received by January 24, 2020, the Notes may be renewed. Revenue anticipation renewal notes may again be renewed in the event that such aid has still not been received on the maturity date of such renewal notes, but such notes must mature not later than June 30, 2020. In the event such aid has not been received by such final maturity date, principal of, and interest on such notes will be paid from other revenues available to the School District, including real property taxes.

Nature of the Obligation

Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof.

Holders of any series of notes or bonds of the District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law” or “Chapter 97”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District’s power to increase its annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “TAX LEVY LIMITATION LAW” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In *Quirk v. Municipal Assistance Corp.*, the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes, if so requested. In such case, the Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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, 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes Under Certain Circumstances

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the School District and discharging its responsibilities with respect thereto under applicable law, or the School District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in bearer form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company to be named by the District as fiscal agent for the Notes.

THE SCHOOL DISTRICT

General Information

The School District, with a land area of approximately 12 square miles, includes all of the City of Binghamton (the “City”) and a small portion of the Town of Dickinson (the “Town”).

Major highways within and in close proximity to the School District include U. S. Route 11, Interstate #81 which extends north to Canada and south to Tennessee, Interstate #88 which runs northeast to Albany, Route #86 (The Southern Tier Expressway) which runs east-west and connects with Interstate #87 north of New York City and Interstate #90 near Erie, Pennsylvania, and State Routes #7, #12 and #26. Bus service is provided to and from the School District by Trailways, Greyhound Bus Lines, Megabus, and Coach USA. The County transit system provides local daily bus service.

Air transportation through the Greater Binghamton Airport is provided by Delta Airlines. Emery Air Freight and Federal Express also operate from the Airport. The School District is also served by the Tri-Cities Airport, located in nearby Endicott. Railroads providing freight service to the area include Conrail, the Delaware and Hudson Railroad and the Delaware and Otsego Railroad.

Electric utility and natural gas services are provided by the New York State Electric and Gas Corporation (NYSEG). Police protection is afforded the residents by the City, County and State agencies. Fire protection is provided by the City's full-time fire department. Water and sewer facilities and refuse collection are provided by the City, except in the Town of Dickinson, which has its own facilities and operations. Waste disposal is provided by the County through the County's sanitary landfill operations.

Source: District officials.

2011 Flood Damage

In September 2011, flooding from Tropical Storm Lee destroyed the District's MacArthur Elementary Building. The building was closed, and students were relocated to other buildings in and around the District. At the end of March 2012, the Federal Emergency Management Agency (FEMA) completed its review of flood-related project in the Binghamton City School District and recommended replacing the MacArthur Elementary Building. FEMA is expected to pay for approximately 75 percent of the replacement cost, and insurance recovery, State Aid, and local share is expected to fund the rest of the expected cost.

The Local Share is estimated to be no more than \$5,000,000, as State Aid, FEMA and insurance is expected to cover approximately \$75,500,000 of the \$79,530,000 total. To date, the District has received approximately \$47.9 million in reimbursements from FEMA and \$1.68 million in insurance recoveries.

A new MacArthur Elementary School reopened for K-5 students on January 4, 2016.

See “Capital Project Plans” herein for additional details.

District Population

The 2016 population of the School District is estimated to be 46,144. (Source: 2015 U.S. Census Bureau estimate).

Population Trends

The following entities and their population trends help to contribute to the School District's current estimated population:

	<u>City of Binghamton</u>	<u>Broome County</u>	<u>New York State</u>
1980	55,860	213,648	17,558,072
1990	53,008	212,160	17,990,455
2000	47,380	200,536	18,976,457
2010	47,376	200,600	19,378,102
2017 (estimate)	45,179	193,639	19,849,399

Source: U.S. Census Bureau.

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2012-2016</u>	<u>2000</u>	<u>2006-2010</u>	<u>2012-2016</u>
City of:						
Binghamton	\$ 17,067	\$ 21,455	\$ 20,729	\$ 36,137	\$ 39,725	\$ 42,813
Town of:						
Dickinson	19,246	18,938	25,804	49,583	55,553	72,297
County of:						
Broome	19,168	24,314	25,880	45,422	57,545	63,072
State of:						
New York	23,389	30,948	34,212	51,691	67,405	74,036

Note: 2013-2017 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2012-2016 American Community Survey data.

Unemployment Rate Statistics

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

	<u>Annual Average</u>							
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Broome County	8.7%	8.6%	8.7%	7.8%	6.6%	6.0%	5.4%	5.6%
New York State	8.6%	8.3%	8.5%	7.7%	6.3%	5.3%	4.8%	4.7%

	<u>2018 Monthly Figures</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Broome County	6.8%	7.0%	6.3%	5.5%	4.5%	5.0%	5.0%	4.7%	4.1%	3.9%	3.8%	N/A
New York State	5.1%	5.1%	4.8%	4.3%	3.7%	4.2%	4.2%	4.1%	3.8%	3.6%	3.5%	N/A

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

Larger Employers

Many residents of the District find employment with one of the following major employers located within the Binghamton, NY Metropolitan Statistical Area (MSA):

<u>Company</u>	<u>Location</u>	<u>Employees</u>	<u>Type</u>
Binghamton University	Vestal	5,943	Education
United Health Services	Binghamton	5,428	Healthcare
Lockheed Martin	Owego	2,700	Systems Integration
Lourdes Hospital	Binghamton	2,311	Healthcare
New York State	Binghamton	2,034	Government
Broome County Government	Binghamton	1,913	Government
Raymond Corp.	Greene	1,500	Electric Products
Amphenol Aerospace	Sidney	1,400	Electronic Devices
BAE Systems	Endicott	1,300	Mission Systems
Chobani	Norwich	1,300	Food Products
Maines Paper & Food Service	Conklin	1,100	Food Distribution
Broome-Tioga BOCES	Binghamton	1,049	Education
NBT Bank	Binghamton	1,039	Financial Institution
IBM Corp.	Endicott	1,100	Technology
Weis Markets	Binghamton	1,000	Food Products
I3 Electronics	Endicott	1,000	Electronics
MeadWestvaco	Sidney	900	Office Products
Felchar Manufacturing Corp.	Binghamton	800	Electronics
NYSEG	Binghamton	800	Electricity & Natural Gas
Nationwide Credit Inc.	Vestal	700	Asset Recovery
United Methodist Homes	Binghamton	621	Senior Living
Matrix Integrated Facility Management	Johnson City	600	Facility Management
Frito-Lay	Kirkwood	540	Food Distribution
Time Warner	Vestal	500	Communications
Wegmans	Johnson City	454	Food Products

Source: Broome County Industrial Development Agency website. Reference to website implies no warranty of accuracy of information therein

It has been reported in the press that Dick's Sporting Goods ("Dick's") recently opened its 650,000 square foot \$80 million Conklin distribution center in January, 2018 that will eventually serve 160 of the chain's more than 800 stores. The distribution center is expected to employ approximately 500 people. The State is providing Dick's up to \$11.25 million in incentives, including funds from the region's Upstate Revitalization Initiative and Excelsior Jobs Program tax credits. The Broome County Industrial Development Agency is developing a 30-year payment-in-lieu-of-taxes agreement with Dick's. Additionally, New York State Electric & Gas Corp. is committing up to \$540,000 in economic development grant assistance for electric and natural gas infrastructure, and energy efficiency improvements. In addition to Dick's Sporting Goods, the company also owns Golf Galaxy and Field & Stream. On April 25, 2018, Governor Andrew M. Cuomo announced that Dick's has plans to construct the company's first-ever in-house eCommerce fulfillment center. Dick's will construct an approximate 245,000 square-foot addition to its recently opened distribution center in Conklin. The expansion is expected to lead to the creation of 200 additional full-time jobs at the site over the next five years.

Sources:

School District officials, based on outside reports, details not independently verified.

www.governor.ny.gov/news/governor-cuomo-announces-dicks-sporting-goods-add-ecommerce-fulfillment-center-conklin

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

Form of School Government

The Board of Education, which is the policy-making body of the School District, consists of seven members with overlapping five-year terms. The President and the Vice President are selected by the Board members. The President of the Board is the chief fiscal officer of the School District.

The duties of the administrative officers of the School District are to implement the policies of the Board of Education and supervise the operation of the school system.

Budgetary Procedures and Recent Budget Votes

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

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

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

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see “TAX LEVY LIMITATION LAW” herein.

Recent Budget Votes

The budget for the 2016-17 fiscal year was approved by the qualified voters on May 17, 2016 by a vote of 1,308 to 415. With a total tax levy increase of 2.13%, the tax levy increase was equal to the District’s tax cap of 2.13% for the 2016-17 fiscal year.

The budget for the 2017-18 fiscal year was approved by the qualified voters on May 16, 2017 by a vote of 939 to 188. With a total tax levy increase of 0.0%, the tax levy increase was below the District’s tax cap of 0.01% for the 2017-18 fiscal year.

The budget for the 2018-19 fiscal year was approved by the qualified voters on May 15, 2018 by a vote of 879 to 159. With a total tax levy decrease of 1.48%, the tax levy decrease was equal to the District’s tax cap of negative 1.48% for the 2018-19 fiscal year.

Investment Policy

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

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America, (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America, and (4) repurchase agreements involving the purchase and resale of obligations of the United States of America or obligations of agencies of the federal government, if principal and interest is guaranteed by the United States of America and the securities are registered in the name of the School District and held by a custodial bank in accordance with the policies established by the New York State Comptroller. The School District does not invest in so-called “derivatives” including reverse purchase agreements.

State Aid

The School District receives financial assistance from the State. In its adopted budget for the 2018-19 fiscal year, approximately 60.5% of the revenues of the School District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the School District, may be affected by a delay in the payment of State aid.

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

Potential reductions in Federal aid received by the State.

The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State's current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues that may arise.

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

The State's Enacted 2017-2018 Budget allowed, and the State's Enacted 2018-19 Budget allows, the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by \$850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2018-2019 preliminary building aid ratios, the District expects to receive State building aid of approximately 93.5% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

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

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

The 2012-2013 State budget linked additional school aid to compliance with a new teacher evaluation process. A school district would not be eligible for an aid increase in 2012-2013 unless it had its teacher evaluation process reviewed and approved by the New York State Education Department by January 17, 2013. The New York State Education Department approved the District's most recent Annual Professional Performance Review Plan (APPR) on August 24, 2016.

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

School district fiscal year (2014-2015): The 2014-2015 State budget 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 school aid increase. The 2014-15 State budget restored \$602 million of Gap Elimination Adjustment ("GEA") reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The 2014-2015 State budget invested \$1.5 billion over five years to support the phase-in of a statewide universal full-day pre-kindergarten program.

The Smart Schools Bond Act was proposed as part of the 2014-2015 State budget and was subsequently approved by the voters of the State. The Smart Schools Bond Act authorized 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 thereunder is \$5,247,780.

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

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of \$991 million over 2015-16, \$863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids (\$408 million), the budget also included a \$266 million increase in Foundation Aid and an \$189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included \$100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District is a part of the Community Schools Grant Initiative (CSGI) and is expected to receive \$477,949 in grant monies from the State.

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately \$19.2 million. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

School district fiscal year (2017-2018): The State 2017-18 Enacted Budget increased State aid to education by \$1.1 billion, including a \$700 million increase in Foundation Aid, bringing the total amount of State aid to education to \$25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-18 Enacted Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

School district fiscal year (2018-2019): The State’s 2018-19 Enacted Budget includes nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately \$859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at \$26.03 billion statewide, a 3.4% increase over the last year. The State’s 2018-19 Enacted Budget includes an increase of \$618 million in Foundation Aid for school districts. Foundation Aid now totals nearly \$17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase will be distributed using a one year, off formula methodology. The State’s 2018-19 Enacted Budget guarantees that all school districts receive an increase in Foundation Aid over their 2017-18 levels. \$50 million of the Foundation Aid increase will be “set aside” for certain school districts to fund community schools. The State’s 2018-19 Enacted Budget fully funds all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of \$240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government are less than what was expected.

State Aid Litigation

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

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of *The Campaign for Fiscal Equity* decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date.

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students’ Educational Rights v. State of New York* (“NYSER”) and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the *Campaign for Fiscal Equity* case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent “gross education inadequacies”, claims regarding state funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein.

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

State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	Percentage of Total Revenues Consisting of <u>State Aid</u>
2013-14	\$ 102,921,394	\$ 57,665,675	56.03%
2014-15	105,202,077	61,032,473	58.01%
2015-16	105,523,377	60,845,777	57.66%
2016-17	110,100,345	63,859,145	58.00%
2017-18	113,530,067	67,117,224	59.12%
2018-19 (Budgeted)	114,084,195	69,012,785	60.49%

⁽¹⁾ General fund only, does not include inter-fund transfers or reserve funds.

Source: 2014 through 2018 audited financial statements and 2018-19 budget of the District. This table is not audited.

School Facilities

<u>Name</u>	<u>Grade</u>	<u>Capacity</u>	<u>Year Built & Addition(s)</u>
Calvin Coolidge ⁽¹⁾	K-5	837	1950, '80
Benjamin Franklin	K-5	1,060	1928
Thomas Jefferson	K-5	540	1916
MacArthur ⁽²⁾	K-5	1,155	2016
Horace Mann	K-5	756	1969
Theodore Roosevelt	K-5	756	1971
Woodrow Wilson	K-5	750	1919, '30
East Middle School	6-8	964	1938, '86
West Middle School	6-8	1,200	1930, '86
Binghamton High School	9-12	2,200	1914, '52, '80
Columbus	9-12	230	1927

⁽¹⁾ In July 2013, an emergency closure was declared at the school building when asbestos was found during testing. Remediation costs are estimated to be approximately \$4,800,000. 93% of the abatement costs are expected to be covered by State aid, with the rest to be paid from available funds of the District.

⁽²⁾ In September, 2011, flooding from Tropical Storm Lee destroyed the District's MacArthur Elementary Building. The building was closed, and students were relocated to other buildings in and around the District. (See "2011 Flood Damage" and "Capital Project Plans" herein) A new MacArthur Elementary re-opened for K-5 students January 4, 2016.

Source: School District officials.

Enrollment Trends

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2014-15	5,707	2019-20	5,350
2015-16	5,611	2020-21	5,350
2016-17	5,388	2021-22	5,350
2017-18	5,400	2021-22	5,350
2018-19	5,278	2021-22	5,350

Source: School District officials.

Employees

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

<u>Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
598	Binghamton Teachers' Association	June 30, 2018 ⁽¹⁾
30	Binghamton Licensed Teaching Assistants Unit	June 30, 2019
24	Binghamton Administrators' Association	June 30, 2020
181	Civil Service Employees' Association	June 30, 2018 ⁽¹⁾
222	Civil Service Employees' Association - Aides & Monitors	June 30, 2019

⁽¹⁾ Currently under negotiations.

Source: School District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employee retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2018-19 fiscal years are as follows:

<u>Fiscal Year</u>	<u>TRS</u>	<u>ERS</u>
2012-13	\$ 3,683,902	\$ 1,723,742
2013-14	5,362,997	1,395,722
2014-15	5,879,510	1,281,151
2015-16	4,624,799	1,105,794
2016-17	4,200,013	945,065
2017-18	3,701,179	1,032,230
2018-19 (Budgeted)	4,341,723	1,100,000

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District currently [does not have/has] early retirement incentive programs for its employees.

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

A chart of average ERS and TRS rates as a percent of payroll (2015 to 2020) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2014-15	20.1%	17.53%
2015-16	18.2	13.26
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	N/A*

* The range for the TRS rate for 2019-20 fiscal year is estimated to be between 8.50% and 9.50%. An Administrative Bulletin will be provided in February 2019 with a more precise estimate of this rate.

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded

payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

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

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The District did not participate in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

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

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits (“OPEB”) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District’s to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

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

Summary of Changes from the Last Valuation. The District contracted with Armory Associates LLC, an actuarial firm, to calculate its first actuarial valuation under GASB 75 for the fiscal year ending June 30, 2018. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

Balance at June 30, 2017:	<u>\$ 182,732,530</u>
Changes for the year:	
Service cost	8,216,070
Interest	5,407,865
Differences between expected and actual experience	0
Changes of benefit terms	0
Changes in assumptions	(46,286,701)
Benefit payments	<u>(2,397,920)</u>
Net Changes	<u>(35,060,686)</u>
Balance at June 30, 2018:	<u>\$ 147,671,844</u>

Source: Audited financial statements of the District. The above table is not audited. For additional information see "APPENDIX - G" attached hereto.

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45"), required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

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

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

The District contracted with the Capital Region BOCES to calculate its OPEB in accordance with GASB 45. Based on the most recent actuarial valuation dated July 1, 2016 and financial data as of June 30, 2017, the following tables show the components of the District's annual OPEB cost, the amount actuarially contributed to the plan, changes in the District's net OPEB obligation and funding status for the fiscal years ending June 30, 2016 and June 30, 2017:

Annual OPEB Cost and Net OPEB Obligation:

	<u>2016</u>	<u>2017</u>
Annual required contribution (ARC)	\$ 16,255,371	\$ 15,821,582
Interest on net OPEB obligation	2,765,767	2,840,163
Adjustment to ARC	<u>(4,475,028)</u>	<u>(5,169,299)</u>
Annual OPEB cost (expense)	14,546,110	13,492,446
Contributions made	<u>(2,542,769)</u>	<u>(2,272,960)</u>
Increase in net OPEB obligation	12,003,341	11,219,486
Net OPEB obligation - beginning of year	<u>69,144,181</u>	<u>81,147,522</u>
Net OPEB obligation - end of year	<u>\$ 81,147,522</u>	<u>\$ 92,367,008</u>
Percentage of annual OPEB cost contributed	17.5%	16.8%

Funding Status:

Actuarial Accrued Liability (AAL)	\$ 138,156,993	\$ 145,607,959
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 138,156,993</u>	<u>\$ 145,607,959</u>
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 13,492,446	16.8%	\$ 92,367,008
2016	14,546,110	17.5	81,147,522
2015	13,796,801	17.0	69,144,181
2014	15,041,217	15.6	57,691,873

Source: 2016 and 2017 Audited financial statements of the School District. The above tables are not audited.

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

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

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

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

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

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in the last two legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if reintroduced.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

No principal or interest upon any obligation of the District is past due.

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

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The District retains independent certified public accountants. The last audit report covers the period ending June 30, 2018 and is attached hereto as "APPENDIX – G". Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "Significant Fiscal Stress", in "Moderate Fiscal Stress," as "Susceptible 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 reports of the State Comptroller for the past five most recent available fiscal years of the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2017	No Designation	20.0%
2016	No Designation	18.3%
2015	No Designation	23.3%
2014	Susceptible	30.0%
2013	Susceptible	40.0%

The Fiscal Score for fiscal year ending June 30, 2018 has not been calculated as of the date of this Official Statement

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

State Comptroller Reports of Examination

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

The State Comptroller's office last released an audit report of the District on January 24, 2014. The purpose of the audit was to examine the District's financial condition for the period July 1, 2011 through May 20, 2013. The audit found that District officials have taken appropriate action to manage the District's financial condition. District officials recognized the need to be proactive in budget development and expenditure controls. District officials and Central Business Office (CBO) representatives meet regularly to monitor and evaluate the current year's budget and available fund balance, and to plan for future years' budgets. This planning includes an ongoing evaluation of the District's spending trends and projected future fund balance.

A copy of the complete report, State Comptrollers recommendations, and the District's response can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no State Comptrollers audits of the District currently in progress or pending release at this time.

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

TAX INFORMATION

Valuations ⁽¹⁾

<u>Years Ending June 30:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assessed Valuation	\$ 1,263,528,846	\$ 1,265,963,648	\$ 1,270,736,807	\$ 1,273,290,663	\$ 1,258,337,836
Full Valuation ⁽²⁾	1,528,043,161	1,530,435,486	1,482,656,887	1,520,088,802	1,502,441,817
Full Valuation ⁽³⁾	1,456,923,960	1,497,784,088	1,500,847,671	1,500,421,370	N/A

⁽¹⁾ See APPENDIX - C for computations of Full Valuation, made with the use of regular State Equalization Rates and special State Equalization Ratios.

⁽²⁾ Full Valuation computed using regular State Equalization Rates.

⁽³⁾ Full Valuation computed using special State Equalization Ratios.

Tax Rates Per \$1,000 (Assessed) ⁽¹⁾

<u>Years Ending June 30:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Assessed Valuation:</u>						
City of Binghamton						
Homestead	\$ 26.89	\$ 27.87	\$ 28.15	\$ 28.63	\$ 28.67	\$ 28.71
Non-Homestead	38.79	40.18	40.58	41.28	41.22	41.09
Town of Dickenson						
Homestead	34.44	32.43	32.37	32.84	31.83	32.11
Non-Homestead	38.31	35.98	35.97	36.99	36.15	36.04

⁽¹⁾ The School District, under the Real Property Tax Law, has applied the Homestead/Non-Homestead method of computing tax rates for the City, Town and School District. This method allows a school district to shift 25% of the levy to Non-Homestead properties (e.g., commercial properties). However, the shift cannot result in an increase to the Non-Homestead properties over 125%. To be eligible for Homestead/Non-Homestead, a school district must have 20% or more of taxable parcels within a city or school district which has selected this method of tax distribution.

Tax Levy and Collection Record

<u>Fiscal Years Ending June 30:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Tax Levy	\$ 39,462,133	\$ 40,625,810	\$ 41,102,091	\$ 41,977,988	\$ 41,977,988
Taxes Added or (Canceled)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Tax Levy	\$ 39,462,133	\$ 40,625,810	\$ 41,102,091	\$ 41,977,988	\$ 41,977,988
Total Collections	33,650,218	35,778,174	38,496,941	36,986,163	n/a
Total Uncollected	5,811,915	4,847,636	3,481,047	4,991,825	n/a
Percent Collected	85.3%	88.1%	93.7%	88.1%	n/a

* Binghamton City Schools employ a three-part tax collection process; collected amount is not yet final for 2019.

Tax Collection Procedure

School District taxes on properties located within the City are collected by the City Tax Collector. The School District appoints a Tax Collector to collect taxes on properties within the Town of Dickinson. Taxpayers within the City have the option of paying their taxes in full during the month of September or in three installments as follows: September 1-30; November 1-30 and March 1-31. No fees are charged if the installment method is chosen. No installment may be paid unless prior installments and interest if any, of current taxes have been paid.

If any installment is paid after its due date, the penalty, as stated, is 1% per month plus a 5% collection fee on uncollected taxes in the City. The City pays the School District the taxes as collected each month, including the 1% penalty but excluding the 5% collection fee. Starting in July, the penalty becomes 1/2 of 1% per month. The City holds a tax sale on November 1 (thirteen months after the initial levy) and bids in on all the property. The School District then receives the balance of taxes due plus accumulated interest penalties, but not the 5% collection fee which is retained by the City. Thus, the School District collects its entire City-based tax levy in November of the following fiscal year.

Uncollected taxes in the Town of Dickinson are returned to the County for collection about November 15 and the School District receives the full amount due by April of the same fiscal year.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total Real Property Taxes & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2013-14	\$ 102,921,394	\$ 40,089,930	38.95%
2014-15	105,202,078	41,361,686	39.32%
2015-16	105,523,377	41,664,723	39.48%
2016-17	110,100,345	41,977,988	38.13%
2017-18	113,530,067	42,865,761	37.76%
2018-19 (Budgeted)	114,084,195	42,297,410	37.08%

⁽¹⁾ General fund only, does not include inter-fund transfers or reserve funds.

Source: 2014 through 2018 audited financial statements and 2018-19 budget of the District. This table is not audited.

Ten Largest Taxpayers – 2018 Assessment for 2018-19 District Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Full Valuation</u>
Our Lady of Lourdes Memorial Hospital, Inc.	Hospital	\$ 82,784,048
New York State Electric & Gas	Utility	70,935,585
Norfolk Southern Corporation	Railroad	22,757,969
Binghamton Giant Market, Inc.	Food Markets	13,825,177
PCP Binghamton Assoc. LLC	Commercial	10,078,810
Legacy Bay Apartment, LLC	Commercial	8,108,333
Security Mutual Life Ins. Co. NY	Insurance	7,635,536
Front Street Binghamton, LLC	Commercial	7,292,738
New York Telephone	Utility	5,856,163
Park Creek Realty, LLC	Real Estate	5,834,405

The ten larger taxpayers listed above have a total assessed valuation of \$235,108,764 which represents 15.65% of the tax base of the School District.

Note Tax certiorari claims continue to be filed by both business and private individuals. The balance of the District’s tax certiorari reserve is \$796,461 as of June 30, 2018. The District is authorized by the Local Finance Law to borrow to pay such settlements if necessary. See also “LITIGATION – Tax Certiorari Claims” herein.

Source: School District Tax Rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School Districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program. Chapter 60 of the Laws of 2016 has “converted” STAR to a personal income tax credit instead of a property tax exemption for all new homeowners who purchased their home after August 1, 2015.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities (“STAR Adjusted Gross Income”) of \$84,550 and \$86,000 for 2016 and 2017, respectively, or less, increased annually according to a Cost-of-Living adjustment, are eligible for an “enhanced” exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of \$500,000 are eligible for a “basic” exemption on their primary residence.

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

<u>Municipality</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
City of Binghamton	\$ 56,110	\$ 25,200	4/9/2018
Town of Dickinson	50,100	22,500	4/9/2018

\$5,863,773 of the District’s \$41,977,988 school tax levy for 2017-18 will be exempted by the STAR Program. The District received all of such exempt taxes from the State in January 2018.

\$5,697,080 of the District’s \$41,357,729 school tax levy for 2018-19 was exempted by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State by January, 2019.

Additional Tax Information

Senior citizens' exemptions from School District taxes are offered to those who qualify.

The assessment roll of the School District is constituted approximately as follows: 20% commercial, 12% industrial and 68% residential.

The total property tax bill of a typical residence with a market value of \$100,000 is estimated to be \$2,850 including County, City or Town, and School District taxes.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (“Chapter 97” or the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective City.)

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

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year’s tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

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

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

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

On February 20, 2013, the New York State United Teachers (“NYSUT”) and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT’s causes of action but granted NYSUT’s motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution and the Equal Protection and Due Process clauses and the First Amendment of the United States Constitution. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT’s motion for a preliminary injunction and dismissed all causes of action contained in NYSUT’s second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution “does not require that equal educational offerings be provided to every student”, and further noted “the legitimate government interest of restraining crippling property tax increases”. An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York’s highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

Real Property Tax Rebate

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

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

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

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

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

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

See “THE SCHOOL DISTRICT – Budgetary Procedures and Recent Budget Votes” herein for additional information regarding the District’s Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Debt Limit. The School 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 five per centum of the average full valuation of the taxable real estate of the School District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional method for determining average full valuation is by taking the assessed valuation of taxable real estate for the last five completed assessment rolls and applying thereto the ratio (special equalization ratio) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the School District to borrow and incur indebtedness by the enactment of the Local Finance Law 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 School 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. This includes voter approval of bond resolutions authorizing the issuance of bonds, and notes in anticipation of the bonds.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

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

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication, or
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions, the School District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board of Education, as the finance board of the School District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the School District, pursuant to the Local Finance Law.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the School District with power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes, deficiency notes and budget notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Bonds	\$ 51,920,000	\$ 46,435,000	\$ 40,780,000	\$ 37,335,000	\$ 41,260,000
Bond Anticipation Notes	20,000,000	60,000,000	63,680,000	36,905,000	25,490,000
Revenue Anticipation Notes	10,000,000	0	0	3,500,000	3,500,000
Tax Anticipation Notes	<u>9,000,000</u>	<u>11,000,000</u>	<u>5,000,000</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 90,920,000</u>	<u>\$117,435,000</u>	<u>\$109,460,000</u>	<u>\$ 77,740,000</u>	<u>\$ 70,250,000</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the School District as of January 9, 2019:

	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2019-2033	\$ 38,920,000
<u>Bond Anticipation Notes</u>		
Capital Project (MacArthur Elementary)	November 15, 2019	24,940,000
<u>Tax Anticipation Notes</u>	--	0
<u>Revenue Anticipation Notes</u>	January 25, 2019	<u>3,500,000</u>
	Total Debt Outstanding	<u>\$ 67,360,000</u>

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of January 9, 2019:

	Computed Using Regular State Equalization Rates	Computed Using Special State Equalization Ratios ⁽¹⁾
Five-year Average Full Valuation of Taxable Real Property	\$ 1,512,733,230	\$ 1,494,006,086
Debt Limit 5% thereof ⁽²⁾	75,636,662	74,700,304
<u>Inclusions:</u>		
Bonds.....	\$ 38,920,000	\$ 38,920,000
Bond Anticipation Notes	24,940,000	24,940,000
Revenue Anticipation Notes.....	3,500,000	3,500,000
Tax Anticipation Notes	<u>0</u>	<u>0</u>
Total Inclusions.....	\$ 67,360,000	\$ 67,360,000
<u>Exclusions:</u>		
Appropriations.....	\$ 1,590,000	\$ 1,590,000
Revenue Anticipation Notes.....	3,500,000	3,500,000
Tax Anticipation Notes	<u>0</u>	<u>0</u>
Total Exclusions.....	\$ 5,090,000	\$ 5,090,000
Total Net Indebtedness ⁽³⁾	<u>\$ 62,270,000</u>	<u>\$ 62,270,000</u>
Net Debt-Contracting Margin.....	<u>\$ 13,366,662</u>	<u>\$ 12,430,304</u>
The percent of debt contracting power exhausted is.....	82.33%	83.36%

- (1) The School District's constitutional debt limit has been computed using Special Equalization ratios established by the State Office of Real Property Services pursuant to Article 12-B of the Real Property Tax Law. "Conventional" State equalization rates are also established by said State Board, and are used for all other purposes. See "TAX INFORMATION - Valuations" herein.
- (2) The School District has received the consent of the Board of Regents and the Office of the State Comptroller to exceed its debt limit in anticipation of the issuance of bonds and/or bond anticipation notes in an aggregate amount not to exceed \$77,843,000 for the construction of a new Elementary School. \$24,940,000 of bond anticipation notes included in the table above are authorized to be issued in excess of the District's debt limit.
- (3) Based on preliminary 2018-19 building aid estimates, the District anticipates State Building aid of 93.5% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Bonded Debt Service

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

Capital Project Plans

On April 15, 2013, qualified voters of the District approved the MacArthur Replacement Capital Project (“MacArthur Project”) by a margin of 1,491 to 396. See “2011 Flood Damage” herein. The 79% approval exceeded the 60% supermajority required for the project to proceed. The total project cost is estimated at \$79,530,000, with anticipated FEMA funding of \$54,632,250, State aid of \$18,210,750, insurance recoveries of \$1,687,000 and a local share of \$5,000,000 funding the MacArthur Project. The building itself will cost approximately \$34.8 million to rebuild, however, the total project costs include additional expenses such as demolition/removal of the old school, site preparation, architectural/design fees, legal fees, insurance fees, interest on debt, and other related expenses. The School District has received the consent of the Board of Regents and the Office of the State Comptroller to exceed its debt limit in anticipation of the issuance of bonds and/or bond anticipation notes for the MacArthur Project.

On November 21, 2013, the District issued \$20,000,000 bond anticipation notes which represented the first phase in borrowing for the MacArthur Project, in part in anticipation of receipt of other monies, with additional borrowings to follow to meet cash flow needs of the MacArthur Project. On November 21, 2014, the notes outstanding were renewed and \$40,000,000 in new monies was added to provide additional financing for the MacArthur Project. On November 20, 2015, the District renewed a \$59,680,000 portion of the \$60,000,000 bond anticipation notes outstanding through November 18, 2016. The District issued bond anticipation notes in November 2016, together with \$1,040,000 available funds of the District and \$32,640,000 in FEMA reimbursement funds to renew a \$26,000,000 portion of the \$59,680,000 notes outstanding and maturing November 18, 2016. The District renewed these notes on November 17, 2016 which matured on November 17, 2017. After a \$510,000 principal reduction, the District issued \$25,490,000 bond anticipation renewal notes on November 16, 2017 which will mature on November 16, 2018. District issued \$24,940,000 bond anticipation notes, together with a \$550,000 principal reduction to renew a \$24,940,000 portion of the outstanding notes that matured November 16, 2018. \$17,843,000 of the remaining authorization remains unissued to date.

On December 5, 2017, qualified voters of the District approved two propositions, (i) a \$28 million capital project that addresses reconstruction to various District buildings, which includes the use of \$4,600,000 in Capital Reserves and (ii) a \$6.7 million capital project for energy-efficiency improvements such as lighting and equipment that would increase energy savings which is expected to be paid back through energy savings. Borrowings for these projects will depend on the status of SED approval and project cash flow needs.

Cash Flow Borrowings

The School District does issue revenue and tax anticipation notes annually. The following is a history of the School District's revenue and tax anticipation note borrowings for the last five completed fiscal years.

<u>Fiscal Year</u>	<u>Amount</u>	<u>Type</u>	<u>Issue Date</u>	<u>Due Date</u>
2011-2012	\$ 10,000,000	RAN	2/16/12	7/13/12
2011-2012	7,200,000 *	RAN	6/28/12	1/25/13
2012-2013	10,000,000	TAN	7/12/12	1/25/13
2012-2013	12,000,000	TAN	1/24/13	6/28/13
2012-2013	7,200,000 *	RAN	1/24/13	1/24/14
2012-2013	5,000,000	TAN	6/24/13	1/24/14
2013-2014	10,000,000	RAN	1/23/14	7/23/14
2013-2014	9,000,000	TAN	6/27/14	1/27/15
2014-2015	10,000,000	RAN	1/27/15	6/30/15
2014-2015	11,000,000	TAN	6/30/15	1/28/16
2015-2016	10,000,000	RAN	1/28/16	6/30/16
2015-2016	5,000,000	TAN	6/30/16	1/31/17
2016-2017	3,500,000	RAN	2/2/17	6/30/17
2017-2018	3,500,000	TAN	7/21/17	12/18/17
2017-2018	3,500,000	RAN	1/25/18	1/25/19

* It should be noted that certain cash flow borrowing amounts issued in the 2011-2012 fiscal year were to pay emergency repairs and operating expenses related to Tropical Storm Lee, which were reimbursed, in part, from State and Federal grants and aid.

Federal Sequestration

In May 2012, the District issued \$5,000,000 of Qualified School Construction Bonds (“QSCBs”) with a final maturity of 2026. At the time of issue the District expected from the Federal Government a 100% interest subsidy related to the QSCBs.

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments to certain state and local government filers claiming refundable credits under section 6431 of the Internal Revenue Code applicable to certain qualified bonds are subject to sequestration. This means that refund payments processed on or after October 1, 2017 and on or before September 30, 2018 will be reduced by the fiscal year 2018 sequestration rate of 6.6%, and 6.2% for refund payments processed on or after October 1, 2018 and on or before September 30, 2019, irrespective of when the amounts claimed by an issuer on any Form 8038-CP was filed with the IRS. The sequestration reduction rate will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change.

In addition, federal government shutdowns may delay the processing of federal government payments to the District. If this were to occur, the District will be required to make payment of the full amount of interest due on the bonds at that time. These payments are expected to be reimbursed to the District when any such government shutdown is over but when the federal government can process requests for, and make payment of, the applicable tax credit payments is not known at this time.

The District budgets annually for the full interest payment due on the QSCBs to cover for possible delays or shortfalls in the expected tax credit subsidy.

Estimated Overlapping Indebtedness

In addition to the School District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the School District. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Broome	5/3/2018 ⁽³⁾	\$ 151,652,033	\$ 20,052,033	\$ 131,600,000	16.06%	\$ 21,134,960
City of:						
Binghamton	6/28/2017 ⁽³⁾	215,868,022	131,100,003	84,768,019	100.00%	84,768,019
Town of:						
Dickinson	12/31/2016 ⁽⁴⁾	1,393,000	385,000	1,008,000	18.84%	<u>189,907</u>
Total:						<u>\$ 106,092,886</u>

Notes:

⁽¹⁾ Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.

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

Sources of information:

⁽³⁾ Most recent available official statement or annual disclosure filing of the municipality obtained from the Electronic Municipal Market Access Website.

⁽⁴⁾ Most recent available State Comptroller’s Special Report for the respective fiscal year.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of January 9, 2019.

	Amount <u>Indebtedness</u>	Per <u>Capita</u> ^(a)	Percentage of Full <u>Valuation</u> ^(b)
Net Indebtedness ^(c)	\$ 62,270,000	\$ 1,349.47	4.14%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	168,362,886	3,648.64	11.21

- (a) The 2016 estimated population of the District is 46,144. (See “THE SCHOOL DISTRICT – District Population” herein.)
- (b) The District's full value of taxable real estate using regular state equalization rates for 2018-19 is \$1,502,441,817. (See “TAX INFORMATION –Valuations” herein.)
- (c) See “Debt Statement Summary” herein.
- (d) Estimated net overlapping indebtedness is \$106,092,886. (See “Estimated Overlapping Indebtedness” herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept For School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district’s contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to enforce payments upon such contracts, if necessary, 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 School 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 be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. 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. In accordance with the general rule with respect to municipalities, judgments against the School District may not be enforced by levy and execution against property owned by the School District.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

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

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in 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 School District indebtedness is past due. The School District has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an 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.

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

The School District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the School District. In several recent years, the School 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. Delays in Federal aid are also possible. (See also "THE SCHOOL DISTRICT – State Aid").

See also "2011 Flood Damage" herein.

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

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

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the District will enter into a Continuing Disclosure Undertaking, a description of which is attached hereto as "APPENDIX – D, MATERIAL EVENT NOTICES".

Historical Continuing Disclosure Compliance

The District is in compliance, in all material respects, within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – F".

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

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. Legislative proposals have been made in recent years which would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX – F".

LITIGATION

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

The District is involved in several lawsuits regarding physical injuries. The District estimates that its exposure is minimal and that the insurance coverage is adequate to cover the claims. The District is also involved in one other matter with threat of a lawsuit exposure which is expected to be within the limits of the insurance coverage.

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

Tax Certiorari Claims

Like many other public school districts, the District receives numerous claims annually requesting assessment reductions, with demands for corresponding tax refunds. The District is not formally a party to these tax certiorari cases but does receive notice and has a right to intervene in them. Cases that are pending for the current year and prior years, amount to an outstanding exposure of less than \$2,000,000, however, an exact tax refund cannot be calculated, and therefore are not reflected in the financial statements of the District.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District provided, however; the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATINGS

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's continuing disclosure undertakings. (See "APPENDIX – E, MATERIAL EVENT NOTICES" herein.)

Moody's Investors Service, Inc. has assigned its rating of "A1" with no outstanding outlook to the District's outstanding general obligation bonds. This rating reflects only the view of Moody's and an explanation of the significance of such rating should be obtained from Moody's.

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The School District contact information is as follows: Mr. Michael Holly, Assistant Superintendent for Administration & Personnel, City School District of the City of Binghamton, 164 Hawley Street, Binghamton, New York 13902, telephone (607) 762-8100; fax (607) 762-8112, email: hollym@binghamtonschools.org

Additional copies of the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com

CITY SCHOOL DISTRICT OF THE CITY OF BINGHAMTON

Dated: January 9, 2019

BRIAN WHALEN
PRESIDENT OF THE BOARD OF EDUCATION
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 16,898,218	\$ 11,232,527	\$ 7,167,569	\$ 1,914,928	\$ 4,430,125
Restricted Cash	8,396,600	8,188,865	9,992,833	12,766,060	9,449,178
Taxes Receivable	9,052,335	8,205,925	4,232,932	4,051,427	5,140,562
Due from Other Funds	3,201,114	1,977,098	2,425,850	3,487,411	4,688,035
State & Federal Aid Receivable	1,590,904	3,157,441	2,097,986	2,287,863	1,750,256
Due from Fiduciary Funds	147,607	150,352	-	-	-
Due from Other Governments	2,401,406	2,717,755	3,169,779	2,982,868	2,912,221
Other Receivables	1,066,285	342,993	552,668	956,857	642,685
Inventories	-	-	-	-	-
Prepaid Expenditures	29,031	33,288	39,124	34,527	40,444
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 42,783,500</u>	<u>\$ 36,006,244</u>	<u>\$ 29,678,741</u>	<u>\$ 28,481,941</u>	<u>\$ 29,053,506</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 1,277,621	\$ 1,737,698	\$ 1,117,669	\$ 2,090,110	\$ 2,048,339
Accrued Liabilities	236,043	588,595	764,535	399,846	292,902
Notes Payable	19,000,000	11,000,000	5,000,000	-	3,500,000
Due to Fiduciary Funds	-	-	-	-	-
Due to Other Governments	232,246	554,903	21	66	-
Due to Other Funds	7,453	134,111	-	197,635	583,187
Due to Teachers' Retirement System	6,313,905	6,900,716	5,523,653	5,132,616	4,565,544
Due to Employees' Retirement System	424,605	376,593	317,932	301,674	315,598
Compensated Absences	191,555	184,718	-	-	-
Deferred Revenues	49,139	37,410	41,877	10,286	10,286
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 27,732,567</u>	<u>\$ 21,514,744</u>	<u>\$ 12,765,687</u>	<u>\$ 8,132,233</u>	<u>\$ 11,315,856</u>
 <u>FUND BALANCES</u>					
Non Spendable	\$ 29,031	\$ 33,288	\$ 39,124	\$ 34,527	\$ 40,444
Restricted	8,239,459	8,188,865	9,992,833	12,766,060	9,449,178
Assigned	2,699,723	2,766,137	2,976,741	3,241,648	3,878,008
Unassigned	4,082,720	3,503,210	3,904,356	4,307,473	4,370,020
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND EQUITY	<u>\$ 15,050,933</u>	<u>\$ 14,491,500</u>	<u>\$ 16,913,054</u>	<u>\$ 20,349,708</u>	<u>\$ 17,737,650</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 42,783,500</u>	<u>\$ 36,006,244</u>	<u>\$ 29,678,741</u>	<u>\$ 28,481,941</u>	<u>\$ 29,053,506</u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 33,144,678	\$ 34,492,741	\$ 34,745,470	\$ 35,953,594	\$ 36,059,738
Real Property Tax Items	6,945,252	6,868,945	6,919,253	6,893,705	6,806,023
Charges for Services	599,319	579,267	393,571	384,198	280,931
Use of Money & Property	509,077	541,910	574,237	571,299	663,400
Forfeitures	-	-	-	-	-
Sale of Property and					
Compensation for Loss	81,380	56,564	152,531	37,753	66,516
Miscellaneous	3,845,553	1,489,033	1,679,957	2,209,348	2,278,190
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	57,665,675	61,032,474	60,845,777	63,859,145	67,117,224
Revenues from Federal Sources	130,460	141,144	212,581	191,303	258,045
Total Revenues	<u>\$ 102,921,394</u>	<u>\$ 105,202,078</u>	<u>\$ 105,523,377</u>	<u>\$ 110,100,345</u>	<u>\$ 113,530,067</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 102,921,394</u>	<u>\$ 105,202,078</u>	<u>\$ 105,523,377</u>	<u>\$ 110,100,345</u>	<u>\$ 113,530,067</u>
<u>EXPENDITURES</u>					
General Support	\$ 11,160,013	\$ 10,800,543	\$ 11,067,322	\$ 11,990,128	\$ 12,317,862
Instruction	49,977,189	51,831,848	55,871,815	57,397,372	61,632,525
Pupil Transportation	2,865,444	2,736,040	3,363,548	3,471,219	3,656,748
Community Services	-	-	-	-	-
Employee Benefits	24,675,516	28,323,036	24,791,420	24,991,586	25,681,635
Debt Service	7,701,068	7,793,046	7,823,778	8,745,897	8,157,772
Total Expenditures	<u>\$ 96,379,230</u>	<u>\$ 101,484,513</u>	<u>\$ 102,917,883</u>	<u>\$ 106,596,202</u>	<u>\$ 111,446,542</u>
Other Uses:					
Interfund Transfers	<u>1,697,763</u>	<u>4,228,900</u>	<u>183,940</u>	<u>67,489</u>	<u>4,695,583</u>
Total Expenditures and Other Uses	<u>\$ 98,076,993</u>	<u>\$ 105,713,413</u>	<u>\$ 103,101,823</u>	<u>\$ 106,663,691</u>	<u>\$ 116,142,125</u>
Excess (Deficit) Revenues Over					
Expenditures	<u>4,844,401</u>	<u>(511,335)</u>	<u>2,421,554</u>	<u>3,436,654</u>	<u>(2,612,058)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	10,239,400	15,050,933	14,491,500	16,913,054	20,349,708
Prior Period Adjustments (net)	<u>(32,868)</u>	<u>(48,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 15,050,933</u>	<u>\$ 14,491,500</u>	<u>\$ 16,913,054</u>	<u>\$ 20,349,708</u>	<u>\$ 17,737,650</u>

GENERAL FUND

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

Fiscal Years Ending June 30:	2018			2019
	Original Budget	Modified Budget	Actual	Adopted Budget
REVENUES				
Real Property Taxes	\$ 41,977,988	\$ 36,114,265	\$ 36,059,738	\$ 41,357,729
Real Property Tax Items	840,448	6,704,171	6,806,023	939,681
Charges for Services	360,000	360,000	280,931	380,000
Use of Money & Property	586,000	586,000	663,400	599,000
Forfeitures	-	-	-	-
Sale of Property and Compensation for Loss	-	-	66,516	-
Miscellaneous	1,935,000	1,935,000	2,278,190	1,620,000
Interfund Revenues	-	-	-	-
Revenues from State Sources	67,560,223	67,560,223	67,117,224	69,012,785
Revenues from Federal Sources	150,000	150,000	258,045	175,000
Total Revenues	<u>\$ 113,409,659</u>	<u>\$ 113,409,659</u>	<u>\$ 113,530,067</u>	<u>\$ 114,084,195</u>
Other Sources:				
Interfund Transfers	-	-	-	-
Total Revenues and Other Sources	<u>\$ 113,409,659</u>	<u>\$ 113,409,659</u>	<u>\$ 113,530,067</u>	<u>\$ 114,084,195</u>
EXPENDITURES				
General Support	\$ 12,237,593	\$ 13,818,546	\$ 12,317,862	\$ 12,059,478
Instruction	62,293,903	63,565,090	61,632,525	64,392,259
Pupil Transportation	3,623,938	3,753,945	3,656,748	3,669,126
Community Services	-	-	-	-
Employee Benefits	29,201,175	27,093,876	25,681,635	29,718,115
Debt Service	8,313,050	8,313,050	8,157,772	6,849,666
Total Expenditures	<u>\$ 115,669,659</u>	<u>\$ 116,544,507</u>	<u>\$ 111,446,542</u>	<u>\$ 116,688,644</u>
Other Uses:				
Interfund Transfers	190,000	4,706,800	4,695,583	435,000
Total Expenditures and Other Uses	<u>\$ 115,859,659</u>	<u>\$ 121,251,307</u>	<u>\$ 116,142,125</u>	<u>\$ 117,123,644</u>
Excess (Deficit) Revenues Over Expenditures	<u>(2,450,000)</u>	<u>(7,841,648)</u>	<u>(2,612,058)</u>	<u>(3,039,449)</u>
FUND BALANCE				
Fund Balance - Beginning of Year	2,450,000	7,841,648	20,349,708	3,039,449
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,737,650</u>	<u>\$ -</u>

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2019	\$ 3,930,000	\$ 2,048,032	\$ 5,978,032
2020	4,245,000	1,721,211	5,966,211
2021	4,445,000	1,527,461	5,972,461
2022	4,640,000	1,315,436	5,955,436
2023	4,845,000	1,087,511	5,932,511
2024	5,065,000	850,468	5,915,468
2025	3,980,000	637,205	4,617,205
2026	2,970,000	480,955	3,450,955
2027	2,030,000	357,000	2,387,000
2028	880,000	255,500	1,135,500
2029	920,000	211,500	1,131,500
2030	970,000	165,500	1,135,500
2031	1,020,000	117,000	1,137,000
2032	730,000	66,000	796,000
2033	590,000	29,500	619,500
TOTALS	\$ 41,260,000	\$ 10,870,280	\$ 52,130,280

CURRENT BONDS OUTSTANDING

Fiscal Year Ending 6/30	\$11,055,000		\$5,000,000		\$18,510,000	
	2011 DASNY*		2012		2012	
	Capital Project		QSCB - Capital Project		DASNY - Capital Project	
	7/15	1/15 & 7/15	6/15	6/15 & 12/15	9/15	3/15 & 9/15
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 845,000	\$ 161,375	\$ 350,000	\$ 121,836	\$ 1,490,000	\$ 459,950
2020	890,000	118,000	350,000	109,411	1,550,000	399,150
2021	935,000	72,375	375,000	96,111	1,610,000	335,950
2022	980,000	24,500	375,000	81,486	1,685,000	261,625
2023	-	-	375,000	66,486	1,775,000	175,125
2024	-	-	375,000	51,018	1,865,000	84,125
2025	-	-	400,000	35,080	615,000	28,275
2026	-	-	400,000	17,680	635,000	9,525
TOTAL	\$ 3,650,000	\$ 376,250	\$ 3,000,000	\$ 579,109	\$ 11,225,000	\$ 1,753,725

* Advance refunded by 2017G DASNY Refunding Bonds. Only the unrefunded portion of DASNY debt service remaining is shown.

Fiscal Year Ending 6/30	\$12,445,000		\$1,830,000		\$3,230,000	
	2013 DASNY		2017		2017	
	Reconstruction of Schools		DASNY - Capital Project		Refunding of 2011H DASNY	
	6/15	6/15 & 12/15	6/15	6/15 & 12/15	7/15	7/15 & 1/15
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 810,000	\$ 445,750	\$ 95,000	\$ 83,250	\$ 5,000	\$ 152,100
2020	850,000	405,250	100,000	80,400	5,000	152,000
2021	890,000	362,750	100,000	76,400	5,000	151,875
2022	935,000	318,250	105,000	72,400	5,000	151,675
2023	985,000	271,500	110,000	67,150	1,020,000	129,500
2024	1,030,000	222,250	115,000	62,750	1,070,000	81,575
2025	1,085,000	170,750	120,000	57,000	1,120,000	27,850
2026	1,135,000	116,500	125,000	51,000	-	-
2027	1,195,000	59,750	130,000	44,750	-	-
2028			140,000	38,250		
2029			145,000	31,250		
2030			155,000	24,000		
2031			160,000	16,250		
2032			165,000	8,250		
TOTAL	\$ 8,915,000	\$ 2,372,750	\$ 1,765,000	\$ 713,100	\$ 3,230,000	\$ 846,575

Fiscal Year Ending 6/30	\$9,475,000	
	2018A	
	DASNY - Capital Project	
	6/15	6/15 & 12/15
	Principal	Interest
2019	\$ 335,000	\$ 623,771
2020	500,000	457,000
2021	530,000	432,000
2022	555,000	405,500
2023	580,000	377,750
2024	610,000	348,750
2025	640,000	318,250
2026	675,000	286,250
2027	705,000	252,500
2028	740,000	217,250
2029	775,000	180,250
2030	815,000	141,500
2031	860,000	100,750
2032	565,000	57,750
2033	590,000	29,500
TOTAL	\$ 9,475,000	\$ 4,228,771

COMPUTATIONS OF TAXABLE FULL VALUATIONS

Using Regular Equalization Rates

Fiscal Year Ending June 30:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Assessed Valuation</u>						
City of: Binghamton	\$ 1,238,953,055	\$ 1,234,015,028	\$ 1,236,288,324	\$ 1,241,090,565	\$ 1,243,424,575	\$ 1,228,762,294
Town of: Dickinson	<u>29,371,637</u>	<u>29,513,818</u>	<u>29,675,324</u>	<u>29,646,242</u>	<u>29,866,088</u>	<u>29,575,542</u>
Total Assessed Valuation	\$ 1,268,324,692	\$ 1,263,528,846	\$ 1,265,963,648	\$ 1,270,736,807	\$ 1,273,290,663	\$ 1,258,337,836
<u>State Equalization Rates</u>						
City of: Binghamton	83.00%	83.00%	83.00%	86.00%	84.00%	84.00%
Town of: Dickinson	65.00%	71.50%	72.50%	75.00%	75.00%	74.63%
<u>Full Valuation</u>						
City of: Binghamton	\$ 1,492,714,524	\$ 1,486,765,094	\$ 1,489,504,005	\$ 1,443,128,564	\$ 1,480,267,351	\$ 1,462,812,255
Town of: Dickinson	<u>45,187,134</u>	<u>41,278,067</u>	<u>40,931,481</u>	<u>39,528,323</u>	<u>39,821,451</u>	<u>39,629,562</u>
Total Full Valuation	\$ 1,537,901,658	\$ 1,528,043,161	\$ 1,530,435,486	\$ 1,482,656,887	\$ 1,520,088,802	\$ 1,502,441,817

Using Special Equalization Ratios

Fiscal Year Ending June 30:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Special Equalization Ratios</u>						
City of: Binghamton	84.08%	87.08%	84.80%	84.92%	85.12%	N/A
Towns of: Dickinson	72.50%	74.12%	74.38%	75.31%	75.36%	N/A
<u>Full Valuation</u>						
City of: Binghamton	\$ 1,473,540,741	\$ 1,417,104,993	\$ 1,457,887,175	\$ 1,461,482,060	\$ 1,460,790,149	N/A
Towns of: Dickinson	<u>40,512,603</u>	<u>39,818,967</u>	<u>39,896,913</u>	<u>39,365,611</u>	<u>39,631,221</u>	N/A
Total Full Valuation	\$ 1,514,053,344	\$ 1,456,923,960	\$ 1,497,784,088	\$ 1,500,847,671	\$ 1,500,421,370	\$ -

Note: Special Equalization Ratios for the 2018 Assessment Roll (2018-19 School District Tax Roll) are not available until June 30, 2019.

2018 ACTUAL MONTHLY CASH FLOW

(General Fund)

CASH FLOW	2018												12 MONTH TOTAL
	January	February	March	April	May	June	July	August	September	October	November	December	
Beginning Balance:	\$ 6,479,670	\$ 4,612,864	\$ 6,988,682	\$ 21,110,575	\$ 19,520,887	\$ 23,215,445	\$ 4,475,536	\$ 2,147,090	\$ 669,833	\$ 2,660,599	\$ 487,272	\$ 2,203,643	
Receipts:													
Real Property Taxes	\$ 2,119,000	\$ 401,700	\$ 2,482,000	\$ 3,196,600	\$ 3,354,588	\$ -	\$ 425,000	\$ 1,967,561	\$ 4,195,000	\$ 5,565,000	\$ 9,425,000	\$ 2,852,700	\$ 35,984,149
State Revenues	6,222,834	2,739,767	22,869,027	2,737,796	7,111,669	3,316,857	-	1,724,447	7,070,981	331,282	1,658,445	5,716,940	61,500,045
BOCES Aid	382,156	1,617,900	-	-	-	1,941,481	-	-	2,912,221	-	999,464	-	7,853,222
Federal Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
Health/Dental Insurance	123,576	123,468	123,468	208,119	174,574	226,019	126,529	168,888	128,325	128,325	126,030	126,993	1,784,314
Transfers	1,950,670	5,810,053	934,420	560,431	2,283,267	1,183,835	365,294	387,378	1,608,868	759,795	2,243,471	3,197,214	21,284,696
FEMA - Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	427,481	309,180	360,846	329,070	426,331	580,680	277,368	299,912	468,499	500,722	156,464	586,776	4,723,329
Loans & Payments - Funds	4,191,954	1,000,000	-	-	-	-	2,000,000	2,000,000	800,000	800,000	650,000	4,000,000	15,441,954
TAN Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
RAN Proceeds	3,500,000	-	-	-	-	-	-	-	-	-	-	-	3,500,000
Total Receipts	\$ 18,917,671	\$ 12,002,068	\$ 26,769,761	\$ 7,032,016	\$ 13,350,429	\$ 7,248,872	\$ 3,194,191	\$ 6,548,186	\$ 17,183,894	\$ 8,085,124	\$ 15,258,874	\$ 16,480,623	\$ 152,071,709
Total Available Cash	\$ 25,397,341	\$ 16,614,932	\$ 33,758,443	\$ 28,142,591	\$ 32,871,316	\$ 30,464,317	\$ 7,669,727	\$ 8,695,276	\$ 17,853,727	\$ 10,745,723	\$ 15,746,146	\$ 18,684,266	
Disbursements:													
Warrant	\$ 1,447,827	\$ 839,012	\$ 1,893,330	\$ 910,909	\$ 624,377	\$ 1,679,066	\$ 1,173,311	\$ 1,403,171	\$ 1,126,589	\$ 1,541,203	\$ 723,783	\$ 1,323,016	\$ 14,685,594
Payroll	4,065,229	4,173,221	6,309,054	4,145,460	4,229,730	10,889,569	714,330	1,215,067	4,231,662	4,307,916	4,312,616	4,204,911	52,798,765
Debt Service	151,265	-	244,875	-	-	1,936,366	1,017,325	-	1,734,875	-	1,187,250	655,173	6,927,129
Health/Dental Insurance	2,123,734	1,848,865	1,670,670	1,204,930	2,325,974	1,932,493	1,188,815	3,611,003	1,695,899	1,958,504	2,213,764	1,725,507	23,500,158
BOCES Contract	1,721,517	1,723,340	1,729,939	1,700,405	1,695,790	1,712,482	1,178,856	1,046,202	1,258,672	1,780,828	1,805,090	1,796,066	19,149,187
Transfers	1,274,905	1,041,812	800,000	660,000	780,000	6,588,805	250,000	750,000	1,145,431	670,000	1,850,000	1,450,000	17,260,953
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	1,210,908	1,210,908
Loans & Payments - Funds	10,000,000	-	-	-	-	1,250,000	-	-	4,000,000	-	1,450,000	2,000,000	18,700,000
TAN Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-
RAN Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	\$ 20,784,477	\$ 9,626,250	\$ 12,647,868	\$ 8,621,704	\$ 9,655,871	\$ 25,988,781	\$ 5,522,637	\$ 8,025,443	\$ 15,193,128	\$ 10,258,451	\$ 13,542,503	\$ 14,365,581	\$ 154,232,694
Ending Balance:	\$ 4,612,864	\$ 6,988,682	\$ 21,110,575	\$ 19,520,887	\$ 23,215,445	\$ 4,475,536	\$ 2,147,090	\$ 669,833	\$ 2,660,599	\$ 487,272	\$ 2,203,643	\$ 4,318,685	

2019-20 ESTIMATED MONTHLY CASH FLOW
(General Fund)

CASH FLOW	2019												2020	13 MONTH TOTAL	
	January	February	March 1-5	March 6-31	April	May	June	July	August	September	October	November	December		January
Beginning Balance:	\$ 4,318,685	\$ 7,029,311	\$ 1,509,795	\$ 218,745	\$ 16,694,541	\$ 12,924,190	\$ 16,635,108	\$ 7,073,035	\$ 2,744,589	\$ 252,305	\$ 5,278,066	\$ 2,304,739	\$ 5,737,456	\$ 5,676,321	
Receipts:															
Real Property Taxes	\$ 3,798,210	\$ 253,000	\$ -	\$ 2,875,650	\$ 1,448,325	\$ 3,085,122	\$ -	\$ 425,000	\$ 1,987,532	\$ 4,195,000	\$ 5,565,000	\$ 9,407,000	\$ 2,852,700	\$ 3,798,210	\$ 39,690,749
State Revenues	6,028,362	531,282	-	22,592,882	3,338,293	8,066,823	9,172,302	-	2,689,448	6,105,981	331,282	1,586,218	5,875,676	6,028,289	72,346,838
BOCES Aid	830,812	1,743,397	-	-	-	-	2,092,076	-	-	2,912,221	-	-	830,811	-	8,409,317
Federal Revenues	51,837	-	-	-	-	-	-	-	-	-	-	-	51,837	-	103,674
Health/Dental Insurance	376,447	125,335	-	124,054	242,481	614,814	182,156	126,529	168,888	128,325	128,325	174,114	377,022	123,576	2,892,066
Transfers	1,971,165	1,121,376	700,845	257,539	432,621	1,373,810	1,217,071	365,294	387,378	1,608,868	759,795	2,930,393	1,808,373	1,971,165	16,905,693
FEMA - Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	384,738	195,618	177,221	289,291	325,961	425,595	465,315	277,368	299,912	468,495	500,722	1,427,495	178,758	384,738	5,801,227
Loans & Payments - Funds	-	-	-	-	-	-	562,496	-	-	800,000	-	-	-	-	1,362,496
TAN Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RAN Proceeds	5,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000,000
Total Receipts	\$ 18,441,571	\$ 3,970,008	\$ 878,066	\$ 26,139,416	\$ 5,787,681	\$ 13,566,164	\$ 13,691,416	\$ 1,194,191	\$ 5,533,158	\$ 16,218,890	\$ 7,285,124	\$ 15,525,220	\$ 11,975,177	\$ 12,305,978	\$ 152,512,060
Total Available Cash	\$ 22,760,256	\$ 10,999,319	\$ 2,387,861	\$ 26,358,161	\$ 22,482,222	\$ 26,490,354	\$ 30,326,524	\$ 8,267,226	\$ 8,277,747	\$ 16,471,195	\$ 12,563,190	\$ 17,829,959	\$ 17,712,633	\$ 17,982,299	
Disbursements:															
Warrant	\$ 879,502	\$ 1,054,111	\$ 3,245	\$ 605,322	\$ 1,231,265	\$ 663,026	\$ 2,816,016	\$ 1,173,311	\$ 1,403,171	\$ 1,126,590	\$ 1,541,203	\$ 723,783	\$ 1,314,608	\$ 879,502	\$ 15,414,655
Payroll	4,137,888	4,306,763	2,165,871	4,345,073	4,278,117	4,365,081	12,270,037	714,330	1,215,067	4,231,662	4,307,916	4,312,616	4,204,911	4,137,888	58,993,220
Debt Service	146,150	-	-	215,075	-	-	2,090,075	1,017,325	-	1,734,875	-	1,187,250	655,173	146,150	7,192,073
Health/Dental Insurance	2,250,000	1,800,000	-	1,800,000	1,800,000	2,250,000	2,250,000	1,188,815	3,611,002	1,695,899	1,958,504	2,213,764	1,404,646	2,250,000	26,472,630
BOCES Contract	1,455,000	1,498,650	-	1,498,650	1,498,650	1,498,650	1,498,650	1,178,856	1,046,202	1,258,672	1,780,828	1,805,090	1,796,066	1,455,000	19,268,964
Transfers	1,274,905	830,000	-	1,199,500	750,000	1,078,489	2,328,711	250,000	750,000	1,145,431	670,000	1,850,000	1,450,000	1,274,905	14,851,941
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	1,210,908	-	1,210,908
Loans & Payments - Funds	2,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000
TAN Repayment	3,587,500	-	-	-	-	-	-	-	-	-	-	-	-	-	3,587,500
RAN Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,100,000
Total Disbursements	\$ 15,730,945	\$ 9,489,524	\$ 2,169,116	\$ 9,663,620	\$ 9,558,032	\$ 9,855,246	\$ 23,253,489	\$ 5,522,637	\$ 8,025,442	\$ 11,193,129	\$ 10,258,451	\$ 12,092,503	\$ 12,036,312	\$ 15,243,445	\$ 154,091,891
Ending Balance:	\$ 7,029,311	\$ 1,509,795	\$ 218,745	\$ 16,694,541	\$ 12,924,190	\$ 16,635,108	\$ 7,073,035	\$ 2,744,589	\$ 252,305	\$ 5,278,066	\$ 2,304,739	\$ 5,737,456	\$ 5,676,321	\$ 2,738,854	

Note: Estimated Cash Flow includes \$5,000,000 Revenue Anticipation Note proceeds expected to deliver on January 24, 2019.

MATERIAL EVENT NOTICES

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the securities, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the Note
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the School District
- (m) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material

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

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

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

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

The School District has agreed to provide, or course to be provided, during the period in which the Notes are outstanding in a timely manner, to EMMA or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed material event notices, if any, on or before the date specified.

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

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

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

FORM OF BOND COUNSEL'S OPINION

January 24, 2019

City School District of the City of Binghamton,
County of Broome,
State of New York

Re: City School District of the City of Binghamton, Broome County, New York
\$5,000,000 Revenue Anticipation Notes, 2019

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$5,000,000 Revenue Anticipation Notes, 2019 (the "Obligation"), of the City School District of the City of Binghamton, Broome County, New York (the "Obligor"), dated January 24, 2019, numbered 1, of the denomination of \$5,000,000, bearing interest at the rate of ___% per annum, payable at maturity, and maturing January 24, 2020.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage 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 (the "Arbitrage Certificate"); 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 Arbitrage 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, subject to applicable statutory limitations; 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 appropriate 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) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

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

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 opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the 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. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein 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,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

CITY SCHOOL DISTRICT OF THE CITY OF BINGHAMTON

BROOME COUNTY, NEW YORK

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2018

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

BINGHAMTON CITY SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 14
Basic Financial Statements:	
Statement of Net Position - Governmental Activities	15
Statement of Activities - Governmental Activities	16
Balance Sheet - Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	18 - 19
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds	20
Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balance to the Statement of Activities - Governmental Funds	21
Statement of Fiduciary Net Position - Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	23
Notes to Financial Statements	24 - 55
Required Supplementary Information:	
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	56 - 57
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	58
Schedule of District's Proportionate Share of the Net Position Asset/Liability	59
Schedule of Employer's Pension Contributions	60

BINGHAMTON CITY SCHOOL DISTRICT

Table of Contents, continued

	<u>Page</u>
Other Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Law Limit Calculation	61
Schedule of Project Expenditures - Capital Projects Fund	62
Net Investment in Capital Assets	63
Federal Grant Compliance Audit:	
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 <u>Government Auditing</u> Standards	64 - 65
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	66 - 67
Schedule of Expenditures of Federal Awards	68 - 69
Notes to Schedule of Expenditures of Federal Awards	70
Schedule of Findings and Questioned Costs	71
Status of Prior Audit Findings	72

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INDEPENDENT AUDITORS' REPORT

Board of Education
Binghamton City School District
Binghamton, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Binghamton City School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend in 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in note 1(q) to the basic financial statements, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," during the year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and additional information on pages 4 through 14 and 56 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for additional analysis and its 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 (Uniform Guidance), and is also not a required part of the basic financial statements.

The other 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 2, 2018

BINGHAMTON CITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2018

The following is a discussion and analysis of the Binghamton City School District's (the District) financial performance for the fiscal year ended June 30, 2018. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- During 2018, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)," This Statement required the District to report a total liability of \$147,671,844 at June 30, 2018.
- Capital asset equipment additions during 2017 - 2018 amounted to \$299,407. The District used \$172,872 for the purchase of vehicles; \$94,814 for the purchase of cafeteria equipment; and the remaining \$31,721 for the purchase of miscellaneous equipment.
- The total liabilities of the District at June 30, 2018, in the amount of \$236,585,160 increased \$48,446,872 from \$188,138,288 at June 30, 2017 as a result of the prior period adjustment made to implement GASB Statement No. 75.
- The total general fund fund balance, including reserves, was \$17,737,650 at June 30, 2018. There were restricted fund balances of \$9,449,178, assigned fund balance of \$3,878,008, unassigned fund balance of \$4,370,020, and non-spendable fund balance of \$40,444. The unassigned fund balance is below the 4% of 2018 - 2019 appropriations maximum limit under New York State real property tax law.

BINGHAMTON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statement and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are governmental fund financial statements that focus on individual parts of the District, reporting the District's operations in greater detail than the District-wide financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year and a schedule of funding progress related to the District's unfunded actuarial liability for postemployment benefits.

District-wide Financial Statements

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

The two District-wide financial statements report the District's net position and how they have changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources - is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its' financial position is improving or deteriorating, respectively.

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

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

BINGHAMTON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Governmental Fund Financial Statements

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

- Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the governmental funds statements explains the relationship (or differences) between them.
- Fiduciary Funds - The District is the trustee, or fiduciary, for the assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Our analysis below focuses on the net assets (Figure 1) and changes in net assets (Figure 2) of the District's governmental Activities.

Figure 1 Condensed Statement of Net Position - Governmental Activities

	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Increase (Decrease)	Percentage <u>Change</u>
Current assets and other assets	\$ 37,794,276	38,314,626	(520,350)	(1%)
Capital assets, net	<u>165,547,740</u>	<u>164,245,366</u>	<u>1,302,374</u>	1%
Total assets	<u>203,342,016</u>	<u>202,559,992</u>	<u>782,024</u>	0%
Deferred outflows of resources	<u>30,871,767</u>	<u>28,017,903</u>	<u>2,853,864</u>	10%
Current liabilities	38,131,159	47,136,692	(9,005,533)	(19%)
Long-term liabilities	<u>198,454,001</u>	<u>141,001,596</u>	<u>57,452,405</u>	41%
Total liabilities	<u>236,585,160</u>	<u>188,138,288</u>	<u>48,446,872</u>	26%

BINGHAMTON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Increase (Decrease)	Percentage Change
Deferred inflows of resources	\$ <u>47,965,201</u>	<u>1,472,312</u>	<u>46,492,889</u>	3,158%
Net position:				
Net investment in capital assets	98,814,196	94,328,362	4,485,834	5%
Restricted	9,866,432	13,602,457	(3,736,025)	(27%)
Unrestricted (deficit)	(159,017,206)	(66,963,524)	(92,053,682)	(137%)
Total net position	\$ <u>(50,336,578)</u>	<u>40,967,295</u>	<u>(91,303,873)</u>	(223%)

Total net position decreased \$91,303,873 primarily driven by the prior period adjustment required by the implementation of GASB Statement No. 75 which required the District to record its total OPEB liability.

Our analysis in Figure 2 considers the operations of the District's activities.

Figure 2 Change in Net Position from Operating Results
Governmental Activities Only

	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Increase (Decrease)	Percentage Change
Revenue:				
Program revenue:				
Charges for services	\$ 395,776	505,464	(109,688)	(22%)
Operating grants and contributions	15,246,968	15,284,687	(37,719)	0%
General revenue:				
Real property tax and other tax items	42,865,761	42,847,299	18,462	0%
State and federal sources	67,448,080	84,503,756	(17,055,676)	(20%)
Use of money and property	670,552	583,314	87,238	15%
Other	<u>2,975,605</u>	<u>3,068,443</u>	<u>(92,838)</u>	(3%)
Total revenue	<u>129,602,742</u>	<u>146,792,963</u>	<u>(17,190,221)</u>	(12%)
Expenses:				
General support	12,509,906	11,818,583	691,323	6%
Instruction	70,183,721	66,001,241	4,182,480	6%
Pupil transportation	3,656,748	3,471,219	185,529	5%
Employee benefits	35,244,057	37,666,618	(2,422,561)	(6%)
Debt service	1,902,500	2,272,936	(370,436)	(16%)
School lunch program	3,402,316	3,345,067	57,249	2%
Depreciation	<u>6,039,765</u>	<u>6,223,983</u>	<u>(184,218)</u>	(3%)
Total expenses	<u>132,939,013</u>	<u>130,799,647</u>	<u>2,139,366</u>	2%
Change in net position	\$ <u>(3,336,271)</u>	<u>15,993,316</u>	<u>(19,329,587)</u>	(121%)

BINGHAMTON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Total revenue for the District's governmental activities decreased \$17,190,221 primarily due to the decrease in the federal revenue due to the MacArthur School flooding capital project.

Figures 3 and 4 show the percentage of sources of revenue for 2017 - 2018 and 2016 - 2017.

Figure 3 Sources of Revenue for 2017 - 2018

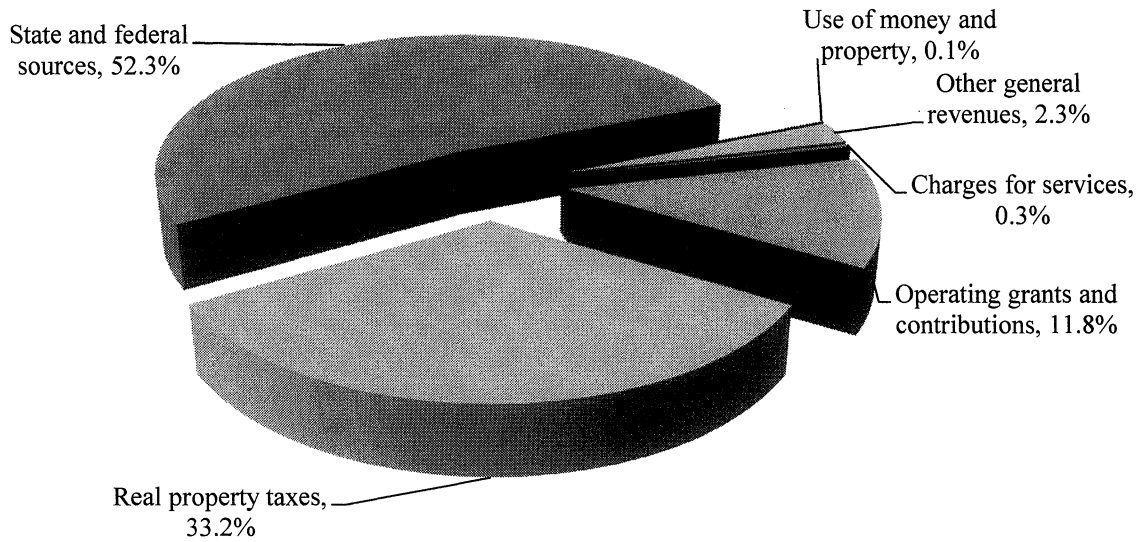
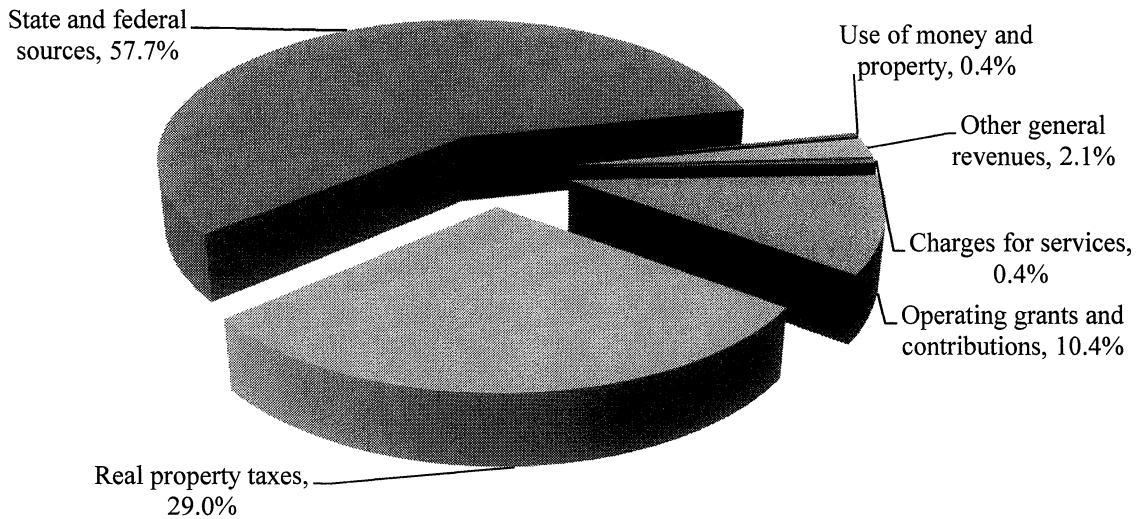


Figure 4 Sources of Revenue for 2016 - 2017



BINGHAMTON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Figures 5 and 6 present the cost for each of the District's programs for 2017 - 2018 and 2016 - 2017.

Figure 5 Cost of Programs for 2017 - 2018

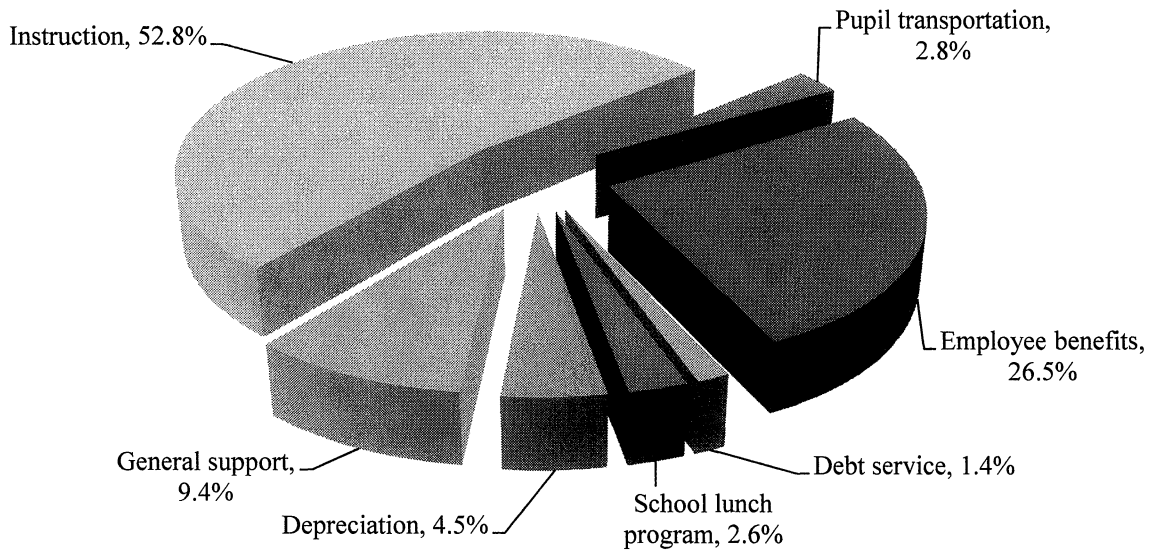
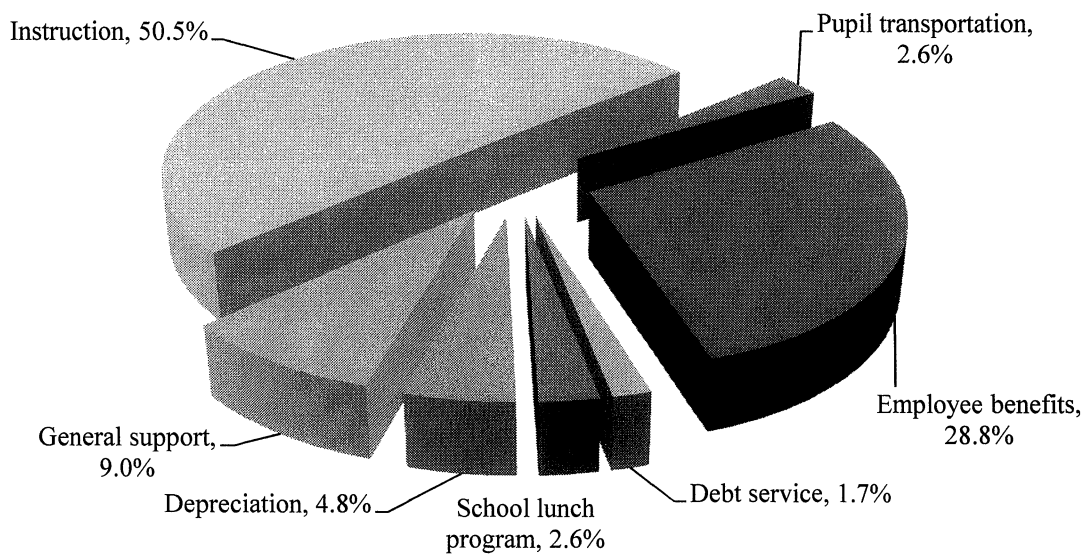


Figure 6 Cost of Programs for 2016 - 2017



BINGHAMTON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Figure 7 shows the changes in fund balances for the year for the District's funds. As the District completed the year, its governmental funds, as presented in the balance sheet, reported a combined fund balance of (\$1,509,644), which is primarily due to borrowing associated with the replacement of MacArthur Elementary.

Figure 7

	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Increase (Decrease)	Total Percentage Change
General fund	\$ 17,737,650	20,349,708	(2,612,058)	(13%)
School lunch	537,901	521,194	16,707	3%
Debt service	417,254	836,397	(419,143)	(50%)
Capital project	<u>(20,202,449)</u>	<u>(29,730,405)</u>	<u>9,527,956</u>	32%
Total fund balance	\$ <u>(1,509,644)</u>	<u>(8,023,106)</u>	<u>6,513,462</u>	81%

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget was \$5,391,648 or 5% of total general fund expenditures and may be summarized as follows:

Encumbrances	\$ 791,648
Appropriate capital reserves	<u>4,600,000</u>
Total	\$ <u>5,391,648</u>

The District's policy for amending the original budget is as follows:

- All transfers \$5,000 and greater require prior board approval with the exception of all salary transfers; transfers under \$5,000 and salary transfers are not reported to the board.

BINGHAMTON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ending June 30, 2018.

Figure 8 Condensed Budgetary Comparison - General Fund - 2017 - 2018

	<u>Original budget</u>	<u>Revised budget</u>	<u>Actual with encumbrances</u>	<u>Total dollar variance</u>
Revenue:				
Real property taxes	\$ 41,977,988	36,114,265	36,059,738	(54,527)
Real property tax items	840,448	6,704,171	6,806,023	101,852
State sources	67,560,223	67,560,223	67,117,224	(442,999)
Other	<u>3,031,000</u>	<u>3,031,000</u>	<u>3,547,082</u>	<u>516,082</u>
Total revenue	113,409,659	113,409,659	113,530,067	120,408
Appropriated fund balance and reserves	<u>2,450,000</u>	<u>7,841,648</u>	-	<u>(7,841,648)</u>
Budget total	115,859,659	121,251,307	113,530,067	(7,721,240)
Expenses:				
General support	12,237,593	13,818,546	13,181,553	636,993
Instruction	62,293,903	63,565,090	61,921,682	1,643,408
Pupil transportation	3,623,938	3,753,945	3,678,309	75,636
Employee benefits	29,201,175	27,093,876	25,685,234	1,408,642
Debt service	8,313,050	8,313,050	8,157,772	155,278
Transfer to other funds	<u>190,000</u>	<u>4,706,800</u>	<u>4,695,583</u>	<u>11,217</u>
Total expenses	\$ <u>115,859,659</u>	<u>121,251,307</u>	<u>117,320,133</u>	<u>3,931,174</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2018, the District had invested in a broad range of capital assets. Capital assets showed a net increase of \$1,302,374 over last year as shown in Figure 9 below.

BINGHAMTON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Figure 9 Capital Assets (Net of Depreciation)

<u>Category</u>	<u>Beginning balance 7/1/2017</u>	<u>Ending balance 6/30/2018</u>	<u>Change</u>
Land	\$ 482,077	482,077	-
Construction in progress	7,832,260	12,563,228	4,730,968
Buildings and improvements	154,034,434	150,759,742	(3,274,692)
Furniture and equipment	<u>1,896,595</u>	<u>1,742,693</u>	<u>(153,902)</u>
Total	\$ <u>164,245,366</u>	<u>165,547,740</u>	<u>1,302,374</u>

Capital asset activity for the year ended June 30, 2018 included the following:

Beginning balance	\$ <u>164,245,366</u>
Vehicles	172,872
Cafeteria equipment	94,814
Misc. equipment	<u>31,721</u>
Equipment additions	299,407
Construction projects	<u>7,042,732</u>
Total additions	7,342,139
Depreciation	<u>(6,039,765)</u>
Total activity	<u>1,302,374</u>
Ending balance	\$ <u>165,547,740</u>

The District is currently undergoing a capital projects including a \$79.5 million project to replace MacArthur Elementary School.

BINGHAMTON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Debt Administration

Debt, both short and long-term, considered a liability of governmental activities, increased \$48,446,872 in 2018, as shown in Figure 10. Total indebtedness represented 25% of the constitutional debt limit.

Figure 10	Outstanding Debt			
	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Increase (Decrease)	Percentage Change
Current liabilities	\$ 9,141,159	10,231,692	(1,090,533)	(11%)
Notes payable	28,990,000	36,905,000	(7,915,000)	(21%)
Bonds payable	46,311,183	40,978,088	5,333,095	13%
Net pension liabilities	818,517	5,013,818	(4,195,301)	(84%)
Compensated absences payable	3,652,457	2,642,682	1,009,775	38%
Other postemployment benefits (OPEB)	<u>147,671,844</u>	<u>92,367,008</u>	<u>55,304,836</u>	60%
Total	\$ <u>236,585,160</u>	<u>188,138,288</u>	<u>48,446,872</u>	26%

Additional information on the maturities and terms of the District's outstanding debt can be found in the notes to these financial statements.

The District's bond rating is A1.

FACTORS BEARING ON THE DISTRICT'S FUTURE

1. Voters approved the proposed 2018-2019 budget in the amount of \$117,123,644. As state aid levels have continued to increase over the past three years, the District has been able to reduce its dependency on the use of reserves when budgeting. The District did not use any reserves in the 2018-2019 budget.
2. The variability of health insurance costs continues to significantly impact the District from year to year as the District utilizes a self-funded health insurance plan. In recent years the District experienced relatively stable health insurance cost increases, however in 2014-15 health costs rose by more than 19% versus the previous year. Conversely in 2015-16, health insurance expenses based on actual health insurance claims, decreased by nearly 12% year-over-year, generating considerable savings for the District. A portion of this 2015-16 savings is the result of a long-term change to the health insurance plan made by the District. In 2016-17 and in 2017-18, the District realized moderate increases of 3.7% and 6.2%, respectively.

BINGHAMTON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

3. Due to greater than expected revenues, primarily driven by State Aid, and the savings realized from reduced health insurance expenses the District was in position to fund their capital reserve. This reserve, voter-approved in December 2009, and essential to the District's plans for maintaining and improving District facilities was funded \$1,250,000 in the 2017-18 fiscal year and \$4,600,000 was transferred from this reserve to newly opened capital projects. In December 2017, the District presented a \$28 million capital project and \$6.7 million energy performance contract to voters, both of which were approved.
4. The construction of the new MacArthur Elementary School was completed and students began moving into their new school in November 2015. The District also continues work on a \$12,000,000 capital project that began in the summer of 2015 which will significantly improve each of the District's eleven (11) school buildings, in terms of safety and security for students and staff. As of June 30, 2018 the \$12,000,000 capital project was appropriately 95% complete.
5. The Governmental Accounting Standard Board has issued Statement No. 45, replaced by Statement No. 75 in 2018, which changed how school districts report Other Postemployment Benefits (retiree health, dental, and vision and life insurance benefits.) Beginning with fiscal year 2008-2009, these obligations were reported as Required Supplementary Information. To date there has been no change to the guidance from the Office of the New York State Comptroller which indicates that there are no legally acceptable methods for funding this long term obligation, which would be in strict compliance with GASB Statement No. 75. There is no legal authority at this time to issue bonds to address this obligation. As indicated last year, the current methodology of "pay-as-you-go" would be continued until such time that statutory or regulatory change would allow the District to consider other options.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Binghamton City School District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office of the Binghamton City School District, 164 Hawley Street, Binghamton, New York 13901.

BINGHAMTON CITY SCHOOL DISTRICT
Statement of Net Position - Governmental Activities
June 30, 2018

Assets:	
Cash and equivalents:	
Unrestricted	\$ 9,862,640
Restricted	4,863,818
Investments	5,002,614
Receivables:	
Taxes	5,140,562
Due from fiduciary funds	177,356
State and federal aid	7,014,748
Due from other governments	2,912,221
Other	645,586
Inventories	204,438
Prepaid expense	40,444
Net pension asset - proportionate share - TRS system	1,929,849
Capital assets, net	<u>165,547,740</u>
Total assets	<u>203,342,016</u>
Deferred outflows of resources:	
Pensions	28,340,153
Other postemployment benefits obligation	2,154,688
Loss on refunding	<u>376,926</u>
Total deferred outflows of resources	<u>30,871,767</u>
Liabilities:	
Payables:	
Accounts payable	2,235,949
Accrued liabilities	1,084,447
Due to other governments	850
Due to teachers' retirement system	4,565,544
Due to employees' retirement system	315,598
Notes payable:	
Revenue anticipation	3,500,000
Bond anticipation	25,490,000
Unearned revenues	938,771
Long-term liabilities:	
Due and payable within one year:	
Bonds payable	4,505,385
Due and payable after one year:	
Bonds payable	41,805,798
Net pension liability - proportionate share - ERS System	818,517
Compensated absences payable	3,652,457
Other postemployment benefits obligation (OPEB)	<u>147,671,844</u>
Total liabilities	<u>236,585,160</u>
Deferred inflows of resources:	
Pensions	8,272,047
Other postemployment benefits obligation	<u>39,693,154</u>
Total deferred inflows of resources	<u>47,965,201</u>
Net position:	
Net investment in capital assets	98,814,196
Restricted	9,866,432
Unrestricted	<u>(159,017,206)</u>
Total net position	<u>\$ (50,336,578)</u>

See accompanying notes to financial statements.

BINGHAMTON CITY SCHOOL DISTRICT
Statement of Activities - Governmental Activities
Year ended June 30, 2018

	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
			<u>Charges for Services</u>	<u>Operating Grants</u>	
Functions and programs:					
General support	\$ 12,509,906	(3,932,382)	-	-	(16,442,288)
Instruction	70,183,721	(36,541,642)	280,931	10,786,803	(95,657,629)
Pupil transportation	3,656,748	(61,160)	-	-	(3,717,908)
Employee benefits	35,244,057	35,244,057	-	-	-
Debt service	1,902,500	-	-	-	(1,902,500)
School lunch program	3,402,316	(748,638)	114,845	4,460,165	424,056
Depreciation	<u>6,039,765</u>	<u>6,039,765</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total functions and programs	<u>\$ 132,939,013</u>	<u>-</u>	<u>395,776</u>	<u>15,246,968</u>	<u>(117,296,269)</u>
General revenue:					
Real property taxes					36,059,738
Other tax items - including STAR reimbursement					6,806,023
Use of money and property					670,552
Sale of property and compensation for loss					66,516
Miscellaneous					2,651,044
State sources					67,117,224
Federal sources					330,856
Medicaid reimbursement					<u>258,045</u>
Total general revenue					<u>113,959,998</u>
Change in net position					<u>(3,336,271)</u>
Net position at beginning of year, as previously stated					40,967,295
Change in accounting principle (note 15)					<u>(87,967,602)</u>
Net position at beginning of year, as restated					<u>(47,000,307)</u>
Total net position at end of year					<u>\$(50,336,578)</u>

See accompanying notes to financial statements.

BINGHAMTON CITY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2018

<u>Assets</u>	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Cash and equivalents:						
Unrestricted	\$ 4,430,125	68,471	72,235	224,170	5,067,639	9,862,640
Restricted	4,446,564	-	-	417,254	-	4,863,818
Investments - restricted	5,002,614	-	-	-	-	5,002,614
Receivables:						
Taxes	5,140,562	-	-	-	-	5,140,562
Due from other funds	4,688,035	50,221	507,842	662	224,832	5,471,592
State and federal aid	1,750,256	5,057,222	207,270	-	-	7,014,748
Due from other governments	2,912,221	-	-	-	-	2,912,221
Other	642,685	-	2,901	-	-	645,586
Inventories	-	-	204,438	-	-	204,438
Prepaid expense	40,444	-	-	-	-	40,444
Total assets	<u>\$ 29,053,506</u>	<u>5,175,914</u>	<u>994,686</u>	<u>642,086</u>	<u>5,292,471</u>	<u>41,158,663</u>
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Payables:						
Accounts payable	2,048,339	155,228	28,124	-	4,258	2,235,949
Accrued liabilities	292,902	34,457	-	-	-	327,359
Due to other funds	583,187	4,065,971	419,584	224,832	662	5,294,236
Due to other governments	-	-	850	-	-	850
Due to teachers' retirement system	4,565,544	-	-	-	-	4,565,544
Due to employees' retirement system	315,598	-	-	-	-	315,598
Notes payable:						
Revenue anticipation	3,500,000	-	-	-	-	3,500,000
Bond anticipation	-	-	-	-	25,490,000	25,490,000
Unearned revenues	10,286	920,258	8,227	-	-	938,771
Total liabilities	<u>11,315,856</u>	<u>5,175,914</u>	<u>456,785</u>	<u>224,832</u>	<u>25,494,920</u>	<u>42,668,307</u>
Fund balance:						
Nonspendable	40,444	-	204,438	-	-	244,882
Restricted	9,449,178	-	-	417,254	-	9,866,432
Assigned	3,878,008	-	333,463	-	-	4,211,471
Unassigned	4,370,020	-	-	-	(20,202,449)	(15,832,429)
Total fund balance	<u>17,737,650</u>	<u>-</u>	<u>537,901</u>	<u>417,254</u>	<u>(20,202,449)</u>	<u>(1,509,644)</u>
Total liabilities and fund balance	<u>\$ 29,053,506</u>	<u>5,175,914</u>	<u>994,686</u>	<u>642,086</u>	<u>5,292,471</u>	<u>41,158,663</u>

See accompanying notes to financial statements.

BINGHAMTON CITY SCHOOL DISTRICT
 Reconciliation of Governmental Funds
 Balance Sheet to the Statement of Net Position
 Year ended June 30, 2018

Total governmental fund balances	\$ (1,509,644)
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and other long-term assets of governmental activities are not financial resources and therefore are not reported in the funds.	167,477,589
Deferred outflows of resources are not available to pay for current-period expenditures and therefore are not reported in the funds.	30,871,767
Long-term liabilities, including bonds payable, compensated absences and postemployment benefits, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds.	(199,211,089)
Deferred inflows of resources related to pensions and OPEB are not reported in the funds	<u>(47,965,201)</u>
Total net position	<u><u>\$(50,336,578)</u></u>

See accompanying notes to financial statements.

BINGHAMTON CITY SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position, Continued
June 30, 2018

<u>Assets and Deferred Outflows</u>	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position Totals</u>
Cash and equivalents:				
Unrestricted	\$ 9,862,640	-	-	9,862,640
Restricted	4,863,818	-	-	4,863,818
Investments - restricted	5,002,614	-	-	5,002,614
Receivables:				
Taxes	5,140,562	-	-	5,140,562
Due from fiduciary funds	5,471,592	-	(5,294,236)	177,356
State and federal aid	7,014,748	-	-	7,014,748
Due from other governments	2,912,221	-	-	2,912,221
Other	645,586	-	-	645,586
Inventories	204,438	-	-	204,438
Proportionate share of net pension asset	-	1,929,849	-	1,929,849
Prepaid expense	40,444	-	-	40,444
Capital assets, net	-	165,547,740	-	165,547,740
Total assets	41,158,663	167,477,589	(5,294,236)	203,342,016
Deferred outflows of resources:				
Pensions	-	28,340,153	-	28,340,153
Other postemployment benefits obligation	-	2,154,688	-	2,154,688
Loss on refunding	-	376,926	-	376,926
Total deferred outflows of resources	-	30,871,767	-	30,871,767
Total assets and deferred outflows of resources	\$ 41,158,663	198,349,356	(5,294,236)	234,213,783
<u>Liabilities, Deferred Inflows and Fund Balance</u>				
Liabilities:				
Payables:				
Accounts payable	2,235,949	-	-	2,235,949
Accrued liabilities	327,359	757,088	-	1,084,447
Due to other funds	5,294,236	-	(5,294,236)	-
Due to other governments	850	-	-	850
Due to teachers' retirement system	4,565,544	-	-	4,565,544
Due to employees' retirement system	315,598	-	-	315,598
Notes payable:				
Revenue anticipation	3,500,000	-	-	3,500,000
Bond anticipation	25,490,000	-	-	25,490,000
Unearned revenues	938,771	-	-	938,771
Bonds payable	-	46,311,183	-	46,311,183
Proportionate share of pension liability	-	818,517	-	818,517
Compensated absences payable	-	3,652,457	-	3,652,457
Other postemployment benefits payable	-	147,671,844	-	147,671,844
Total liabilities	42,668,307	199,211,089	(5,294,236)	236,585,160
Deferred inflows of resources:				
Pensions	-	8,272,047	-	8,272,047
Other postemployment benefits obligation	-	39,693,154	-	39,693,154
Total deferred inflows of resources	-	47,965,201	-	47,965,201
Fund balance:				
Net investment in capital assets	-	98,814,196	-	98,814,196
Nonspendable	244,882	(244,882)	-	-
Restricted	9,866,432	-	-	9,866,432
Assigned	4,211,471	(4,211,471)	-	-
Unassigned	(15,832,429)	(143,184,777)	-	(159,017,206)
Total fund balance	(1,509,644)	(48,826,934)	-	(50,336,578)
Total liabilities, deferred inflows and fund balance	\$ 41,158,663	198,349,356	(5,294,236)	234,213,783

See accompanying notes to financial statements.

BINGHAMTON CITY SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds
Year ended June 30, 2018

	General	Special Aid	School Food Service	Debt Service Fund	Capital Projects	Total Governmental Funds
Revenue:						
Real property taxes	\$ 36,059,738	-	-	-	-	36,059,738
Other tax items - including STAR reimbursement	6,806,023	-	-	-	-	6,806,023
Charges for services	280,931	-	-	-	-	280,931
Use of money and property	663,400	-	-	7,152	-	670,552
Sale of property and compensation for loss	66,516	-	-	-	-	66,516
Miscellaneous	2,278,190	52,823	6,247	-	-	2,337,260
State sources	67,117,224	4,510,800	343,530	-	-	71,971,554
Medicaid reimbursement	258,045	-	-	-	-	258,045
Federal sources	-	6,276,003	3,861,336	-	330,856	10,468,195
Surplus food	-	-	255,299	-	-	255,299
Sales - food services	-	-	114,845	-	-	114,845
Total revenue	<u>113,530,067</u>	<u>10,839,626</u>	<u>4,581,257</u>	<u>7,152</u>	<u>330,856</u>	<u>129,288,958</u>
Expenditures:						
General support	12,317,862	-	-	269,816	-	12,587,678
Instruction	61,632,525	8,571,719	-	-	-	70,204,244
Pupil transportation	3,656,748	-	-	-	-	3,656,748
Employee benefits	25,681,635	2,363,334	961,278	-	-	29,006,247
Debt service - principal	6,250,000	-	-	-	-	6,250,000
Debt service - interest	1,907,772	-	-	515,247	-	2,423,019
Cost of sales	-	-	3,603,428	-	-	3,603,428
Capital outlay	-	-	-	-	7,042,732	7,042,732
Total expenditures	<u>111,446,542</u>	<u>10,935,053</u>	<u>4,564,706</u>	<u>785,063</u>	<u>7,042,732</u>	<u>134,774,096</u>
Excess (deficiency) of revenue over expenditures	<u>2,083,525</u>	<u>(95,427)</u>	<u>16,551</u>	<u>(777,911)</u>	<u>(6,711,876)</u>	<u>(5,485,138)</u>
Other financing sources and (uses):						
BANs redeemed from appropriations	-	-	-	-	725,000	725,000
Proceeds from issuance of debt	-	-	-	3,230,000	9,475,000	12,705,000
Premiums on obligations	-	-	-	2,240,202	-	2,240,202
Payments to Escrow Agent	-	-	-	(3,671,602)	-	(3,671,602)
Operating transfers in	-	95,427	156	-	6,039,832	6,135,415
Operating transfers out	(4,695,583)	-	-	(1,439,832)	-	(6,135,415)
Total other financing sources (uses)	<u>(4,695,583)</u>	<u>95,427</u>	<u>156</u>	<u>358,768</u>	<u>16,239,832</u>	<u>11,998,600</u>
Net change in fund balance	(2,612,058)	-	16,707	(419,143)	9,527,956	6,513,462
Fund balance at beginning of year	<u>20,349,708</u>	<u>-</u>	<u>521,194</u>	<u>836,397</u>	<u>(29,730,405)</u>	<u>(8,023,106)</u>
Fund balance at end of year	<u>\$ 17,737,650</u>	<u>-</u>	<u>537,901</u>	<u>417,254</u>	<u>(20,202,449)</u>	<u>(1,509,644)</u>

See accompanying notes to financial statements.

BINGHAMTON CITY SCHOOL DISTRICT

Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balance to the Statement of Activities - Governmental Funds
Year ended June 30, 2018

	Total Governmental Funds	Long-term Revenue Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
Revenue:					
Real property taxes	\$36,059,738	-	-	-	36,059,738
Other tax items - including STAR reimbursement	6,806,023	-	-	-	6,806,023
Charges for services	280,931	-	-	-	280,931
Use of money and property	670,552	-	-	-	670,552
Sale of property and compensation for loss	66,516	-	-	-	66,516
Miscellaneous	2,337,260	-	-	313,784	2,651,044
State sources	71,971,554	-	-	-	71,971,554
Medicaid reimbursement	258,045	-	-	-	258,045
Federal sources	10,468,195	-	-	-	10,468,195
Surplus food	255,299	-	-	-	255,299
Sales - school lunch	114,845	-	-	-	114,845
Total revenue	129,288,958	-	-	313,784	129,602,742
Expenditures:					
General support	12,587,678	-	(77,772)	-	12,509,906
Instruction	70,204,244	-	(20,523)	-	70,183,721
Pupil transportation	3,656,748	-	-	-	3,656,748
Employee benefits	29,006,247	6,237,810	-	-	35,244,057
Debt service - principal	6,250,000	-	-	(6,250,000)	-
Debt service - interest	2,423,019	-	-	(520,519)	1,902,500
Cost of sales	3,603,428	-	(201,112)	-	3,402,316
Depreciation	-	-	6,039,765	-	6,039,765
Capital outlay	7,042,732	-	(7,042,732)	-	-
Total expenditures	134,774,096	6,237,810	(1,302,374)	(6,770,519)	132,939,013
Excess (deficiency) of revenue over expenditures	(5,485,138)	(6,237,810)	1,302,374	7,084,303	(3,336,271)
Other financing sources and (uses):					
BANS redeemed from appropriations	725,000	-	-	(725,000)	-
Proceeds from issuance of debt	12,705,000	-	-	(12,705,000)	-
Premiums on obligations	2,240,202	-	-	(2,240,202)	-
Payments to Escrow Agent	(3,671,602)	-	-	3,671,602	-
Operating transfers in	6,135,415	-	-	-	6,135,415
Operating transfers out	(6,135,415)	-	-	-	(6,135,415)
Total other financing sources (uses)	11,998,600	-	-	(11,998,600)	-
Net change in fund balance	\$ 6,513,462	(6,237,810)	1,302,374	(4,914,297)	(3,336,271)

See accompanying notes to financial statements.

BINGHAMTON CITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash	\$ -	315,930
Restricted cash	62,772	-
Investments	871,934	-
Due from other funds	300	24,823
Total assets	935,006	340,753
Liabilities:		
Due to other funds	-	202,479
Extraclassroom activity balance	-	137,966
Other liabilities	-	308
Total liabilities	-	340,753
Fiduciary net position - reserved for scholarships	\$ 935,006	-

See accompanying notes to financial statements.

BINGHAMTON CITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2018

	<u>Private Purpose Trust Fund</u>
Additions:	
Gifts and contributions	\$ 169,083
Interest and earnings	<u>7,532</u>
Total additions	176,615
Deductions - scholarships and awards	<u>76,744</u>
Change in net position	99,871
Fiduciary net position at beginning of year	<u>835,135</u>
Fiduciary net position at end of year	<u><u>\$ 935,006</u></u>

See accompanying notes to financial statements.

BINGHAMTON CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

(1) Summary of Accounting Policies

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

(a) Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14 - "The Financial Reporting Entity," as amended by GASB Statement No. 39 - "Component Units," and GASB Statement No. 80 - "Blending Requirements for Certain Component Units." The financial reporting entity consists of the primary government, not for profit corporations for which the primary government is the sole corporate member, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

(i) Extraclassroom Activity Funds

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

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(b) Joint Venture

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

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

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

During the year, the District was billed \$17,955,135 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$6,471,602. Financial statements for the BOCES are available from the BOCES administrative office.

(c) Basis of Presentation

(i) District-Wide Statements

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

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(c) Basis of Presentation, Continued

(i) District-Wide Statements, Continued

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

(ii) Funds Statements

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

The District reports the following major governmental funds:

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

Special Aid Fund: This fund is used to account for the proceeds of specific revenue sources such as federal and state grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either governments that provide funds or outside parties.

School Lunch Fund: This fund is used to account for activities of the school lunch program.

Capital Projects Fund: These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

Debt Service Fund: This fund is used to account for debt service transactions to recognize the impact of debt issuances.

District reports the following fiduciary funds:

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

Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income 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.

BINGHAMTON CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Funds Statements, Continued

Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholdings.

(d) Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year. Sales tax related to the current fiscal year, received after the revenue recognition period are not considered available and have been excluded from the financial statements.

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

(e) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1, 2017 through March 31, 2018.

The County in which the District is located enforce real property taxes. An amount representing all uncollected real property taxes must be transmitted by the County to the District within two years from the return of unpaid taxes to the County. Real property taxes receivable expected to be collected with 60 days of year-end, less similar amounts collected during this period in the preceding year are recognized as revenue. Otherwise, unearned revenues offset real property taxes receivable.

As of June 30, 2018 the District's tax abatement programs include abatements on property made by either Broome County Industrial Development Agency (IDA) or The City of Binghamton (the City).

BINGHAMTON CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(e) Property Taxes, Continued

All property tax abatements are performed through Payment In Lieu of Tax (PILOT) agreements. The PILOT agreements are made to support housing and economic development activities. Total taxes abated by in each of these categories for the fiscal year ended June 30, 2018 is as follows:

PILOTs provide by IDA for economic development	\$ 540,487
PILOTs provided by the City for housing	<u>387,416</u>
Total tax abatements	\$ <u>927,903</u>

(f) Restricted Resources

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

(g) Interfund Transactions

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

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

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

Refer to note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenue activity.

(h) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, net pension liability and related deferred outflows and inflows, compensated absences, other postemployment benefits, workers' compensation claims liability, potential contingent liabilities and useful lives of long-lived assets.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(i) Cash and Equivalents

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

(j) Accounts Receivable

An allowance for uncollectible accounts has been provided for certain amounts that may not be collectible.

(k) Inventories and Prepaid Items

Inventories of supplies in the general fund and food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

Nonspendable fund balance for those non-liquid assets (inventory and prepaid items) has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures.

(l) Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

In the district-wide financial statements, bond premiums and discounts are amortized over the life of the debt issue. In the funds statements, these same items are netted against bond proceeds and recognized in the period of issuance.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(m) Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002, for assets acquired prior to June 30, 2002, estimated historical costs, based on appraisals conducted by independent third party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight-line	40 years
Building and improvements	5,000	Straight-line	25 years
Site improvements	5,000	Straight-line	25 years
Furniture and equipment	5,000	Straight-line	5 - 15 years

(n) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be reciprocated as an outflow of resources (expense/expenditures) until then. The government has three items that qualify for reporting in this category. The first 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. The second is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item are certain other postemployment benefit obligation expenses that are amortized over a closed period and will increase the related expense when recognized.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category. The first item is related to pensions reported in the district-wide statement of net position and represents the effect of the net change in the District's proportion of the collective net position liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item certain other postemployment benefit obligation expenses that are amortized over a closed period and will decrease the related expense when recognized.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(o) Unearned Revenues

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

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

(p) Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time:

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

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

Consistent with GASB Statement 16 - "Accounting for Compensated Absences," the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

(q) Other Benefits

During the year ended June 30, 2018, the Board adopted provisions of GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). See note 10 and note 15 of the financial statements for the impact of the implementation on the financial statements.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(q) Other Benefits, Continued

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Vesting and funding policies are fully described in note 10. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the fund financial statements.

(r) Short-Term Debt

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

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

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

(s) Accrued Liabilities and Long-Term Obligations

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

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

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(t) Equity Classifications

District-wide Statements

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

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

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

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

Fund Statements

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

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form; legally or contractually required to be maintained intact. Nonspendable fund balance includes prepaid expenditures of \$40,444 in the general fund and the inventories recorded in the School Lunch Fund of \$204,438.

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

Capital

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the general fund.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

District-wide Statements, Continued

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.

Retirement Contributions

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

Tax Certiorari

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

Unemployment Insurance Reserve

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

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

District-wide Statements, Continued

Restricted balance includes the following:

General Fund:	
Capital	\$ 1,267,976
Employee benefit accrued liability	248,890
Retirement contributions	6,700,981
Tax certiorari	796,462
Unemployment insurance reserve	434,869
Debt service fund	<u>417,254</u>
Total restricted funds	\$ <u>9,866,432</u>

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School Board has no committed fund balances as of June 30, 2018.

Assigned - Includes amounts that can only be used by the school district's intent to be used for specific purposes, such as the school lunch fund, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$1,178,008. Additionally, \$2,700,000 has been appropriated for the 2018-2019 budget and recorded as assigned fund balance.

Unassigned - Includes all other general fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

NYS Real Property Law 1318 limits the amount of unexpected surplus funds a school district can retain to no more than 4% of the School District's budget for the ensuing fiscal year. Nonspendable 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

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

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(u) New Accounting Standards

The District has adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2018:

- GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."
- GASB Statement No. 81 - "Irrevocable Split-Interest Agreements."
- GASB Statement No. 82 - "Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73."
- GASB Statement No. 85 - "Omnibus 2017."
- GASB Statement No. 86 - "Certain Debt Extinguishment Issues."

(v) Future Changes in Accounting Standards

- GASB Statement No. 83 - "Certain Asset Retirement Obligations," effective for the year ending June 30, 2019.
- GASB Statement No. 84 - "Fiduciary Activities," effective for the year ending June 30, 2019.
- GASB Statement No. 87 - "Leases," effective for the year ending June 30, 2020.
- GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements," effective for the year ending June 30 2020.
- GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period," effective for the year ending June 30 2021.
- GASB Statement No. 90 - "Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61," effective for the year ended June 30, 2020.

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

(2) Explanation of Certain Differences Between Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the 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.

BINGHAMTON CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Fund Statements and District-wide Statements, Continued

(a) Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference 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 sheets.

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

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

(i) Long-term revenue and expense differences

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

(ii) Capital related differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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.

(iii) 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.

(3) Stewardship, Compliance and Accountability

(a) Budgets

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

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are adopted at the program line item level.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability, Continued

(a) Budgets, Continued

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

Carryover encumbrances	\$ 791,648
Appropriated capital reserve	<u>4,600,000</u>
Total	\$ <u>5,391,648</u>

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

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

(b) Encumbrances

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

(c) Deficit Fund Balance

The Capital Projects had a deficit balance of \$20,202,449. This will be funded when the District obtains permanent financing for its current construction projects.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(4) Cash and Equivalents - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks

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

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

(a) Uncollateralized	\$ -
(b) Collateralized with securities held by the pledging financial institution	\$ 11,821,211

Restricted cash and investments represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$4,863,818 within the governmental funds and \$62,722 in the fiduciary funds. Restricted investments consists of a certificate of deposit maturing in May 2019.

(5) Receivables

Receivables at year-end for individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities:

<u>Description</u>	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Total</u>
Taxes	\$ 5,140,562	-	-	5,140,562
Accounts receivable	642,685	-	2,901	645,586
Due from State and Federal	1,750,256	5,057,222	207,270	7,014,748
Due from other governments	<u>2,912,221</u>	<u>-</u>	<u>-</u>	<u>2,912,221</u>
Total	\$ <u>10,445,724</u>	<u>5,057,222</u>	<u>210,171</u>	<u>15,713,117</u>

The District deems all receivables to be collectible.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(6) Capital Assets

Capital asset balances and activities for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 482,077	-	-	482,077
Construction in progress	<u>7,832,260</u>	<u>7,042,732</u>	<u>(2,311,764)</u>	<u>12,563,228</u>
Total capital assets that are not being depreciated	<u>8,314,337</u>	<u>7,042,732</u>	<u>(2,311,764)</u>	<u>13,045,305</u>
Capital assets that are being depreciated:				
Buildings	244,129,910	2,311,764	-	246,441,674
Furniture and equipment	<u>8,816,793</u>	<u>299,407</u>	<u>(26,855)</u>	<u>9,089,345</u>
Total capital assets that are being depreciated	<u>252,946,703</u>	<u>2,611,171</u>	<u>(26,855)</u>	<u>255,531,019</u>
Less accumulated depreciation:				
Buildings	(90,095,476)	(5,586,456)	-	(95,681,932)
Furniture and equipment	<u>(6,920,198)</u>	<u>(453,309)</u>	<u>26,855</u>	<u>(7,346,652)</u>
Total accumulated depreciation	<u>(97,015,674)</u>	<u>(6,039,765)</u>	<u>26,855</u>	<u>(103,028,584)</u>
Total capital assets that are being depreciated, net	<u>155,931,029</u>	<u>(3,428,594)</u>	<u>-</u>	<u>152,502,435</u>
Governmental activities - capital assets, net	\$ <u>164,245,366</u>	<u>3,614,138</u>	<u>(2,311,764)</u>	<u>165,547,740</u>
Depreciation expense was charged to governmental functions:				
General support				\$ 1,316,348
Instruction				4,637,668
School lunch program				<u>85,749</u>
				\$ <u>6,039,765</u>

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(7) Short-Term Debt

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	11/17/17	2.50%	\$ 26,000,000	-	(26,000,000)	-
BAN	6/9/18	2.25%	10,905,000	-	(10,905,000)	-
TAN	12/18/17	2.00%	-	3,500,000	(3,500,000)	-
BAN	11/16/18	2.50%	-	25,490,000	-	25,490,000
RAN	1/25/19	2.50%	-	3,500,000	-	3,500,000
			<u>\$ 36,905,000</u>	<u>32,490,000</u>	<u>(40,405,000)</u>	<u>28,990,000</u>

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

Interest paid	\$ 923,945
Plus interest accrued at June 30, 2018	437,968
Less interest accrued at June 30, 2017	(400,685)
	<u>\$ 961,228</u>

(8) Long-Term Debt Obligations

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

	<u>Restated Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Government activities:					
Bonds and notes payable:					
General obligation debt:					
Excel Project	\$ 1,830,000	-	(65,000)	1,765,000	95,000
School improvement	1,210,000	-	(1,210,000)	-	-
Excel project	7,710,000	-	(4,060,000)	3,650,000	845,000
Excel project refunding	-	3,230,000	-	3,230,000	5,000
Excel project	12,655,000	-	(1,430,000)	11,225,000	1,490,000
QSCB	3,350,000	-	(350,000)	3,000,000	350,000
Long range	890,000	-	(890,000)	-	-
Excel	9,690,000	-	(775,000)	8,915,000	810,000
Revenue bond	-	9,475,000	-	9,475,000	335,000
Unamortized bond premiums	<u>3,643,088</u>	<u>1,926,418</u>	<u>(518,323)</u>	<u>5,051,183</u>	<u>575,385</u>
Total bonds and notes payable	<u>40,978,088</u>	<u>14,631,418</u>	<u>(9,298,323)</u>	<u>46,311,183</u>	<u>4,505,385</u>

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(8) Long-Term Debt Obligations, Continued

	<u>Restated Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Other liabilities:					
Compensated absences	\$ 2,642,682	1,009,775	-	3,652,457	-
Other postemployment benefits obligation	182,732,530	-	(35,060,686)	147,671,844	-
Net pension liability	<u>5,013,818</u>	<u>-</u>	<u>(4,195,301)</u>	<u>818,517</u>	<u>-</u>
Total other liabilities	<u>190,389,030</u>	<u>1,009,775</u>	<u>(39,255,987)</u>	<u>152,142,818</u>	<u>-</u>
Total long-term liabilities	\$ <u>231,367,118</u>	<u>15,641,193</u>	<u>(48,554,310)</u>	<u>198,454,001</u>	<u>4,505,385</u>

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

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Excel project	2017	2032	3.63 - 5.00%	\$ 1,765,000
Excel project	2013	2022	3.00 - 5.00%	3,650,000
Excel project refunding	2017	2025	2.00 - 5.00%	3,230,000
Excel project	2012	2026	2.00 - 5.00%	11,225,000
QSCB	2012	2026	1.35 - 4.42%	3,000,000
Capital improvement	2013	2027	2.00 - 5.00%	8,915,000
Revenue Bond 2018A	2018	2033	5.00%	<u>9,475,000</u>
				\$ <u>41,260,000</u>

The following is a summary of debt service requirements for bonds payable:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,930,000	2,046,982	5,976,982
2020	4,245,000	1,721,211	5,966,211
2021	4,445,000	1,527,461	5,972,461
2022	4,640,000	1,315,436	5,955,436
2023	4,845,000	1,087,511	5,932,511
2024-2028	14,925,000	2,581,178	17,506,178
2029-2033	<u>4,230,000</u>	<u>589,500</u>	<u>4,819,500</u>
	\$ <u>41,260,000</u>	<u>10,869,279</u>	<u>52,129,279</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(8) Long-Term Debt Obligations, Continued

During the 2018 fiscal year end, net proceeds of the Series 2017G bond issued by the Dormitory Authority of the State of New York, for the benefit of the District of \$3,230,000 plus premium of \$540,327 were used to partially refund the 2011 Bonds. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$100,410. The accounting loss on this refunding of \$416,602 will be recognized over the term of the new debt.

Refunding Bond 2017G	\$ 3,230,000
Bond premium	<u>540,327</u>
Debt proceeds	3,770,327
Refunded debt	(3,255,000)
Issuance costs	(98,014)
Cash - escrow	<u>(711)</u>
Deferred loss	\$ <u>416,602</u>

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

Interest paid	\$ 1,499,074
Less interest accrued in the prior year	(398,275)
Plus interest accrued in the current year	319,120
Less amortization of premiums	(518,323)
Plus amortization of deferred loss on refunding	<u>39,676</u>
Total expense	\$ <u>941,272</u>

(9) Pensions

(a) Pension Obligations

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

(b) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pensions, Continued

(b) Plan Descriptions and Benefits Provided, Continued

Teachers' Retirement System (TRS), Continued

participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members but only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nytrs.org.

Employees' Retirement System (ERS)

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

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

BINGHAMTON CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(9) Pensions, Continued

(c) Contributions

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

	<u>ERS</u>	<u>TRS</u>
2018	\$ 1,287,219	4,112,317
2017	1,193,521	4,596,835
2016	1,356,997	5,139,994

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

At June 30, 2018 the District report 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, 2018 for ERS and June 30, 2017 for TRS. The total pension asset/(liability) used to calculate the net position asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement valuation date	3/31/2018	6/30/2017
Net pension asset/(liability)	\$ <u>(818,517)</u>	<u>1,929,849</u>
District's proportion of the Plan's net pension asset/(liability)	0.0253611%	0.253894%

For the year ended June 30, 2018, the District's recognized pension expense of \$1,176,429 for ERS and \$4,748,901 for TRS. At June 30, 2017 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pensions, Continued

(d) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 291,938	1,587,791	241,247	752,426
Changes of assumptions	542,744	19,636,584	-	-
Net difference between projected and actual earnings on pension plan investments	1,188,831	-	2,346,634	4,545,351
Changes in proportion and differences between the District's contributions and proportionate share of contributions	525,786	26,247	46,943	339,446
District's contributions subsequent to the measurement date	<u>315,598</u>	<u>4,224,634</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,864,897</u>	<u>25,475,256</u>	<u>2,634,824</u>	<u>5,637,223</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	<u>ERS</u>	<u>TRS</u>
2019	\$ 362,882	401,373
2020	271,992	5,150,023
2021	(505,990)	3,672,580
2022	(214,409)	877,725
2023	-	3,661,763
Thereafter	-	1,849,935

(e) Actuarial Assumptions

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

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pensions, Continued

(e) Actuarial Assumptions, Continued

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7%	7.25%
Salary scale	3.8% Average	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.5%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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:

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pensions, Continued

(e) Actuarial Assumptions, Continued

Measurement date	<u>ERS</u>		<u>TRS</u>	
	March 31, 2018		June 30, 2017	
	Long-term expected real rate of of return*	Target allocation	Long-term expected real rate of return*	Target allocation
Asset class:				
Domestic equity	4.55%	36.00%	5.90%	35.00%
International equity	6.35%	14.00%	7.40%	18.00%
Real estate	5.55%	10.00%	4.30%	11.00%
Domestic fixed income securities	-	-	1.60%	16.00%
Global fixed income securities	-	-	1.30%	2.00%
High-yield fixed income securities	-	-	3.90%	1.00%
Mortgages	-	-	2.80%	8.00%
Short-term	-	-	0.60%	1.00%
Private equity	7.50%	10.00%	9.00%	8.00%
Absolute return strategies	3.75%	2.00%	-	-
Opportunistic portfolio	5.68%	3.00%	-	-
Real assets	5.29%	3.00%	-	-
Bonds and mortgages	1.31%	17.00%	-	-
Cash	(0.25%)	1.00%	-	-
Inflation - indexed bonds	1.25%	4.00%	-	-

(f) Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% 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 employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(g) Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.0% for ERS and 7.25% 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 (6.0% for ERS and 6.25% for TRS) or 1-percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pensions, Continued

(g) Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to the Discount Rate Assumption, Continued

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset (liability)	\$ (6,193,121)	(818,517)	3,728,183
TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension asset (liability)	\$ (33,245,574)	1,929,849	31,387,519

(h) Pension Plan Fiduciary Net Position

The components of the collective net pension asset/(liability) of participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2018	6/30/2017
Employers' total pension liability	\$ (183,400)	(114,708)
Plan net position	<u>180,173</u>	<u>115,468</u>
Employers' net pension asset (liability)	\$ <u>(3,227)</u>	<u>760</u>
Ratio of plan net position to the Employers' total pension asset (liability)	98.24%	100.66%

(i) 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, 2018 represent the projected employer contribution for the period of April, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$315,598. This amount has been recorded as an expenditure in the governmental fund statements and a deferred cost in the government-wide financial statements.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 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, 2018 amounted to \$4,565,544 including employees' share. This amount has been recorded as an expenditure in the governmental fund statements and a deferred cost in the government-wide financial statements.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits (OPEB)

The District provides postemployment health insurance (life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts.

Currently, 480 of the retired employees have elected to use accumulated sick pay to finance health insurance payments under the District's group plans. This plan pays for the retiree's share of the cost of premiums until the accumulated sick pay amount is exhausted, at which time 50% of the premium for individual coverage or 60% of the premium for family coverage become the responsibility of the retiree.

Plan Description - The District provides a Self-Insured Minimum Premium Excellus BC/BS traditional Indemnity Plan and Blue PPO H Plan to eligible retirees and dependents.

Employees covered by benefit terms

At June 30, 2018, the following employees were covered by the benefit terms:

Current retirees	842
Active employees	<u>455</u>
	<u>1,297</u>

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, with an additional amount to prefund benefits as may be determined annually by the Board. For fiscal year 2018, the estimated District contribution to the plan was \$2,255,195, including \$2,255,195 for current premiums (approximately 48% of total premiums) and an additional \$0 to prefund benefits. Plan members receiving benefits contributed \$2,457,550, or approximately 52% of the total premiums, through their required contribution of \$392 per month for retiree-only coverage and \$1,029 for retiree and spouse coverage for the PPO Plan. Rates were \$417 for retiree coverage only and \$1,077 for retiree and spouse or family coverage under Classic Blue Plan.

Total OPEB Liability

The District's total OPEB liability of \$147,671,844 was measured as of July 1, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Discount rate	3.60%
Healthcare cost trend rates	6.50% for 2018, decreasing to an ultimate rate of 3.84% for 2077 and later years

BINGHAMTON CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(10) Other Postemployment Benefits (OPEB), Continued

Actuarial Assumptions and Other Inputs, Continued

The discount rate was based on the Bond Buyer Weekly 20 - Bond GO Index.

Mortality rates were based on the SOA RPH-2014 total dataset. Mortality improvements are projected using SOA Scale MP-2014.

Changes in the Total OPEB Liability

Original OPEB liability as of July 1, 2017 (under GASB 45)	\$ 92,367,008
Cumulative effect of change in accounting principle (required by GASB 75)	<u>90,365,522</u>
Total OPEB liability as of July 1, 2017	<u>182,732,530</u>
Changes for the year:	
Service cost	8,216,070
Interest on total OPEB liability	5,407,865
Differences between actual and expected experience	-
Changes of benefit terms	-
Changes in assumptions	(46,286,701)
Benefit payments	<u>(2,397,920)</u>
Total changes	<u>(35,060,686)</u>
Total OPEB liability as of June 30, 2018	\$ <u>147,671,844</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.6%) or 1-percentage-point higher (4.6%) than the current discount rate:

	1% Decrease (2.6%)	Discount Rate (3.6%)	1% Increase (4.6%)
Total OPEB liability	\$ <u>179,749,600</u>	<u>147,671,844</u>	<u>122,821,249</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current healthcare cost trend rates:

	1% Decrease (5.5%)	Current Trend Rates (6.5%)	1% Increase (7.5%)
Total OPEB liability	\$ <u>119,065,437</u>	<u>147,671,844</u>	<u>186,148,412</u>

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits (OPEB), Continued

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$7,030,388. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	39,693,154
District's contributions subsequent to the measurement date	<u>2,154,688</u>	<u>-</u>
Total	<u>\$ 2,154,688</u>	<u>39,693,154</u>

District contributions subsequent to July 1, 2017 measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending</u>	<u>OPEB</u>
2019	(6,593,547)
2020	(6,593,547)
2021	(6,593,547)
2022	(6,593,547)
2023	(6,593,547)
Thereafter	(6,725,419)

(11) Interfund Transactions

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 4,688,035	583,187	-	4,695,583
Special aid fund	50,221	4,065,971	95,427	-
School lunch fund	507,842	419,584	156	-
Capital fund	662	224,832	6,039,832	-
Debt service	<u>224,832</u>	<u>662</u>	<u>-</u>	<u>1,439,832</u>
Total governmental funds	5,471,592	5,294,236	6,135,415	6,135,415
Agency fund	24,823	202,479	-	-
Private purpose trust fund	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 5,496,715</u>	<u>5,496,715</u>	<u>6,135,415</u>	<u>6,135,415</u>

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Interfund Transactions, Continued

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

(12) Risk Management

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

The District has chosen to establish a self-funded health benefit program for its employees.

The District incurs costs related to a self-insured health and dental plan (Plan) sponsored by the District. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members are not subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, the District would be responsible for the Plan's liabilities.

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, 2018, the district recognized \$2,255,195 for its share of insurance premiums for 842 currently enrolled retirees.

The Plan uses a Stop Loss agreement to reduce its exposure to large losses on insured events. Stop Loss permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan has a cash cap financial arrangement with Excellus with a bond of \$2,174,500 to cover the District's incurred but not recorded claims. The District does not calculate the liability for reported and unreported insured events because actual claims costs depends on complex factors and the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Claims activity is summarized below:

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(12) Risk Management, Continued

Claims reported for the fiscal year ended June 30,	Balance at Beginning of Year	Claims and Changes in Estimates	Claims Payments	Balance at End of of Year
2017	\$ 818,764	22,351,461	21,794,776	1,375,449
2016	1,012,266	20,278,606	20,472,108	818,764
2015	1,028,153	20,127,342	20,143,229	1,012,266
2014	902,146	20,989,498	20,863,491	1,028,153

(13) Contingencies and Commitments

(a) Federal Grants

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

(b) Compensated Absences

The District does not accrue a liability for accumulating nonvesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, nonvesting sick leave is considered a contingent liability. Nonvesting sick leave at June 30, 2018 was estimated to be \$15,654,618.

(c) Judgments and Claims

- Tax Certiorari Claims - In a prior year there was a county-wide revaluation of all property assessments. As a result, numerous claims have been filed requesting assessment reductions. The District is not formally a party to these tax certiorari cases, but does receive notice and has a right to intervene in them. Cases that are pending for the current year and prior years, amount to \$724,630 at maximum potential refund, however, estimates of possible tax reductions cannot be calculated at this time, and therefore are not reflected in the financial statements. The District has \$796,462 in its tax certiorari reserve as of June 30, 2018.
- Lawsuits and Pending Claims - The District is involved in several lawsuits regarding physical injuries. The District estimates that its exposure is minimal and that the insurance coverage is adequate to cover the claims. The District is also involved in one other matter with threat of a lawsuit exposure is expected to be within the limits of the insurance coverage.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(14) Donor-Restricted Endowments

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

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

(15) Restatement of Net Position

For the year ended June 30, 2018, the District implemented GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The implementation of this Statement resulted in reporting of the entire actuarial accrued liability for other postemployment benefits. As a result the beginning net position has been restated as follows:

Net position at beginning of year	\$ 40,967,295
GASB Statement No. 75 implementation:	
OPEB liability	(90,365,522)
Deferred outflows of resources - contribution subsequent to the measurement date	<u>2,397,920</u>
Net position at beginning of year, as restated.	\$ <u>(47,000,307)</u>

(16) Subsequent Events

The District's administration has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BINGHAMTON CITY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Revenue, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund
 Year ended June 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
Revenue:				
Local sources:				
Real property taxes	\$ 41,977,988	36,114,265	36,059,738	(54,527)
Other tax items	840,448	6,704,171	6,806,023	101,852
Charges for services	360,000	360,000	280,931	(79,069)
Use of money and property	586,000	586,000	663,400	77,400
Sale of property and compensation for loss	-	-	66,516	66,516
Miscellaneous	1,935,000	1,935,000	2,278,190	343,190
State sources	67,560,223	67,560,223	67,117,224	(442,999)
Medicaid reimbursement	150,000	150,000	258,045	108,045
Total revenue	<u>113,409,659</u>	<u>113,409,659</u>	<u>113,530,067</u>	<u>120,408</u>
Other financing sources:				
Appropriated fund balance/ encumbrances	2,450,000	3,241,648	-	(3,241,648)
Appropriated reserves	-	4,600,000	-	(4,600,000)
Total revenue and other sources	<u>\$115,859,659</u>	<u>121,251,307</u>	<u>113,530,067</u>	<u>(7,721,240)</u>

BINGHAMTON CITY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Revenue, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund
 Year ended June 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of Education	\$ 27,526	32,997	32,413	213	371
Central administration	457,322	457,879	453,418	55	4,406
Finance	1,517,171	1,525,332	1,434,874	27,633	62,825
Staff	853,019	929,997	836,736	7,504	85,757
Central services	8,004,589	9,469,929	8,160,573	827,536	481,820
Special items	1,377,966	1,402,412	1,399,848	750	1,814
Instructional:					
Instruction, adm and imp	5,131,617	5,320,213	5,111,268	7,607	201,338
Teaching - regular school	30,405,641	30,397,235	29,727,200	47,658	622,377
Programs for children with handicapping conditions	14,812,271	15,877,910	15,291,893	151,812	434,205
Occupational education	636,244	592,178	578,824	471	12,883
Teaching - special schools	2,314,718	2,404,705	2,394,821	-	9,884
Instructional media	4,657,630	4,616,890	4,580,896	3,680	32,314
Pupil services	4,335,782	4,355,959	3,947,623	77,929	330,407
Pupil transportation	3,623,938	3,753,945	3,656,748	21,561	75,636
Employee benefits	29,201,175	27,093,876	25,681,635	3,599	1,408,642
Debt service	8,313,050	8,313,050	8,157,772	-	155,278
Total expenditures	115,669,659	116,544,507	111,446,542	1,178,008	3,919,957
Other financing uses - transfers to other funds	190,000	4,706,800	4,695,583	-	11,217
Total expenditures and other financing uses	<u>\$115,859,659</u>	<u>121,251,307</u>	<u>116,142,125</u>	<u>1,178,008</u>	<u>3,931,174</u>
Change in fund balance			(2,612,058)		
Fund balance - beginning			<u>20,349,708</u>		
Fund balance - ending			<u>\$17,737,650</u>		

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

BINGHAMTON CITY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Changes in the District's
 Total OPEB Liability and Related Ratios
 Year ended June 30, 2018

Total OPEB liability	
Service cost	\$ 8,216,070
Interest	5,407,865
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(46,286,701)
Benefit payments	<u>(2,397,920)</u>
Net change in total OPEB liability	(35,060,686)
Total OPEB liability - beginning	<u>182,732,530</u>
Total OPEB liability- ending	<u>\$147,671,844</u>
Covered payroll	\$ 46,595,750
Total OPEB liability as a percentage of covered payroll	317.00%

Notes to schedule:

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

2018	3.60%
------	-------

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

BINGHAMTON CITY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of District's Proportionate Share of the Net Position Asset/Liability
 Year ended June 30, 2018

<u>TRS System - Asset (Liability)</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.253894%	0.250847%	0.247724%	0.247720%
The District's proportionate share of the net pension asset (liability)	\$ 1,929,849	\$ (2,686,672)	\$25,730,672	\$27,594,501
The District's covered payroll	\$43,108,515	\$41,206,292	\$38,708,156	\$37,211,569
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	4.48%	6.52%	66.47%	74.16%
Plan fiduciary net position as a percentage of the total pension asset	100.66%	99.01%	110.46%	111.48%
<u>ERS System - Liability</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.0253611%	0.0247668%	0.0266410%	0.0267510%
The District's proportionate share of the net pension liability	\$ 818,517	\$ 2,327,146	\$ 4,275,952	\$ 903,713
The District's covered payroll	\$ 8,537,739	\$ 7,863,535	\$ 8,012,553	\$ 8,209,625
The District's proportionate share of the net pension liability as a percentage of covered payroll	9.59%	29.59%	53.37%	11.01%
Plan fiduciary net position as a percentage of the total pension	98.24%	94.70%	90.70%	97.90%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

BINGHAMTON CITY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Employer's Pension Contributions
 Year ended June 30, 2018

<u>TRS System</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,112,317	4,596,835	5,139,994	6,200,839
Contribution in relation to the contractually required contribution	<u>4,112,317</u>	<u>4,596,835</u>	<u>5,139,994</u>	<u>6,200,839</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	43,108,515	41,206,292	38,708,156	37,211,569
Contribution as a percentage of covered payroll	9.54%	11.16%	13.28%	16.66%
 <u>ERS System</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Contractually required contribution	\$ 1,287,219	1,193,521	1,356,997	1,588,070
Contribution in relation to the contractually required contribution	<u>1,287,219</u>	<u>1,193,521</u>	<u>1,356,997</u>	<u>1,588,070</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	8,537,739	7,863,535	8,012,553	8,209,625
Contribution as a percentage of covered payroll	15.08%	15.18%	16.94%	19.34%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

BINGHAMTON CITY SCHOOL DISTRICT
Other Supplementary Information
Schedule of Change from Adopted Budget to Final Budget and
the Real Property Tax Law Limit Calculation
Year ended June 30, 2018

Change from adopted budget to final budget:

Adopted budget	\$ 115,859,659
Add prior year's encumbrances	791,648
Appropriated reserves	<u>4,600,000</u>
Final budget	<u>\$ 121,251,307</u>
Next years vote approved budget	<u>\$ 117,123,644</u>
Use of unreserved fund balance - unassigned fund balance at beginning of year	<u>\$ -</u>

Section 1318 of Real Property Tax Law Limit Calculation

2019 expenditure budget	<u>\$ 117,123,644</u>
Maximum allowed 4% of 2019 budget	<u>\$ 4,684,946</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	\$3,878,008
Unassigned fund balance	<u>4,370,020</u>
Total unrestricted fund balance	8,248,028
Less:	
Appropriated fund balance	2,700,000
Encumbrances included in assigned fund balance	<u>1,178,008</u>
Total adjustments	<u>3,878,008</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u>\$ 4,370,020</u>
Actual percentage	3.73%

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

BINGHAMTON CITY SCHOOL DISTRICT
Other Supplementary Information
Schedule of Project Expenditures - Capital Projects Fund
June 30, 2018

Project Title	Expenditures and Obligations to Date						Methods of Financing					Fund Balance 6/30/2016	
	Original Appropriation	Transfer	Revised Appropriation	Prior Year's	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Federal Sources	Local Sources		Total
McArthur School	\$ 79,530,000	-	79,530,000	75,122,455	1,524,688	76,647,143	2,882,857	510,000	-	26,560,453	25,038,797	52,109,250	(24,537,893)
Excel	46,445,198	(9,095,198)	37,350,000	37,350,000	-	37,350,000	-	30,515,000	2,545,000	-	4,290,000	37,350,000	-
Coolidge chimney	65,359	-	65,359	65,359	-	65,359	-	-	-	-	65,359	65,359	-
East gym asbestos	1,749,300	(249,300)	1,500,000	654,990	-	654,990	845,010	-	-	-	654,990	654,990	-
Binghamton maintenance facility	549,952	(9,000)	540,952	397,721	-	397,721	143,231	-	-	282,720	115,001	397,721	-
C.B. Lord water damage	76,500	76,500	153,000	85,445	-	85,445	67,555	-	-	-	85,445	85,445	-
Wilson auditorium	350,000	-	350,000	350,000	-	350,000	-	350,000	-	-	-	350,000	-
Coolidge asbestos removal	5,000,000	-	5,000,000	4,850,854	-	4,850,854	149,146	-	43,854	-	4,807,000	4,850,854	-
2009 capital project	21,000,000	-	21,000,000	21,000,000	-	21,000,000	-	17,445,000	1,745,147	-	1,809,853	21,000,000	-
2013-2014 District-wide improvements	12,000,000	-	12,000,000	6,839,655	4,715,288	11,554,943	445,057	9,690,000	-	-	2,115,000	11,805,000	250,057
Franklin Elementary Roof	2,200,000	-	2,200,000	1,911,857	159,498	2,071,355	128,645	-	-	-	2,200,000	2,200,000	128,645
SMART Bond	6,700,000	-	6,700,000	-	52,534	52,534	6,647,466	-	-	-	-	-	(52,534)
2018 District-wide improvements	28,000,000	-	28,000,000	-	590,724	590,724	27,409,276	-	-	-	4,600,000	4,600,000	4,009,276
Total	\$203,666,309	(9,276,998)	194,389,311	148,628,336	7,042,732	155,671,068	38,718,243	58,510,000	4,334,001	26,843,173	45,781,445	135,468,619	(20,202,449)

BINGHAMTON CITY SCHOOL DISTRICT
Other Supplementary Information
Net Investment in Capital Assets
Year ended June 30, 2018

Capital assets, net		\$ 165,547,740
Deduct:		
Bond anticipation notes	\$25,490,000	
Short-term portion of bonds payable	4,505,385	
Long-term portion of bonds payable	<u>41,805,798</u>	(71,801,183)
Add unspent bond proceeds		<u>5,067,639</u>
Net investment in capital assets		<u>\$ 98,814,196</u>

BINGHAMTON CITY SCHOOL DISTRICT

Federal Grant Compliance Audit

June 30, 2018

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

Board of Education
Binghamton City School District
Binghamton, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of Binghamton City School District (the District), as of and for the year ended June 30, 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 2, 2018

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

Board of Education
Binghamton City School District
Binghamton, New York:

Report on Compliance for Each Major Federal Program

We have audited Binghamton City School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District'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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Binghamton City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our 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 District's internal control over compliance.

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

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

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 2, 2018

BINGHAMTON CITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or pass-through number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Education</u>				
Passed-through NYS Education Department:				
Special Education Cluster:				
IDEA Section 611	84.027	0032-18-0049	\$ 1,597,671	-
IDEA Section 619	84.173	0033-18-0049	<u>79,279</u>	-
Total Special Education Cluster			<u>1,676,950</u>	-
Title I, Part A Cluster:				
Title I	84.010	0021-17-0150	525,096	-
Title I	84.010	0021-18-0150	2,985,237	-
Title I Schools in Need of Improvement	84.010	0011-17-2024	188,640	-
Title I Schools in Need of Improvement	84.010	0011-18-2024	318,319	-
Title I Socioeconomic Integration Pilot	84.010	0011-17-7050	4,964	-
Title I Socioeconomic Integration Pilot	84.010	0011-18-7050	<u>48,727</u>	-
Total Title I, Part A Cluster			<u>4,070,983</u>	-
Other Programs:				
Career and Technical Education	84.048	8000-17-0078	(1,261)	-
Career and Technical Education	84.048	8000-18-0078	65,018	-
Supporting Effective Instruction State Grants	84.367	0147-17-0150	30,835	-
Supporting Effective Instruction State Grants	84.367	0147-18-0150	398,918	-
Title IIIA LEP	84.365	0293-17-0150	20,047	-
Title IIIA LEP	84.365	0293-18-0150	14,803	-
Title IIIA Immigrant Education	84.365		<u>(290)</u>	-
Total Other Education Programs			<u>528,070</u>	-
Total U.S. Department of Education			<u>6,276,003</u>	-

(Continued)

See notes to schedule of expenditures of federal awards.

BINGHAMTON CITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or pass-through number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>				
Passed Through NYS Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (commodities) -				
National School Lunch Program	10.555	-	\$ 255,299	-
Cash Assistance:				
National School Breakfast Program	10.553	-	884,055	-
National School Lunch Program	10.555	-	2,511,015	-
Summer Food Service Program	10.559	-	292,524	-
Total Child Nutrition Cluster			3,942,893	-
Fresh Fruit and Vegetable Program	10.582	0004-16-0010	173,742	-
Total U.S. Department of Agriculture			4,116,635	-
<u>U.S. Department of Homeland Security</u>				
Passed through the NYS Division of Homeland -				
Security and Emergency Services Disaster				
Grants - Public Assistance	97.036	4031-DR-NY	330,856	-
Total Federal Awards Expended			\$10,723,494	-

See notes to schedule of expenditures of federal awards.

BINGHAMTON CITY SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
June 30, 2018

(1) Summary of Certain Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the District, which is described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards passed through from other government agencies. The information is presented in accordance with the requirements of and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect. The District has elected to not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

Non-monetary assistance is reported in the schedule of the fair market value of commodities received, which is provided by New York State.

(2) Subrecipients

No amounts were provided to subrecipients.

(3) Other Disclosures

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

BINGHAMTON CITY SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2018

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- 1. Material weakness(ies) identified? ___ Yes x No
- 2. Significant deficiency(ies) identified not considered to be material weakness(es)? ___ Yes x None reported
- 3. Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards:

Internal control over major programs:

- 4. Material weakness(es) identified? ___ Yes x No
- 5. Significant deficiency(ies) identified not considered to be material weakness(es)? ___ Yes x None reported

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

- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)(Uniform Guidance)? ___ Yes x No

7. The District's major program audited was:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster	10.553, 10.555, 10.559
Supporting Effective Instruction State Grants	84.367

- 8. Dollar threshold used to distinguish between Type A and Type B programs? \$750,000
- 9. Auditee qualified as low-risk auditee? x Yes ___ No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings and questioned costs.

BINGHAMTON CITY SCHOOL DISTRICT
Status of Prior Audit Findings
Year ended June 30, 2018

There were no audit findings in the prior year financial statements (June 30, 2017).