

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND 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.

\$23,965,000

CITY SCHOOL DISTRICT OF THE CITY OF ITHACA TOMPKINS AND TIOGA COUNTIES, NEW YORK



\$23,965,000 Bond Anticipation Notes, 2022 (the "Notes")

Dated: July 14, 2022

Due: July 14, 2023

The Notes are general obligations of the City School District of the City of Ithaca, Tompkins and Tioga Counties, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF THE OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes are not subject to redemption prior to maturity.

At the option of the purchaser, the Notes will be issued in (i) registered form registered in the name of the successful bidder or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for DTC.

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the School District. The Notes will be issued in denominations of \$5,000 or multiples thereof. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (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, with the purchaser(s), on or about July 14, 2022.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on June 30, 2022 until 11:15 A.M., Eastern Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

June 28, 2022

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 D – MATERIAL EVENT NOTICES" HEREIN.

**CITY SCHOOL DISTRICT OF THE CITY OF ITHACA
TOMPKINS AND TIOGA COUNTIES, NEW YORK**

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FISCAL ADVISORS & MARKETING, INC.
School District Municipal Advisor





ORRICK, HERRINGTON & SUTCLIFFE LLP

 Bond Counsel

No person has been authorized by City School District of the City of Ithaca 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 City School District of the City of Ithaca.

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT
OF THE
CITY SCHOOL DISTRICT OF THE CITY OF ITHACA
TOMPKINS AND TIOGA COUNTIES, NEW YORK
RELATING TO
\$23,965,000 Bond Anticipation Notes, 2022**

This Official Statement, which includes the cover page, has been prepared by the City School District of the City of Ithaca, Tompkins and Tioga Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$23,965,000 principal amount of Bond Anticipation Notes, 2022 (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.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has continued to create, since its inception in the spring of 2020, prevailing economic conditions (at the global, national, State and local levels) that remain uncertain, have been generally negative, and are subject to the potential for rapid change as new variants emerge and as governments and other organizations respond. These conditions are expected to continue for an indefinite period of time. Significant federal and state relief measures that have been enacted since the onset of the pandemic have served to support the operations and finances of the District, but such measures were temporary in nature and are not likely to be extended or renewed, at least to such a large extent. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide and continuing event, the effects of which are extremely difficult to predict and quantify going forward. See "COVID-19," herein.

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, without limitation as to rate or amount.

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 INFORMATION - 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.

THE NOTES

Description of the Notes

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

The Notes are dated July 14, 2022 and will mature on July 14, 2023 without the option of prior redemption. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) registered to the purchaser, in denominations of \$5,000 or integral multiples thereof with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State, as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), registered in the name of Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey (“DTC”), which will act as the securities depository for the Notes. See “BOOK-ENTRY-ONLY SYSTEM” herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution adopted by the Board of Education on March 26, 2019 and a proposition approved by the qualified voters on May 21, 2019 authorizing the issuance of \$120,000,000 serial bonds to finance the construction of improvements to and reconstruction of various School District building and facilities.

The proceeds of the Notes, along with \$35,000 in available funds of the District, will renew \$17,000,000 bond anticipation notes maturing on July 15, 2022 and provide \$7,000,000 of new monies for the aforementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

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

DTC, a “banking organization” within the meaning of the New York Banking Law, is 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.

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

DTC may discontinue providing its services as depository with respect to the 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 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 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

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

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

THE SCHOOL DISTRICT

General Information

The School District, with a land area of approximately 160 square miles, is located in upstate New York, in the Counties of Tompkins and Tioga, and centers around the City of Ithaca. The City of Syracuse is located 45 miles northeast, the City of Binghamton 40 miles southeast and the City of Elmira 35 miles southwest. The School District includes the entire City of Ithaca as well as parts of the Towns of Caroline, Danby, Dryden, Enfield, Ithaca, Lansing, Newfield, Ulysses in Tompkins County and Candor and Richford in Tioga County.

Major highways serving the School District include N.Y.S. Routes 13, 34, 79, 96 and 366 as well as Interstate 81, traveling north to Canada and south to Tennessee. Air transportation is available at the Tompkins County Airport, located within the School District boundaries. Public ground transportation is available through Greyhound Bus Company.

The area is culturally and academically influenced by both Cornell University and Ithaca College. Additional higher educational opportunities are available at nearby State Universities at Cortland and Binghamton, Elmira College and Syracuse University.

The School District is situated on the southern end of Cayuga Lake, which, at more than 40 miles in length, is the largest of the six major lakes in the Finger Lakes Region. A variety of recreational activities are available to residents and include various State, municipal and private launching sites. State parks within the School District, or in close proximity, include Buttermilk Falls, Treman, Taughannock and Connecticut Hill.

Source: District Officials.

Business Expansions

The largest sectors of the economy continue to be health and education services followed by high tech level manufacturing. Recent business expansions within the School District include the following:

- The CBORD Group – 41,000 square foot renovation that retained 250 jobs in the region.
- Therm, Incorporated – 20,000 square foot manufacturing expansion that will create 20 new jobs.
- Rosie – Tech company located in downtown Ithaca will create 59 jobs in three years.
- Tompkins Financial – 71,000 square foot headquarters consolidation in downtown Ithaca will retain 10% of downtown employment base.

Source: Tompkins County Area Development.

Major Commercial/Residential Projects

The following developments are taking place within and in close proximity to the School District:

Upcoming Large Developments in Various Stages of Approval

City of Ithaca

- Maguire Car Sales Carpenter Business Park
- Cascadilla Landing mixed-use 150 units 6,000 sq. ft. retail
- Commons multi-story Harold's Square retail/office/apartments (70 units)
- Cornell construction
- Lower College town Crossing retail/apartment (103 unit multi-story)
- Old Ithaca Gun site apartment/condo (45 units housing)
- Masonic temple mixed use renovation
- Benderson Development 27,000 sq. ft. retail
- Thurston-Highland Avenues apartment project (36 units)
- Maplewood park Cornell 500-600 units

- Old Library site (55 units)
- 901-999 Cliff S Ithaca 44 unit apartment
- DOT site inlet 84 units
- 302-306 college Ave 102 apartments

Town of Ithaca

- Emerson Redevelopment Project
- College crossing retail/office/apartments
- Conifer Senior Housing on West Hill (72 units)
- Ithaca College reconstruction
- Cayuga Medical Center – 40,000 sqft

Town of Lansing

- Condo complex Triphammer Road
- Hawks Nest multi-story senior housing King Rd. (24 units)
- 428 Peruville Rd Lansing 30 units 60 beds

Village of Lansing

- Lansing Reserve apartments (65 units)
- Multi-story office/apartments (39 units)
- Senior Housing (12 units)

Commercial Projects Underway

City of Ithaca

- Holiday Inn 5 story addition
- Flagship Marriott Hotel 160 rooms
- Hilton Canopy Hotel – 150 rooms
- Stone Quarry apartment Spencer Road (26 units)
- Tompkins Trust Company Headquarters
- 210 Hancock (66 units)
- College town terrace phase III 247 units 344 beds
- Lower 307 College Ave college town crossings 46 units
- Fontana 327 Eddy 22 units 56 beds
- College town Terrace apartments (589 units)
- Hotel Route 13 Fairfield Inn (104 units)
- Maguire Fiat Elmira Rd. 8,000 sq. ft addition
- Ithaca Beer Company Expansion
- Carey Building (32 units)
- 209 Dryden Rd. Cornell Executive MBA program
- Therm manufacturing expansion

Town of Ithaca

- College Circle apartments (420 units)
- Ithacare senior apartments (22 units)
- Kendal Ithaca 24 units apartment, 48 bed nursing

Town of Newfield

- Detached cottages Burdge Hill Rd.

Town of Lansing

- Addition – manufacturing Advanced Design Ridge Rd.
- New mine shaft/building Cargill Salt
- Village Solars apartment project

Village of Lansing

- Refurbishing airport hotel
- Refurbish Cayuga Mall
- Refurbish Triphammer Mall

Village of Dryden

- Poets Landing Apartment Complex (72 apartments)

Town of Caroline

- Boiceville cottages detached apartment (75 units)

Residential in progress or proposed

City of Ithaca

- Simeons restaurant above 5 luxury apartments
- Kraftee 205 Dryden Rd Dryden south 10 units 40 beds
- Chapter House 400 Stewart upper floor units
- 215-221 West Spencer ST 12 units 26 bedrooms

Town of Ithaca

- Belle Sherman Cottages single family (19 units)
- Cleveland Estates south single family detached (13 units)
- Eastwood Commons expansion of 67 new townhomes
- Eco-Village Tree Neighborhood (20 units)
- Hollycreek Townhomes (22 units)
- The View on West Hill (106 units attached and detached single family)
- Park Lane residential subdivision (16 lots)
- Upland Road Estates (8 units)
- West Hill Indian Creek (70 units)
- Ithaca Estates III (11 units)

Town of Dryden

- Varna O'Connor/Fox 8 units 26 bed 902 Dryden Rd

Town of Lansing

- Seacord Development single family Cayuga Vista (15 units)
- Woodland Park (80 units)
- Farm Pond (18 units)
- Village Lansing mixed use senior housing 12 –1 bed, 48 2bed

Village of Lansing

- Lansing Trails (80 units)

Note: This is an overview of the major commercial/residential projected projects that are working their way through either construction or various stages of planning/approval. This is not a complete list. Additionally, sq. ft. or room count is only an estimate. The impact of the COVID-19 pandemic on these projects cannot be predicted at this time.

Source: School District officials, Tompkins County Department of Assessment.

Population

The current estimated population of the District is 66,425.

(U.S. Census Bureau, 2016-2020 American Community Survey 5-Year estimate).

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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 below listed City, Towns, Village of Cayuga Heights (the “Village”) and Counties. The figures set below with respect to the City, such Towns, Village, and Counties are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the City, Towns, Village or Counties 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>2016-2020</u>	<u>2000</u>	<u>2006-2010</u>	<u>2016-2020</u>
City of:						
Ithaca	\$ 13,408	\$ 17,346	\$ 23,537	\$ 42,304	\$ 65,935	\$ 98,542
Towns of:						
Candor	16,967	22,957	31,331	43,186	58,333	75,227
Caroline	21,531	25,347	35,728	51,983	62,713	79,250
Danby	23,078	31,323	42,235	52,303	81,324	80,625
Dryden	22,415	30,866	38,363	54,886	72,596	84,360
Enfield	16,795	22,667	30,883	40,183	50,074	63,438
Ithaca	24,065	28,086	38,732	68,346	90,909	101,271
Lansing	25,634	37,460	48,710	59,758	82,104	105,778
Newfield	17,735	22,598	34,005	43,147	55,662	72,772
Richford	15,331	20,318	26,840	38,750	55,156	64,821
Ulysses	22,516	31,290	37,935	54,167	75,833	74,701
Village of:						
Cayuga Heights	47,493	46,743	59,237	122,746	137,404	188,977
Counties of:						
Tompkins	19,659	25,737	34,194	53,041	72,231	87,977
Tioga	18,673	24,596	32,298	46,509	59,907	75,656
State of:						
New York	23,389	30,948	40,898	51,691	67,405	87,270

Note: 2017-2021 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 2016-2020 American Community Survey data.

Major Employers

Some of the major employers located within and/or surrounding the City are as follows:

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approximate Number Employed</u>
Cornell University	Education	9,100
Ithaca College	Education	1,700
Ithaca City School District	Education	1,670
Borg Warner-Axiohm Corporation	Manufacturing	1,500
Cayuga Medical Center at Ithaca	Health Center	1,200
Tompkins County	Government	840
Wegmans Food Market	Retail Grocery	840
Franziska Racker Center	Education/Learning Disability	465
William George Agency	Social Services	425
City of Ithaca	Government	420

Note: The list of larger employers above predates the COVID-19 pandemic

Source: City of Ithaca Final Official Statement dated February 8, 2022 and current District employment figure.

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) are the Counties of Tompkins and Tioga. The information set forth below with respect to Tompkins and Tioga Counties are included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Counties, are necessarily representative of the School District, or vice versa.

	<u>Annual Average</u>						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Ithaca City	5.0%	4.7%	5.0%	4.0%	4.0%	5.9%	3.9%
Tompkins County	4.4%	4.2%	4.3%	3.6%	3.5%	5.8%	3.7%
Tioga County	5.5%	5.1%	5.1%	4.3%	4.0%	7.5%	4.4%
New York State	5.2%	4.9%	4.6%	4.1%	3.8%	9.9%	6.9%

	<u>2022 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Ithaca City	2.8%	3.0%	2.8%	2.3%	2.8%	N/A
Tompkins County	2.8%	3.0%	2.7%	2.3%	2.4%	N/A
Tioga County	3.8%	4.1%	3.8%	2.8%	2.7%	N/A
New York State	5.3%	5.1%	4.7%	4.2%	4.1%	N/A

Note: Unemployment rates for June 2022 are not available as of the date of this Official Statement.

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

Form of School Government

The Board of Education, which is the policy-making body of the School District, consists of nine members with overlapping three-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. Currently, there is one vacant seat which will be filled on July 1, 2022.

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

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven days and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budget amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

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 "School District Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District 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 School District Tax Cap 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 Vote Results

The budget for the 2021-2022 fiscal year was adopted by qualified voters on May 18, 2021 by a vote of 1,369 to 589. The budget for the 2021-22 fiscal year calls for a tax levy increase of 2.96%, which is equal to the District’s maximum allowable tax levy increase of 2.96% for the 2021-22 fiscal year.

The budget for the 2022-2023 fiscal year was adopted by qualified voters on May 17, 2022 by a vote of 2,446 to 1,069. The budget for the 2022-23 fiscal year calls for a tax levy increase of 7.21%, which exceeded the District’s maximum allowable tax levy increase of 2.72% for the 2022-23 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 deposit accounts in or certificates of deposits issued by 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 or revenue anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of New York public benefit corporations 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) Special time deposits; (2) Certificates of Deposits; (3) Obligations of the United States of America; (4) Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America. In the case of obligations of the United States Government, the School District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian with regular valuation of collateral.

The District does not invest in so-called “derivatives” including reverse purchase agreements, which are not authorized investments for municipalities and school districts in the State.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2022-2023 fiscal year, approximately 24.80% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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 School 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.

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.

In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

Federal Aid Received by the State

President Biden has signed into law the American Rescue Plan, a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits. The District has been allocated \$5,771,167 under the American Rescue Plan and \$4,441,610 under the Coronavirus Response and Relief Supplemental Appropriations Act.

The State receives a substantial amount of federal aid for other health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

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.

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 2022-2023 preliminary building aid ratios, the District State Building aid of approximately 58.1% for debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State Aid History

State aid to school districts within the State had declined in some prior years before increasing more recently.

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 allows the Governor to reduce aid to school districts mid-year if receipts from the federal government are 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 2018-19 Enacted Budget included 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 2018-19 Enacted Budget included an increase of \$618 million in Foundation Aid for school districts. Foundation Aid totaled nearly \$17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. \$50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State 2018-19 Enacted Budget fully funded 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 were less than what was expected.

School District Fiscal Year (2019-2020): The State 2019-2020 Enacted Budget included a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6 percent and will provide additional funding for Foundation Aid of \$338.0 million and \$409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increases the minimum community schools funding amount from \$75,000 to \$100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid was continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

School district fiscal year (2021-2022): The State's 2021-22 Budget included \$29.5 billion in state aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

School district fiscal year (2022-2023): The State's 2022-23 Budget provides \$31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Budget also programs \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, is designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Budget allocates \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Budget increases federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

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 of foundation aid is now scheduled to occur as listed below.

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 *Campaign for Fiscal Equity* 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.

On October 14, 2021 Governor Kathy Hochul announced that the State has reached an agreement to settle and discontinue the *New Yorkers for Students' Educational Rights v. New York State* case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this funding. The litigation, which commenced in 2014, sought to require the State to fully fund the Foundation Aid formula that was put into place following the historic *Campaign for Fiscal Equity* cases, and had been previously opposed by the State. Foundation Aid was created in 2007, and takes school district wealth and student need into account to create an equitable distribution of State funding to schools. However, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of currently anticipated Foundation Aid funding is below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall.
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall.
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

State Aid Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the last five completed fiscal years and budgeted new figures comprised of State aid:

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2016-2017	\$ 118,826,140	\$ 30,542,240	25.70%
2017-2018	122,579,349	31,370,164	25.59
2018-2019	126,550,104	32,109,344	25.37
2019-2020	132,349,066	32,332,223	24.43
2020-2021	129,442,822	30,654,070	23.68
2021-2022 (Unaudited)	136,934,557	33,956,390	24.80
2022-2023 (Budgeted)	141,220,019 ⁽¹⁾	34,036,880	24.10

⁽¹⁾ Does not include \$7,724,078 of appropriated reserves and appropriated fund balance.

Source: Audited financial statements for the 2016-2017 fiscal year through and including the 2020-2021 fiscal year, unaudited financial statements for the 2021-2022 fiscal year and adopted budget of the District for the 2022-2023 fiscal year. This table is not audited. Audited results for the 2021-2022 fiscal year may vary herefrom.

District Facilities

<u>Name</u>	<u>Grade</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Belle Sherman	K-5	472	1926, 1969, 1995, 2010
Cayuga Heights	K-5	467	1954, 1956, 1969, 1990
Caroline	K-5	522	1959, 1965-69, 1990
Beverly J. Martin	K-5	421	1932, 1955-71, 1983
Enfield	K-5	352	1959, 1969, 1990
Fall Creek	K-5	320	1934, 1965-66
North East	K-5	600	1964, 1969
South Hill	K-5	494	1949, 1954, 1990
Boynton	6-9	1,215	1971
Dewitt	6-9	1,144	1971
Lehman Alternative	6-12	299	1949, 1952, 2010
Ithaca High School	9-12	<u>1,896</u>	1960, 1964, 1983, 1997, 1998, 2010
Total Capacity		8,202	

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2017-18	6,109	2022-23	5,668
2018-19	6,032	2023-24	5,702
2019-20	5,996	2024-25	5,756
2020-21	5,745	2025-26	5,750
2021-22	5,604	2026-27	5,750

Source: District officials.

Employees

The District employs approximately 1,120 full-time and 550 part-time employees. The number of employees represented by unions, the names of the collective bargaining agents and the contract expiration dates are as follows:

<u>Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
601	Ithaca Teachers' Association	June 30, 2025
272	Ithaca Para-Professional Association	June 30, 2024
302	Ithaca Service Employees' Association	June 30, 2026
36	Principals' and Directors' Association	June 30, 2025
416	Ithaca Substitutes Association	June 30, 2024

Source: 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 employer 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 had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. 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, which has since been changed to 5 years as of April 9, 2022.
- 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 would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement, the School District has not yet determined whether it will establish such a fund.

The District is required to make contributions to the Retirement Systems at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2022-2023 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2016-2017	\$ 1,928,226	\$ 4,375,745
2017-2018	2,020,414	3,894,170
2018-2019	1,911,162	4,327,524
2019-2020	1,998,132	3,690,732
2020-2021	1,948,602	4,113,549
2021-2022 (Unaudited)	2,102,916	4,429,426
2022-2023 (Budgeted)	2,377,617	5,038,154

Note: Audited results for the 2021-2022 fiscal year may vary herefrom.

Source: District Officials.

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

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 (2019 to 2023) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2018-19	14.9%	10.62%
2019-20	14.6	8.86
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	16.1	10.29*

* Estimated.

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

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

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

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

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

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of June 30, 2021, the District has established such reserve fund and has contributed \$1,437,504.

Retirement System Assumptions. The investment of monies and assumptions underlying same, of the Retirement Systems covering the School District’s employees is not subject to the direction of the School District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the School 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. The implementation of this statement requires school districts 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, school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires school districts to report the entire OPEB liability on the statement of net position. As of the fiscal year ended June 30, 2018, the District was required to, and had implemented GASB 75.

The District contracted with an Armory Associates, LLC to calculate its actuarial valuation under GASB 75. The following table outlines the changes to the Total OPEB Liability during the 2020 and 2021 fiscal years, by source.

	Balance beginning at:	July 1, 2019	July 1, 2020
		<u>\$ 261,740,135</u>	<u>\$ 289,350,401</u>
<u>Changes for the year:</u>			
Service cost		8,824,964	9,431,223
Interest on total OPEB liability		10,321,698	10,319,752
Changes in Benefit Terms		-	-
Differences between expected and actual experience		-	(13,627,908)
Changes in Assumptions or other inputs		16,172,719	33,674,353
Benefit payments		<u>(7,709,115)</u>	<u>(7,863,138)</u>
Net Changes		<u>\$ 27,610,266</u>	<u>\$ 31,934,282</u>
	Balance ending at:	June 30, 2020	June 30, 2021
		<u><u>\$ 289,350,401</u></u>	<u><u>\$ 321,284,683</u></u>

Source: Audited financial statements of the District. The above table is not audited. For additional information regarding the District's OPEB liability see "APPENDIX – E" attached hereto.

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

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

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation have allowed 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 past legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

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.

The District has complied with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of 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, 2021 and is attached hereto as "APPENDIX – E". In addition, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the School District has complied with the requirements of various State and Federal statutes. Certain financial information of the School District can be found attached as Appendices to the Official Statement.

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

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

Unaudited Results for Fiscal Year Ending June 30, 2022

The District expects to end the fiscal year ending June 30, 2022 with an unassigned fund balance of \$5,106,842

Summary unaudited information for the General Fund for the period ending June 30, 2022 is as follows:

Revenues:	\$136,181,508
Expenditures:	<u>\$137,038,256</u>
Excess (Deficit) Revenues Over Expenditures:	\$ (856,748)
Total Fund Balance at June 30, 2021:	\$ 27,320,729
Total Fund Balance at June 30, 2022:	\$ 26,463,980

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

New York State Comptroller Report 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 released its most recent audit report of the District on July 21, 2017. The purpose of the audit was to examine the District's transportation State aid procedures and information technology (IT) controls for the period July 1, 2015 through January 10, 2017. Key findings and recommendations of the audit report are summarized below:

Key Findings:

- District officials did not apply for all the transportation State aid to which the District was entitled for bus purchases.
- The District had 10,885 user accounts on its network. Of these, 5,173 (48 percent) had not been used to log on to the network in at least six months.
- The Board has not adopted a comprehensive disaster recovery plan.

Key Recommendations:

- District officials should implement procedures to ensure the preparation and submission of transportation State aid documentation and the performance of an annual reconciliation of expected aid to actual aid received.
- Establish procedures to ensure user accounts no longer needed are disabled or removed in a timely manner. At a minimum, procedures should require user access rights to be periodically reviewed to ensure they align with job responsibilities.
- Adopt, distribute and periodically test and update a comprehensive disaster recovery plan that identifies how essential data will be preserved during a disaster and identifies alternate work locations.
-

A copy of the complete reports and District responses can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

Currently, the State Comptroller's Office is in the process of completing an audit focusing on the tax cap.

Note: Reference to website implies no warranty of accuracy of information therein, and is not incorporated herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The classification of the District for the 2017 through 2021 fiscal years is as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2021	No Designation	0.0
2020	No Designation	0.0
2019	No Designation	8.3
2018	No Designation	0.0
2017	No Designation	0.0

Note: The State Comptroller's assessment of the District for fiscal year ending June 30, 2022 is not available 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.

TAX INFORMATION

Taxable Valuations ⁽¹⁾

<u>Fiscal Years Ending June 30:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Taxable Assessed Value	\$ 4,901,827,470	\$ 5,151,017,781	\$ 5,356,916,134	\$ 5,591,831,890	\$ 5,678,818,051
Taxable Full Valuation ⁽²⁾	4,901,919,627	5,151,173,031	5,357,037,815	5,592,203,699	5,679,131,303
Taxable Full Valuation ⁽³⁾	5,250,841,732	5,514,481,076	5,620,622,757	5,829,853,924	6,006,921,167

⁽¹⁾ See "APPENDIX – C and C1" 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 Rate Per \$1,000 (Assessed)

<u>Fiscal Years Ending June 30:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City of:					
Ithaca	\$ 17.49	\$ 17.00	\$ 16.84	\$ 16.59	\$ 16.84
Towns of:					
Candor	17.84	17.71	17.36	17.84	18.30
Caroline	17.49	17.00	16.84	16.59	16.84
Danby	17.49	17.00	16.84	16.59	16.84
Dryden	17.49	17.00	16.84	16.59	16.84
Enfield	17.49	17.00	16.84	16.59	16.84
Ithaca	17.49	17.00	16.84	16.59	16.84
Lansing	17.49	17.00	16.84	16.59	16.84
Newfield	17.49	17.00	16.84	16.59	16.84
Richford	17.84	17.35	17.18	18.03	17.54
Ulysses	17.49	17.00	16.84	16.59	16.84

Source: District officials.

Tax Levy and Tax Collection Record

<u>Years Ending June 30:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Tax Levy	\$ 85,717,703	\$ 87,594,206	\$ 90,238,884	\$ 92,777,822	\$ 95,525,491
Amount Uncollected ⁽¹⁾	2,033,616	2,881,301	2,855,118	3,216,044	4,217,726
% Uncollected ⁽¹⁾	2.37%	3.29%	3.16%	3.47%	4.42%

⁽¹⁾ School District taxes are made whole by the respective Counties and City. See "Tax Collection Procedure".

Source: District officials.

Tax Collection Procedure

The School District levies its own taxes prior to the end of September, and collects such taxes, which are due during October without penalty. Penalties for delinquent taxes are as follows: 2% in November and 3% in December after which the delinquent taxes are turned over to the City Tax Collector for those properties within the City and to the respective County Treasurers for those properties outside the City.

The School District receives the full amount of all the uncollected taxes on property outside the City from the Counties by the end of its fiscal year, and the full amount of uncollected taxes on property within the City during the next fiscal year.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2016-2017	\$118,826,140	\$ 84,756,265	71.33%
2017-2018	122,579,349	87,133,496	71.08
2018-2019	126,550,104	89,218,366	70.50
2019-2020	132,349,066	92,296,640	69.74
2020-2021	129,442,822	93,802,475	72.47
2021-2022 (Unaudited)	136,181,508	97,743,223	71.77
2022-2023 (Budgeted)	141,220,019 ⁽¹⁾	104,154,139	73.75

⁽¹⁾ Does not include \$7,724,079 of appropriated reserves and appropriated fund balance.

Ten Largest Taxpayers - 2021 Assessment Roll for 2021-22 District Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
NYS Electric and Gas	Utility	\$ 116,176,335
Cornell University	Education	100,783,310
VVA Phase I & II LLC	Student Housing	61,440,000
Dominion Resources	Utility	50,016,508
Kendal at Ithaca	Senior Housing	37,400,000
Northwood 10 DE, LLC	Apartments	22,500,000
312 College Ave Assoc	Apartments	22,000,000
Collegetown Center	Apartments	20,950,000
Maquire Fam Lmted Partnership	Auto Dealer/Self-Storage	20,685,000
Lux Ithaca Holdings, LLC	Apartments	20,000,000

The larger taxpayers listed above have a total assessed valuation of \$471,951,153 which represents 8.3% of the tax base of the School District.

The District experiences the impact of tax certiorari filings on a regular basis for which the District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings are within acceptable norms and are not expected to have a material impact on the District's finances.

Source: District officials.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities (“STAR Adjusted Gross Income”) of \$92,000 or less for 2022, 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 2020-21 State Budget withheld STAR benefits to taxpayers who are delinquent in the payment of their school taxes and lowers the income limit for the exemption to \$200,000, compared with a \$500,000 limit for the credit.

The 2022-23 Enacted Budget provides \$2.2 billion in State funding for a new property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients are eligible for the property tax rebate where the benefit is a percentage of the homeowners’ existing STAR benefit.

The below table lists the 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>
Town of:			
Candor	\$68,910	\$27,600	4/7/2022
Caroline	74,900	30,000	4/7/2022
Danby	74,900	30,000	4/7/2022
Dryden	74,900	30,000	4/7/2022
Enfield	74,900	30,000	4/7/2022
Ithaca	74,900	30,000	4/7/2022
Lansing	74,900	30,000	4/7/2022
Newfield	74,900	30,000	4/7/2022
Richford	71,900	28,800	4/7/2022
Ulysses	74,900	30,000	4/7/2022
City of:			
Ithaca	74,900	30,000	4/7/2022

\$4,370,848 of the District’s \$92,777,822 school tax levy for 2020-21 was exempted by the STAR Program. The District received reimbursement of such exempt taxes from the State in January 2021.

\$4,150,448 of the District’s \$95,525,491 school tax levy for 2021-22 was exempted by the STAR Program. The District received reimbursement of such exempt taxes from the State in January 2022.

The District expects a similar amount to be exempted by the STAR Program in the 2022-23 fiscal year.

Source: District officials and State of New York Department of Taxation and Finance.

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: 31% commercial, 1% industrial and 68% residential.

The total property tax bill of a typical residence with a market value of \$150,000 is estimated to be \$5,199 including County, City, 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 was set to expire on June 15, 2020; however, recent legislation has made it permanent. 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, applicable to the Notes.

See “State Aid” for a discussion of the New Yorkers for Students’ Educational Rights v. State of New York case which included a challenge to the supermajority requirements regarding school district property tax increases.

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 Year Ending June 30:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bonds	\$ 57,145,000	\$ 51,195,000	\$ 44,360,000	\$ 38,220,000	\$ 53,135,000
Bond Anticipation Notes	0	0	10,000,000	24,000,000	17,000,000
Revenue Anticipation Notes	0	0	0	0	0
Energy Performance Contract ⁽¹⁾	<u>9,226,720</u>	<u>8,624,799</u>	<u>8,010,811</u>	<u>7,384,512</u>	<u>6,745,656</u>
Total Debt Outstanding	<u>\$ 66,371,720</u>	<u>\$ 59,819,799</u>	<u>\$ 62,370,811</u>	<u>\$ 69,604,512</u>	<u>\$ 76,880,656</u>

⁽¹⁾ Energy performance contracts do not constitute debt for Local Finance Law purposes; however, they are included for purposes of calculating the debt limit of the District.

Note: Totals above do not include advance refunded serial bonds outstanding, where applicable.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 28, 2022.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2022-2037	\$ 53,135,000
<u>Bond Anticipation Notes</u>		
Capital Project	July 15, 2022	<u>17,000,000</u> ⁽¹⁾
Total Indebtedness:		<u>\$ 70,135,000</u>

⁽¹⁾ To be renewed at maturity with the proceeds of the Notes and available funds of the District.

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 28, 2022:

	Computed Using Regular State Equalization Rates	Computed Using Special State Equalization Ratios
Five-Year Average Full Valuation of Taxable Real Property.....	\$ 5,336,293,095	\$ 5,644,544,131
Debt Limit 5% thereof	266,814,655	282,227,207
<u>Inclusions:</u>		
Bonds.....	\$ 53,135,000	\$ 53,135,000
Bond Anticipation Notes	17,000,000	17,000,000
Tax Anticipation Notes.....	0	0
Revenue Anticipation Notes	0	0
Total Inclusions	<u>\$ 70,135,000</u>	<u>\$ 70,135,000</u>
<u>Exclusions:</u>		
Appropriations	\$ 0	\$ 0
Tax Anticipation Notes.....	0	0
Revenue Anticipation Notes	0	0
Total Exclusions	<u>\$ 0</u>	<u>\$ 0</u>
Total Net Indebtedness ^{(1) (2)}	<u>\$ 70,135,000</u>	<u>\$ 70,135,000</u>
Net Debt-Contracting Margin ⁽³⁾	<u>\$ 196,679,655</u>	<u>\$ 212,092,207</u>
The percent of debt contracting power exhausted is	26.29%	24.85%

- (1) The District's constitutional debt limit has been computed using special equalization ratios established by the State Office of Real Property Services pursuant to Art-12-B of the Real Property Tax Law. Conventional State equalization rates are also established by said Office of Real Property Services, and are used for all other purposes. See "TAX INFORMATION - Taxable Valuations".
- (2) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the District receives aid on existing bonded debt. The District, as a school district located in a city, may not under Section 121.20 of the Local Finance Law exclude from gross indebtedness estimated State aid for school building purposes. As noted above, the District receives New York State debt service building aid in an amount approximating 58.1% of its outstanding debt. 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.
- (3) The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the constitutional debt limit of the District. An outstanding \$6,745,656 energy performance contract financing is also not included in this total. See "Energy Performance Contract Agreement" herein.

Bonded Debt Service

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

Cash Flow Borrowings

Prior to the issuance of \$6,500,000 Revenue Anticipation Notes on April 5, 2016 that matured on October 21, 2016, the School District had not issued revenue or tax anticipation notes since 2007. The District does not expect to issue additional revenue or tax anticipation notes nor budget or deficiency notes in the foreseeable future.

Capital Project Plans & Estimate of Obligations to be Issued

On May 21, 2019, District voters approved a \$120 million capital improvement project for the construction and reconstruction of various District buildings and facilities. Borrowings for the project are expected to occur in phases upon approval from the New York State Education Department and as the project's cash flow needs warrant. To date, the District has bonded \$22,000,000 of this authorization. The District currently has \$17,000,000 bond anticipation notes outstanding which will mature on July 22, 2022. The proceeds of the Notes, along with \$35,000 available funds of the District, will redeem \$17,000,000 bond anticipation notes which mature on July 15, 2022 and will provide \$7,000,000 as new money for the capital project.

On May 18, 2022, District voters authorized to appropriate funds from the District's 2018 Capital Reserve Fund in the maximum amount of \$1,171,059.78 and to expend these combined funds for the following purposes: (1) Interior renovations and site work at Northeast Elementary School, and (2) Bus Purchases: six (6) full size Blue Bird gasoline wheelchair buses. The vehicle purchase will not be financed as payment will be made from capital reserve funds.

There are no other capital projects authorized or financings contemplated at the present time.

Energy Performance Contract Agreement

The School District has entered into an energy performance contract agreement with Trane, Inc. The School District expects to realize savings from said energy efficiency improvements. The energy performance contract closed on August 26, 2016 in the amount of \$9,726,615 with an interest rate of 1.995%. Payments in the amount of approximately \$783,000 are scheduled to be made annually in the fiscal years 2018 through 2031 and \$391,000 in the fiscal year ending 2032. The principal balance as of June 30, 2022 is \$6,745,656. While this amount is counted towards the District's debt limit, it does not constitute general obligation debt. It is subject to appropriation.

Estimated Overlapping Indebtedness

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

<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:						
Tompkins	12/31/2020 ⁽³⁾	\$ 73,046,192	\$ 234,970	\$ 72,811,222	66.24%	\$ 48,230,153
Tioga	12/31/2020 ⁽³⁾	9,175,000	-	9,175,000	0.18%	16,515
City of:						
Ithaca	1/25/2022 ⁽⁴⁾	141,954,903	39,363,021	102,591,882	100.00%	102,591,882
Town of:						
Candor	12/31/2020 ⁽³⁾	-	-	-	0.99%	-
Caroline	12/31/2020 ⁽³⁾	-	-	-	81.30%	-
Danby	12/31/2020 ⁽³⁾	244,149	244,149	-	83.95%	-
Dryden	12/31/2020 ⁽³⁾	886,000	586,000	300,000	32.05%	96,150
Enfield	12/31/2020 ⁽³⁾	535,000	-	535,000	68.23%	365,031
Ithaca	12/31/2020 ⁽³⁾	14,495,000	14,495,000	-	99.98%	-
Lansing	12/31/2020 ⁽³⁾	3,101,793	2,822,712	279,081	34.23%	95,529
Newfield	12/31/2020 ⁽³⁾	3,233,302	3,233,302	-	0.16%	-
Richford	12/31/2020 ⁽³⁾	-	-	-	2.87%	-
Ulysses	12/31/2020 ⁽³⁾	666,120	618,000	48,120	32.08%	15,437
Village of:						
Cayuga Heights	5/31/2021 ⁽³⁾	860,000	400,000	460,000	100.00%	460,000
					Total:	<u>\$ 151,870,697</u>

⁽¹⁾ Bonds and bond anticipation notes. Not adjusted to include subsequent bond sales, if any.

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

Source: Comptroller's Special Report on Municipal Affairs for Local Finance.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 28, 2022 :

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 70,135,000	\$ 1,055.85	1.17%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	222,005,697	3,342.20	3.70

(a) The current estimated population of the District is 66,425. (See "THE SCHOOL DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for 2021-2022 using special state equalization rates is \$6,006,921,167. (See "TAX INFORMATION – Taxable Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is \$151,870,697. (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 District indebtedness is past due. Due to a clerical error, the District failed to make a principal and interest payment on the \$5,740,000 Bond Anticipation Notes, 2014 (CUSIP 465668 QJ3) in the total amount of \$5,783,050 due on July 2, 2015. The payment was made on July 6, 2015 and a Material Event Notice was filed to the Electronic Municipal Market Access on July 14, 2015.

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 District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*TAX MATTERS*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See "*TAX LEVY LIMITATION LAW*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Notes.

COVID-19

COVID-19. An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Schools and non-essential businesses have been allowed to reopen pursuant to State guidelines. Efforts to contain the spread of COVID-19 have reduced the spread of the virus and the restrictions put in place following the initial outbreak have been relaxed. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the State to address may negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. Any continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*State Aid History*" herein).

The District does not expect to realize any significant negative impacts from the COVID-19 pandemic through its 2021-22 fiscal year or for the foreseeable future under current conditions.

Cybersecurity

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 an Undertaking to Provide Notice of Material Events Certificate, a description of which is attached hereto as “APPENDIX – D”.

Historical 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 – D”.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

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 ensure 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.

Current and 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. 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.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

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 expects to deliver an opinion at the time of issuance of the Notes substantially in the form set forth in "APPENDIX – F" hereto.

LITIGATION

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

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

RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale pending the approval of the District and 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 and may require supplementation of the final official statement depending on timing of the rating release. (See "APPENDIX - D" herein.).

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

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

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 the Municipal Advisor 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.

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

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 District, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial 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 District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

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

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

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

Additional copies of the Notice of Sale and 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

The District's Bond Counsel contact information is as follows: Douglas E. Goodfriend, Esq., Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, New York, New York 10019, Phone: (212) 506-5211, Fax: (212) 506-5151, Email: dgoodfriend@orrick.com.

The District's contact information is as follows: Ms. Amanda Verba, Chief Operations Officer, 400 Lake Street – P.O. Box 549, Ithaca, New York 14851, telephone (607) 274-2124, fax (607) 274-2279, email Amanda.verba@icsd.k12.ny.us.

CITY SCHOOL DISTRICT OF THE CITY OF ITHACA

Dated: June 28, 2022

ROBERT AINSLIE
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 13,834,499	\$ 13,571,633	\$ 15,359,814	\$ 13,897,543	\$ 14,720,051
Restricted Cash	9,046,685	7,262,877	8,842,300	12,011,991	12,176,240
Taxes Receivable	1,511,923	1,516,158	1,261,926	1,951,612	2,228,053
Due from Other Funds	2,765,632	2,613,183	5,186,349	2,369,025	4,687,559
State and Federal Aid Receivable	876,722	991,383	1,029,237	949,197	821,002
Due from Other Governments	2,256,453	2,041,906	2,034,513	2,102,382	1,990,929
Due from Fiduciary Funds	-	51,427	-	-	-
Other Receivables, Net	102,838	-	117,842	217,678	107,185
Prepaid Items	-	1,180,587	1,360,843	1,954,196	-
TOTAL ASSETS	<u>\$ 30,394,752</u>	<u>\$ 29,229,154</u>	<u>\$ 35,192,824</u>	<u>\$ 35,453,624</u>	<u>\$ 36,731,019</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 396,761	\$ 590,318	\$ 4,886,608	\$ 246,020	\$ 603,889
Accrued Liabilities	487,653	320,740	333,159	744,348	832,904
Due to Other Funds	2,662,744	1,289,864	1,448,946	667,654	373,721
Other Liabilities	-	-	-	-	51,443
Due to Other Governments	-	-	-	-	-
Due to Teachers' Retirement System	4,921,707	4,469,219	4,942,002	4,322,637	4,701,712
Due to Employees' Retirement System	513,253	576,411	535,846	621,535	438,369
Compensated Absences	626,448	650,435	752,451	766,561	734,460
Overpayments & Deferred Revenues	1,411,856	1,346,049	1,210,121	877,519	1,673,791
TOTAL LIABILITIES	<u>\$ 11,020,422</u>	<u>\$ 9,243,036</u>	<u>\$ 14,109,133</u>	<u>\$ 8,246,274</u>	<u>\$ 9,410,289</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ 1,180,587	\$ 1,360,843	\$ 1,954,196	\$ -
Restricted	7,406,039	7,262,877	8,531,806	11,344,377	12,071,240
Assigned	7,089,373	6,411,500	8,168,119	8,051,440	8,750,577
Unassigned	4,878,918	5,131,154	3,022,923 ⁽¹⁾	5,857,337	6,498,913
TOTAL FUND EQUITY	<u>\$ 19,374,330</u>	<u>\$ 19,986,118</u>	<u>\$ 21,083,691</u>	<u>\$ 27,207,350</u>	<u>\$ 27,320,730</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 30,394,752</u>	<u>\$ 29,229,154</u>	<u>\$ 35,192,824</u>	<u>\$ 35,453,624</u>	<u>\$ 36,731,019</u>

⁽¹⁾ Decline from prior year due to the District's decision to fund the Capital Reserve in lieu of the unassigned fund balance.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
REVENUES					
Real Property Taxes	\$ 77,854,707	\$ 80,279,785	\$ 82,365,944	\$ 85,892,871	\$ 87,636,201
Other Tax Items	6,901,558	6,853,711	6,852,422	6,403,769	6,166,274
Charges for Services	690,791	599,367	621,496	594,386	578,285
Use of Money & Property	315,629	371,229	996,266	721,600	206,844
Sale of Property and					
Compensation for Loss	56,549	91,030	66,525	84,267	101,523
Miscellaneous	2,042,210	2,623,457	2,517,195	5,870,651	2,841,487
Revenues from State Sources	30,542,240	31,370,164	32,109,344	32,332,223	30,654,070
Revenues from Federal Sources	170,181	234,994	347,195	324,693	1,072,104
Total Revenues	<u>\$ 118,573,865</u>	<u>\$ 122,423,737</u>	<u>\$ 125,876,387</u>	<u>\$ 132,224,460</u>	<u>\$ 129,256,788</u>
Other Sources:					
Interfund Transfers	<u>252,275</u>	<u>155,612</u>	<u>673,717</u>	<u>124,606</u>	<u>186,034</u>
Total Revenues and Other Sources	<u>\$ 118,826,140</u>	<u>\$ 122,579,349</u>	<u>\$ 126,550,104</u>	<u>\$ 132,349,066</u>	<u>\$ 129,442,822</u>
EXPENDITURES					
General Support	\$ 14,990,056	\$ 15,129,250	\$ 15,439,934	\$ 17,315,391	\$ 16,206,137
Instruction	54,838,323	58,193,817	60,188,581	62,306,285	65,608,158
Pupil Transportation	5,072,310	5,140,363	5,214,110	4,947,666	5,252,674
Community Services	5,004	4,588	4,361	-	-
Employee Benefits	29,153,720	31,189,749	34,056,696	28,931,251	31,311,446
Debt Service	8,724,329	9,415,410	8,771,956	8,492,526	8,629,511
Total Expenditures	<u>\$ 112,783,742</u>	<u>\$ 119,073,177</u>	<u>\$ 123,675,638</u>	<u>\$ 121,993,119</u>	<u>\$ 127,007,926</u>
Other Uses:					
Interfund Transfers	<u>2,762,544</u>	<u>2,894,384</u>	<u>1,776,893</u>	<u>4,232,288</u>	<u>2,321,516</u>
Total Expenditures and Other Uses	<u>\$ 115,546,286</u>	<u>\$ 121,967,561</u>	<u>\$ 125,452,531</u>	<u>\$ 126,225,407</u>	<u>\$ 129,329,442</u>
Excess (Deficit) Revenues Over					
Expenditures	<u>3,279,854</u>	<u>611,788</u>	<u>1,097,573</u>	<u>6,123,659</u>	<u>113,380</u>
FUND BALANCE					
Fund Balance - Beginning of Year	16,094,476	19,374,330	19,986,118	21,083,691	27,207,350
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 19,374,330</u>	<u>\$ 19,986,118</u>	<u>\$ 21,083,691</u>	<u>\$ 27,207,350</u>	<u>\$ 27,320,730</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2021			2022	2023
	Adopted Budget	Final Budget	Audited Actual	Adopted Budget	Adopted Budget
<u>REVENUES</u>					
Real Property Taxes	\$ 92,777,822	\$ 88,409,434	\$ 87,636,201	\$ 95,525,492	\$ 102,416,874
Other Tax Items	1,597,265	5,965,653	6,166,274	1,690,000	1,737,265
Charges for Services	542,700	542,700	578,285	616,500	585,500
Use of Money & Property	300,100	300,100	206,844	250,000	245,000
Sale of Property and Compensation for Loss	28,000	28,000	101,523	-	-
Miscellaneous	2,267,813	2,419,964	2,841,487	1,958,500	1,958,500
Revenues from State Sources	31,134,573	31,134,573	30,654,070	33,990,223	34,036,880
Revenues from Federal Sources	1,260,343	1,260,343	1,072,104	240,000	240,000
Total Revenues	<u>\$ 129,908,616</u>	<u>\$ 130,060,767</u>	<u>\$ 129,256,788</u>	<u>\$ 134,270,715</u>	<u>\$ 141,220,019</u>
Other Sources:					
Interfund Transfers	<u>109,087</u>	<u>109,087</u>	<u>186,034</u>	<u>294,000</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 130,017,703</u>	<u>\$ 130,169,854</u>	<u>\$ 129,442,822</u>	<u>\$ 134,564,715</u>	<u>\$ 141,220,019</u>
<u>EXPENDITURES</u>					
General Support	\$ 16,810,162	\$ 18,702,855	\$ 16,206,137	\$ 16,853,874	\$ 17,744,795
Instruction	69,396,723	68,891,970	65,608,158	72,344,651	74,260,755
Pupil Transportation	6,350,351	6,356,263	5,252,674	5,976,295	6,276,811
Community Services	7,500	1,500	-	7,500	10,500
Employee Benefits	35,749,982	34,649,982	31,311,446	37,598,367	38,010,796
Debt Service	8,629,511	8,629,511	8,629,511	10,139,720	10,441,271
Total Expenditures	<u>\$ 136,944,229</u>	<u>\$ 137,232,081</u>	<u>\$ 127,007,926</u>	<u>\$ 142,920,407</u>	<u>\$ 146,744,928</u>
Other Uses:					
Interfund Transfers	<u>2,259,478</u>	<u>3,058,603</u>	<u>2,321,516</u>	<u>2,259,478</u>	<u>2,199,170</u>
Total Expenditures and Other Uses	<u>\$ 139,203,707</u>	<u>\$ 140,290,684</u>	<u>\$ 129,329,442</u>	<u>\$ 145,179,885</u>	<u>\$ 148,944,098</u>
Excess (Deficit) Revenues Over Expenditures	<u>(9,186,004)</u>	<u>(10,120,830)</u>	<u>113,380</u>	<u>(10,615,170)</u>	<u>(7,724,079)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	9,186,004	10,120,830	27,207,350	10,615,170	7,724,079
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,320,730</u>	<u>\$ -</u>	<u>\$ -</u>

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

APPENDIX - B
Ithaca City School District

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2023	\$ 7,780,000	\$ 1,588,263	\$ 9,368,263
2024	8,085,000	1,275,838	9,360,838
2025	4,085,000	1,003,838	5,088,838
2026	4,220,000	865,644	5,085,644
2027	4,370,000	723,450	5,093,450
2028	4,515,000	574,644	5,089,644
2029	4,650,000	432,950	5,082,950
2030	4,785,000	300,144	5,085,144
2031	2,015,000	210,350	2,225,350
2032	1,535,000	172,600	1,707,600
2033	1,565,000	141,900	1,706,900
2034	1,600,000	110,600	1,710,600
2035	1,630,000	78,600	1,708,600
2036	1,665,000	46,000	1,711,000
2037	635,000	12,700	647,700
TOTALS	\$ 53,135,000	\$ 7,537,519	\$ 60,672,519

APPENDIX - B1
Ithaca City School District

CURRENT BONDS OUTSTANDING

Fiscal Year Beginning June 30th	2015 Reconstruction			2015 Refunding of 2010 Series Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 425,000	\$ 102,850	\$ 527,850	\$ 800,000	\$ 297,650	\$ 1,097,650
2024	430,000	94,300	524,300	830,000	265,050	1,095,050
2025	440,000	85,050	525,050	865,000	226,825	1,091,825
2026	450,000	74,756	524,756	905,000	182,575	1,087,575
2027	460,000	63,663	523,663	950,000	136,200	1,086,200
2028	475,000	51,381	526,381	995,000	87,575	1,082,575
2029	485,000	37,575	522,575	1,030,000	47,250	1,077,250
2030	500,000	22,800	522,800	1,060,000	15,900	1,075,900
2031	510,000	7,650	517,650	-	-	-
TOTALS	\$ 4,175,000	\$ 540,025	\$ 4,715,025	\$ 7,435,000	\$ 1,259,025	\$ 8,694,025

Fiscal Year Beginning June 30th	2016 Refunding of 2010 & 2011 Series Bonds			2016 DASNY Refunding of 2009 Series DASNY Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 3,485,000	\$ 423,263	\$ 3,908,263	\$ 1,300,000	\$ 133,250	\$ 1,433,250
2024	3,635,000	262,688	3,897,688	1,365,000	68,250	1,433,250
2025	910,000	153,613	1,063,613	-	-	-
2026	945,000	121,238	1,066,238	-	-	-
2027	975,000	92,438	1,067,438	-	-	-
2028	1,000,000	62,813	1,062,813	-	-	-
2029	1,030,000	35,775	1,065,775	-	-	-
2030	1,055,000	11,869	1,066,869	-	-	-
TOTALS	\$ 13,035,000	\$ 1,163,694	\$ 14,198,694	\$ 2,665,000	\$ 201,500	\$ 2,866,500

Fiscal Year Beginning June 30th	2020 Refunding of 2012 Series Bonds			2021 Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 490,000	\$ 208,050	\$ 698,050	\$ 1,280,000	\$ 423,200	\$ 1,703,200
2024	515,000	187,950	702,950	1,310,000	397,600	1,707,600
2025	535,000	166,950	701,950	1,335,000	371,400	1,706,400
2026	555,000	142,375	697,375	1,365,000	344,700	1,709,700
2027	590,000	113,750	703,750	1,395,000	317,400	1,712,400
2028	625,000	83,375	708,375	1,420,000	289,500	1,709,500
2029	660,000	51,250	711,250	1,445,000	261,100	1,706,100
2030	695,000	17,375	712,375	1,475,000	232,200	1,707,200
2031	-	-	-	1,505,000	202,700	1,707,700
2032	-	-	-	1,535,000	172,600	1,707,600
2033	-	-	-	1,565,000	141,900	1,706,900
2034	-	-	-	1,600,000	110,600	1,710,600
2035	-	-	-	1,630,000	78,600	1,708,600
2036	-	-	-	1,665,000	46,000	1,711,000
2037	-	-	-	635,000	12,700	647,700
TOTALS	\$ 4,665,000	\$ 971,075	\$ 5,636,075	\$ 21,160,000	\$ 3,402,200	\$ 24,562,200

COMPUTATION OF FULL VALUATION

Using Regular Equalization Rates

Year of District Tax Roll	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Year of Assessment Roll	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Assessed Valuation</u>					
City of: Ithaca	\$ 1,897,035,862	\$ 2,045,179,159	\$ 2,080,785,217	\$ 2,231,050,162	\$ 2,249,380,829
Towns of: Candor	2,578,495	2,733,975	2,624,616	2,622,278	2,652,242
Caroline	202,119,862	204,464,184	217,038,092	220,461,331	226,513,309
Danby	256,164,245	262,932,850	275,930,956	281,290,782	283,919,339
Dryden	320,874,573	328,189,770	352,802,095	361,611,752	374,039,160
Enfield	133,285,647	135,093,757	143,260,096	145,455,654	148,608,811
Ithaca	1,474,369,872	1,936,379,316	1,618,620,931	1,668,062,312	1,699,344,019
Lansing	447,265,062	66,659,302	489,216,083	501,202,715	513,406,716
Newfield	518,074	519,107	518,523	519,122	519,328
Richford	1,937,194	2,025,386	1,984,878	2,005,984	1,982,937
Ulysses	165,678,584	166,840,975	174,134,647	177,549,798	178,451,361
Total Assessed Valuation	<u>\$ 4,901,827,470</u>	<u>\$ 5,151,017,781</u>	<u>\$ 5,356,916,134</u>	<u>\$ 5,591,831,890</u>	<u>\$ 5,678,818,051</u>
<u>State Equalization Rates</u>					
City of: Ithaca	100.00%	100.00%	100.00%	100.00%	100.00%
Towns of: Candor	98.00%	96.00%	97.00%	93.00%	92.00%
Caroline	100.00%	100.00%	100.00%	100.00%	100.00%
Danby	100.00%	100.00%	100.00%	100.00%	100.00%
Dryden	100.00%	100.00%	100.00%	100.00%	100.00%
Enfield	100.00%	100.00%	100.00%	100.00%	100.00%
Ithaca	100.00%	100.00%	100.00%	100.00%	100.00%
Lansing	100.00%	100.00%	100.00%	100.00%	100.00%
Newfield	100.00%	100.00%	100.00%	100.00%	100.00%
Richford	98.00%	98.00%	98.00%	92.00%	96.00%
Ulysses	100.00%	100.00%	100.00%	100.00%	100.00%
<u>Full Valuation</u>					
City of: Ithaca	\$ 1,897,035,862	\$ 2,045,179,159	\$ 2,080,785,217	\$ 2,231,050,162	\$ 2,249,380,829
Towns of: Candor	2,631,117	2,847,891	2,705,790	2,819,654	2,882,872
Caroline	202,119,862	204,464,184	217,038,092	220,461,331	226,513,309
Danby	256,164,245	262,932,850	275,930,956	281,290,782	283,919,339
Dryden	320,874,573	328,189,770	352,802,095	361,611,752	374,039,160
Enfield	133,285,647	135,093,757	143,260,096	145,455,654	148,608,811
Ithaca	1,474,369,872	1,936,379,316	1,618,620,931	1,668,062,312	1,699,344,019
Lansing	447,265,062	66,659,302	489,216,083	501,202,715	513,406,716
Newfield	518,074	519,107	518,523	519,122	519,328
Richford	1,976,729	2,066,720	2,025,386	2,180,417	2,065,559
Ulysses	165,678,584	166,840,975	174,134,647	177,549,798	178,451,361
Total Full Valuation	<u>\$ 4,901,919,627</u>	<u>\$ 5,151,173,031</u>	<u>\$ 5,357,037,815</u>	<u>\$ 5,592,203,699</u>	<u>\$ 5,679,131,303</u>

COMPUTATION OF FULL VALUATION

Using Special Equalization Ratios

Year of District Tax Roll	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Year of Assessment Roll	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Assessed Valuation</u>					
City of: Ithaca	\$ 1,897,035,862	\$ 2,045,179,159	\$ 2,080,785,217	\$ 2,231,050,162	\$ 2,249,380,829
Towns of: Candor	2,578,495	2,733,975	2,624,616	2,622,278	2,652,242
Caroline	202,119,862	204,464,184	217,038,092	220,461,331	226,513,309
Danby	256,164,245	262,932,850	275,930,956	281,290,782	283,919,339
Dryden	320,874,573	328,189,770	352,802,095	361,611,752	374,039,160
Enfield	133,285,647	135,093,757	143,260,096	145,455,654	148,608,811
Ithaca	1,474,369,872	1,936,379,316	1,618,620,931	1,668,062,312	1,699,344,019
Lansing	447,265,062	66,659,302	489,216,083	501,202,715	513,406,716
Newfield	518,074	519,107	518,523	519,122	519,328
Richford	1,937,194	2,025,386	1,984,878	2,005,984	1,982,937
Ulysses	165,678,584	166,840,975	174,134,647	177,549,798	178,451,361
Total Assessed Valuation	<u>\$ 4,901,827,470</u>	<u>\$ 5,151,017,781</u>	<u>\$ 5,356,916,134</u>	<u>\$ 5,591,831,890</u>	<u>\$ 5,678,818,051</u>
<u>Special Equalization Ratios</u>					
City of: Ithaca	93.35%	93.41%	95.31%	95.92%	94.54%
Towns of: Candor	96.43%	92.39%	91.36%	90.63%	89.96%
Caroline	93.35%	93.41%	95.31%	95.92%	94.54%
Danby	93.35%	93.41%	95.31%	95.92%	94.54%
Dryden	93.35%	93.41%	95.31%	95.92%	94.54%
Enfield	93.35%	93.41%	95.31%	95.92%	94.54%
Ithaca	93.35%	93.41%	95.31%	95.92%	94.54%
Lansing	93.35%	93.41%	95.31%	95.92%	94.54%
Newfield	93.35%	93.41%	95.31%	95.92%	94.54%
Richford	97.60%	92.10%	95.99%	95.40%	95.01%
Ulysses	93.35%	93.41%	95.31%	95.92%	94.54%
<u>Full Valuation</u>					
City of: Ithaca	\$ 2,032,175,535	\$ 2,189,464,896	\$ 2,183,176,180	\$ 2,325,948,876	\$ 2,379,290,066
Towns of: Candor	2,673,955	2,959,168	2,872,828	2,893,389	2,948,246
Caroline	216,518,331	218,888,967	227,718,069	229,838,752	239,595,207
Danby	274,412,689	281,482,550	289,508,925	293,255,611	300,316,627
Dryden	343,732,804	351,343,293	370,162,727	376,993,069	395,641,168
Enfield	142,780,554	144,624,512	150,309,617	151,642,675	157,191,465
Ithaca	1,579,399,970	2,072,989,312	1,698,269,784	1,739,014,087	1,797,486,799
Lansing	479,127,008	71,362,062	513,289,354	522,521,596	543,057,664
Newfield	554,980	555,730	544,038	541,203	549,321
Richford	1,984,830	2,199,116	2,067,797	2,102,709	2,087,082
Ulysses	177,481,076	178,611,471	182,703,438	185,101,958	188,757,522
Total Full Valuation	<u>\$ 5,250,841,732</u>	<u>\$ 5,514,481,076</u>	<u>\$ 5,620,622,757</u>	<u>\$ 5,829,853,924</u>	<u>\$ 6,006,921,167</u>

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 Commission pursuant to the Securities Exchange Act of 1934, the District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the EMMA system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

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

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

With respect to event (d) the District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the 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 District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

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

The District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the 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.

**CITY SCHOOL DISTRICT OF THE CITY OF ITHACA
TOMPKINS AND TIOGA COUNTIES, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2021

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

**ITHACA
CITY SCHOOL DISTRICT**

Ithaca, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2021**



ITHACA CITY SCHOOL DISTRICT

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ITHACA CITY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Education
Ithaca City School District
Ithaca, 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 Ithaca City School District (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended June 30, 2021, the District adopted Government Accounting Standards Board (GASB) Statement No. 84, "Fiduciary Activities." As discussed in Note 20 to the financial statements, net position as of June 30, 2020 for the Governmental Activities and Fiduciary Activities, and the fund balance for Governmental Funds, were restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison information; Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans; Schedules of the School District's Proportionate Share of the Net Pension Liability; Schedule of Changes in the School District's Total OPEB Liability and Related Ratios; and related notes to required supplementary information on pages 4-4j and 53-62 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 School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Ten Year Comparative Schedule of Actual Revenues and Expenditures - General Fund; Balance Sheet - Non-Major Governmental Funds; and Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information) on pages 63-68 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 School District's internal control over financial reporting and compliance.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2021

ITHACA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

The following is a discussion and analysis of the Ithaca City School District's (the School District) financial performance for the fiscal year ended June 30, 2021. This section is a summary of the School 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 School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The School District ended the year with a total net deficit of \$212,386,520, an increase in the deficit of \$4,583,918 from the prior year. Increased instruction cost is a significant factor for the increased deficit. The year end net position was composed of \$15,193,080 in restricted, \$77,228,067 in net investment in capital assets, and \$304,804,667 in unrestricted net deficit.
- The Statement of Activities shows total revenues of \$137,868,555 and total expenses of \$142,452,473, resulting in expenses exceeding revenues by \$4,583,918. As noted above, increased instruction cost is a primary cause of the expenses noted above.
- The School District continues to take measures to contain the growth of General Fund operating expenditures. General Fund budgeted expenditures and other financing uses, including carry-over encumbrances, were underspent by \$8,428,369 during the current year. General Fund revenues and other financing sources fell short of budgeted amounts by \$727,032.
- Capital asset additions during 2021 amounted to \$14,622,699 for the purchase of buses, vehicles, equipment, and construction in progress expenditures. Depreciation expense was \$6,132,377 for the current year.
- The School District had \$38,220,000 in outstanding bond principal indebtedness at year end, a decrease of \$6,140,000 from the prior year due to principal payments on outstanding long-term debt. The School District redeemed \$10,000,000 in bond anticipation notes (BANs) and issued \$24,000,000 in new BANs during the year ended June 30, 2021.
- Total fund balance in the General Fund, including reserves, was \$27,320,730 at June 30, 2021. Unassigned fund balance amounted to \$6,498,913, which was subject to and above the maximum limit (4% of 2021-2022 appropriations) permitted under New York State Real Property Tax Law.

ITHACA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds with all other Non-Major Funds listed in total in one column.

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 School District's budget for the year; a Schedule of Changes in the School District's Total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for postemployment benefits; and Schedules of School District Contributions and the School District's Proportionate Share of the Net Pension Liability related to the School District's pension obligations.

District-Wide Financial Statements

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School 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 School District's net position and how it has changed. Net Position - the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

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

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School 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.

ITHACA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Fund Financial Statements

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

- **Governmental Funds:** Most of the School 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 financial 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 School 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 financial statements explains the relationship (or differences) between them.
- **Proprietary Funds:** When the School District charges customers for the services it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. Internal Service Funds (a component of Proprietary Funds) are used to report activities that provide supplies and services for the District's other programs and activities such as the administration of health insurance.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Student Activities Funds. The School 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 School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's combined net deficit for fiscal year ended June 30, 2021 increased by \$4,583,918. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

ITHACA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change 2020 - 2021</i>
	<i>2021</i>	<i>2020</i>	
<i>Current Assets</i>	\$ 31,611,243	\$ 34,553,859	\$ (2,942,616)
<i>Noncurrent Assets</i>	13,904,775	17,942,735	(4,037,960)
<i>Capital Assets, Net</i>	148,278,713	139,788,391	8,490,322
<i>Total Assets</i>	\$ 193,794,731	\$ 192,284,985	\$ 1,509,746
<i>Deferred Charges on Defeased Debt</i>	1,211,322	1,658,125	(446,803)
<i>Pensions</i>	34,284,677	30,535,680	3,748,997
<i>Other Postemployment Benefits</i>	48,448,365	21,618,410	26,829,955
<i>Total Deferred Outflows of Resources</i>	\$ 83,944,364	\$ 53,812,215	\$ 30,132,149
<i>Current Liabilities</i>	42,899,925	29,710,754	13,189,171
<i>Noncurrent Liabilities</i>	369,036,780	349,969,133	19,067,647
<i>Total Liabilities</i>	\$ 411,936,705	\$ 379,679,887	\$ 32,256,818
<i>Pensions</i>	17,386,958	9,562,360	7,824,598
<i>Other Postemployment Benefits</i>	60,801,952	64,657,555	(3,855,603)
<i>Total Deferred Inflows of Resources</i>	\$ 78,188,910	\$ 74,219,915	\$ 3,968,995
<i>Net Investment in Capital Assets</i>	77,228,067	75,666,667	1,561,400
<i>Restricted</i>	15,193,080	13,929,066	1,264,014
<i>Unrestricted</i>	(304,807,667)	(297,398,335)	(7,409,332)
<i>Total Net (Deficit)</i>	\$ (212,386,520)	\$ (207,802,602)	\$ (4,583,918)

The decrease in current assets is primarily due to a decrease in prepaid expenses. The decrease in noncurrent assets is related to changes in restricted cash from reserves. The increase in capital assets, net is due to capital outlay exceeding depreciation expense and net book value of disposed assets. Deferred charges on defeased debt decreased based on regular amortization of deferred charges.

The changes in deferred outflows of resources, and deferred inflows of resources related to pensions and Other Postemployment Benefits (OPEB), are related to changes in the actuarially determined proportionate share of the pension systems plans net pension liabilities and OPEB liabilities.

Current liabilities increased primarily due to increases in short-term debt due to the issuance of bond anticipation notes and claims payable; offset by decreases in accounts payable. Changes in noncurrent liabilities are primarily due to the current year increase in the OPEB liability, based on an actuarial valuation of the School District's OPEB plan, offset by regular principal payments on long-term debt.

Net investment in capital assets increased due to the net effect of capital construction projects and equipment expenditures, depreciation expense, and changes in debt balances. Restricted net position increased primarily due to increases in General and School Lunch Funds.

ITHACA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

The net effect of the School District's activities resulted in an unrestricted deficit of \$304,807,667 at June 30, 2021, compared to the unrestricted deficit of \$297,398,335 at June 30, 2020, a decrease of \$7,440,596 or 2.50%.

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

Figure 2

Changes in Net Position	Governmental Activities and Total School District		Total Dollar Change 2020 - 2021
	2021	2020	
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 797,451	\$ 1,486,821	\$ (689,370)
<i>Operating Grants</i>	9,005,000	8,027,632	977,368
<i>Capital Grants</i>	100,276	-	100,276
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	88,388,128	85,533,389	2,854,739
<i>Real Property Tax Items</i>	6,166,274	6,403,769	(237,495)
<i>State Sources</i>	30,159,136	31,833,756	(1,674,620)
<i>Use of Money and Property</i>	235,702	763,778	(528,076)
<i>Other General Revenues</i>	3,016,588	6,087,859	(3,071,271)
Total Revenues	\$ 137,868,555	\$ 140,137,004	\$ (2,268,449)
PROGRAM EXPENSES			
<i>General Support</i>	\$ 20,019,876	\$ 19,744,931	\$ 274,945
<i>Instruction</i>	109,523,714	102,441,140	7,082,574
<i>Pupil Transportation</i>	8,731,285	8,019,372	711,913
<i>Community Services</i>	125,017	-	125,017
<i>School Lunch Program</i>	2,568,275	2,928,072	(359,797)
<i>Interest on Debt</i>	1,484,306	1,464,247	20,059
Total Expenses	\$ 142,452,473	\$ 134,597,762	\$ 7,854,711
CHANGE IN NET POSITION	\$ (4,583,918)	\$ 5,539,242	\$ (10,123,160)

Total revenues for the School District's Governmental Activities decreased by \$2,268,449 or 1.62%, while total expenses increased by \$7,854,711 or 5.84%. Other general revenues decreased as there was a one-time refund related to health insurance in the prior year. Operating grants increased due to federal CARES funding. Property tax increased based on increases in the voter approved tax levy.

The increase in total expenses is primarily due to an increase in OPEB expenses.

ITHACA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Figure 3 and Figure 4 show the sources of revenue for 2021 and 2020.

Figure 3
Sources of Revenue for 2021

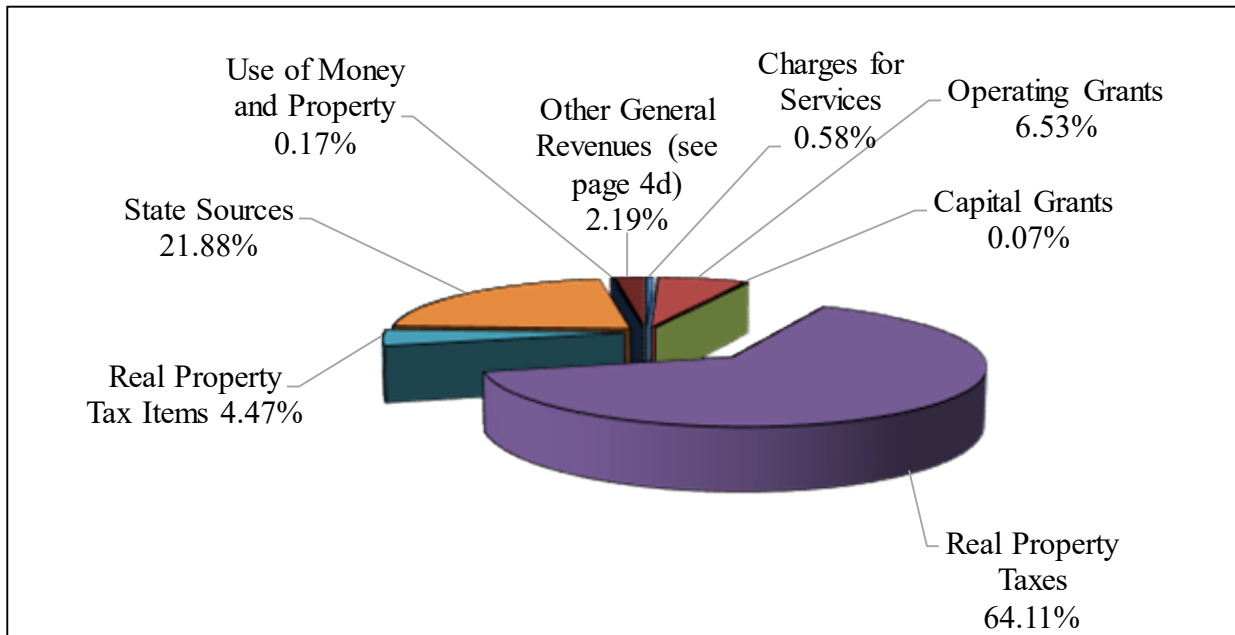
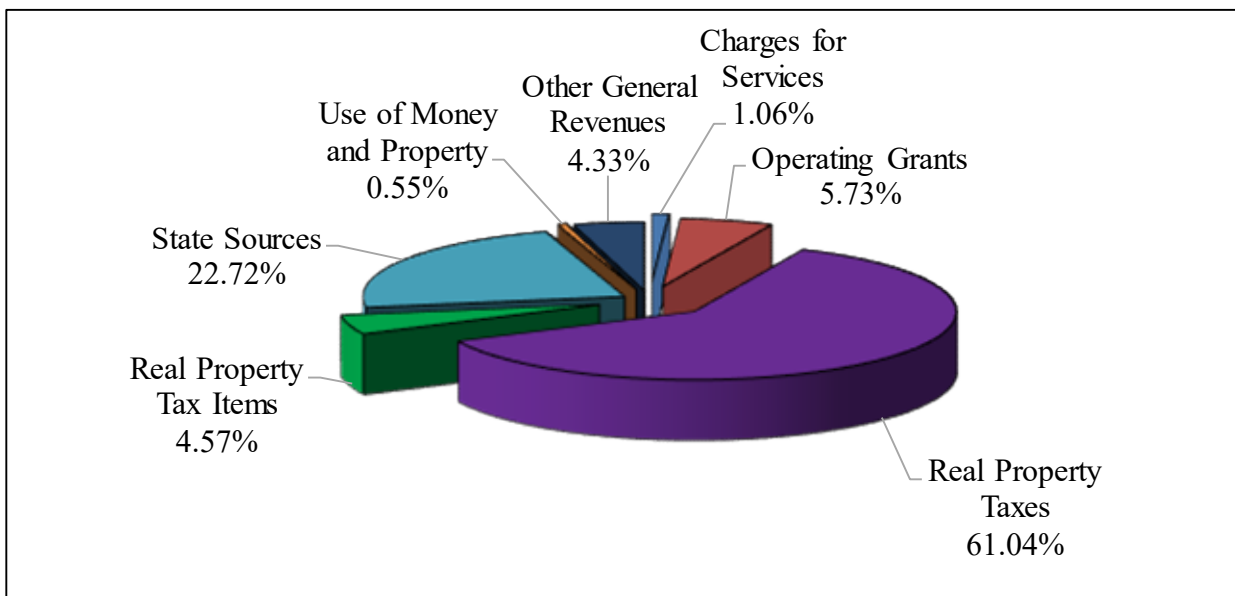


Figure 4
Sources of Revenue for 2020

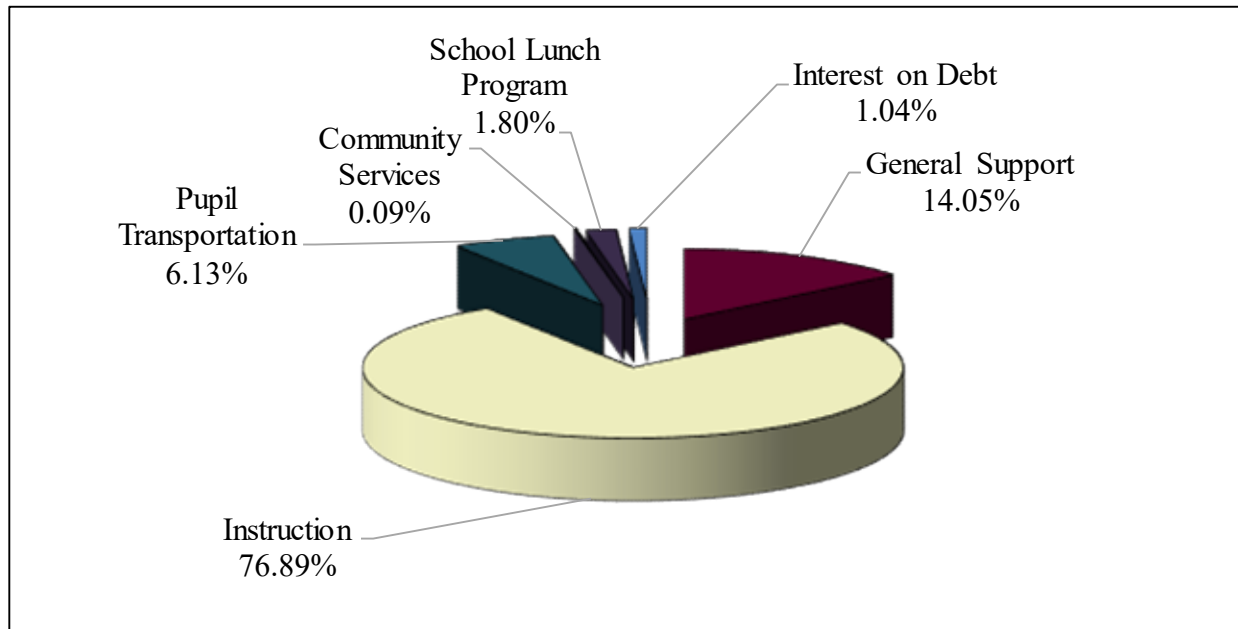


ITHACA CITY SCHOOL DISTRICT

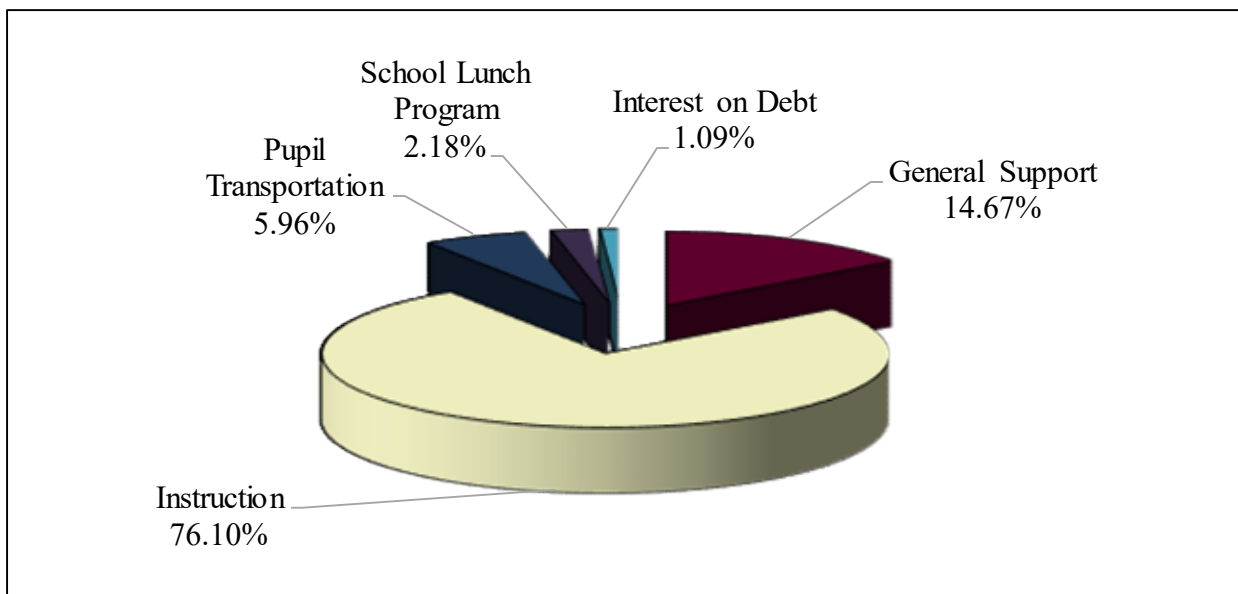
MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Figure 5 and Figure 6 present the cost for each of the School District's programs for 2021 and 2020.

***Figure 5
Cost of Programs for 2021***



***Figure 6
Cost of Programs for 2020***



ITHACA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in fund balances for the year for the School District's funds. As the School District completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a combined fund balance of \$9,838,399, a decrease from the prior year's total of \$23,743,151. The increase in the Capital Project Fund deficit fund balance is mainly the result of increased capital project expenditures. The General Fund increased mainly due to increases in property tax revenue and federal aid, offset by decreases in state aid and expending less than budgeted.

Figure 7

<i>Governmental Fund Balances</i>	<i>2021</i>	<i>2020</i>	<i>Total Dollar Change 2020 - 2021</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 27,320,730	\$ 27,207,350	\$ 113,380
<i>Special Aid Fund</i>	(1,238,019)	-	(1,238,019)
<i>School Lunch Fund</i>	1,533,027	1,301,490	231,537
<i>Capital Projects Fund</i>	(18,982,387)	(5,611,237)	(13,371,150)
<i>Non-Major Funds</i>	1,205,048	845,548	359,500
<i>Total Governmental Funds</i>	\$ 9,838,399	\$ 23,743,151	\$ (13,904,752)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board revised the School District budget several times. These budget amendments consisted of budget transfers between functions and the appropriation of unbudgeted revenues, which increased the overall budget.

Even with these adjustments, the actual charges to appropriations (expenditures) were below final budget amounts. The change from original to revised budget is the result of carryover encumbrances and appropriation of additional unbudgeted revenues, primarily supplemental grants. Actual expenditures, including encumbrances, were lower than the revised budget as a combined result of budgeted contingency items which did not materialize and management control over expenditures.

ITHACA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and the variances for the year ended June 30, 2021.

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2021</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
Real Property Taxes	\$ 92,777,822	\$ 88,409,434	\$ 87,636,201	\$ (773,233)
Real Property Tax Items	1,597,265	5,965,653	6,166,274	200,621
State Sources	31,134,573	31,134,573	30,654,070	(480,503)
Federal Sources	1,020,343	1,020,343	922,975	(97,368)
Other, Including Financing Sources	3,487,700	3,639,851	4,063,302	423,451
Total Revenues and Other Financing Sources	\$ 130,017,703	\$ 130,169,854	\$ 129,442,822	\$ (727,032)
Appropriated Fund Balances, Reserves, and Encumbrances	\$ 9,186,004	\$ 10,120,830		
EXPENDITURES				
General Support	\$ 16,810,162	\$ 18,702,855	\$ 17,156,938	\$ 1,545,917
Instruction	69,396,723	68,891,970	67,129,558	1,762,412
Pupil Transportation	6,350,351	6,356,263	5,276,742	1,079,521
Community Services	7,500	1,500	-	1,500
Employee Benefits	35,749,982	34,649,982	31,348,050	3,301,932
Debt Service	8,629,511	8,629,511	8,629,511	-
Other Financing (Uses)	2,259,478	3,058,603	2,321,516	737,087
Total Expenditures and Other Financing (Uses)	\$ 139,203,707	\$ 140,290,684	\$ 131,862,315	\$ 8,428,369

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2021, the School District had invested in a broad range of capital assets. The historical cost of capital assets increased \$14,377,049, based on capital outlay exceeding the historical cost of disposed assets. Capital assets, net of accumulated depreciation of \$86,894,445, were \$148,278,713 at year end. Depreciation expense amounted to \$6,132,377 for the current year.

Figure 9

<i>Changes in Capital Assets at Historical Cost</i>	<i>2021</i>	<i>2020</i>	<i>Total Dollar Change 2020 - 2021</i>
Land	\$ 2,690,625	\$ 2,690,625	\$ -
Construction in Progress	25,027,364	11,341,208	13,686,156
Buildings	193,640,494	193,602,564	37,930
Furniture and Equipment	13,814,675	13,161,712	652,963
Total	\$ 235,173,158	\$ 220,796,109	\$ 14,377,049

ITHACA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Capital asset activity for the year ended June 30, 2021 included the following:

Capital Assets, Net of Depreciation, Beginning	\$ 139,788,391
Construction in Progress	13,686,156
Buildings	37,930
Buses	774,110
Other Equipment	124,503
Total Additions	14,622,699
Less Depreciation Expense	(6,132,377)
Net Change in Capital Assets	8,490,322
Capital Assets, Net of Depreciation, Ending	\$ 148,278,713

Debt Administration

Long-term debt, considered a liability of Governmental Activities, increased by \$7,233,701 in 2021, as shown in *Figure 10*. The increase is related to bond anticipation notes, offset by principal payments on long-term debt, in accordance with bond amortization schedules. Total bonded indebtedness represented 24.89% of the constitutional debt limit, exclusive of building aid estimates.

Figure 10

Outstanding Debt	Governmental Activities and Total School District		Total Dollar Change 2020 - 2021
	2021	2020	
<i>Serial Bonds</i>	\$ 38,220,000	\$ 44,360,000	\$ (6,140,000)
<i>Installment Purchase Debt</i>	7,384,512	8,010,811	(626,299)
<i>Bond Anticipation Notes</i>	24,000,000	10,000,000	14,000,000
Total	\$ 69,604,512	\$ 62,370,811	\$ 7,233,701

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

The School District's bond rating assigned by Moody's Investor Services is Aa3.

More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

ITHACA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- ICSD began the 2020-2021 fiscal year with a loss of State Aid in the amount of \$1,020,343 due to the Pandemic Reduction. However, the ARP and CRRS Act funds will be divided over the next few years to support the increased costs due to the ongoing pandemic. The ICSD acknowledges that these funds are emergency funds and will engage in sustainability planning for any long term programs and supports that are allocated to these Federal grants.
- School District management is concerned with potential future increases in employee benefits. Increases in health insurance, workers' compensation, unemployment insurance, and educational salaries, supplies, and services continue to have an impact on the level of educational programming the School District can provide to its students.
- COVID- 19 impacts on the School District proves to be extremely difficult to manage from a financial long-range planning perspective. Attempting to create assumptions that are rooted in data so that we have realistic predictions for expenditures and revenue are nearly impossible under the current conditions.
- Current projects include work connected to the New York State Smart Schools Bond Act allocation as well the first phases of the \$120 million-dollar 2019 Capital Project which was approved by the voters in May 2019. The School District's Finance Committee continues to work closely with a Financial Advisor in structuring School District debt to avoid debt payment spikes in future budgets. Supply chain issues as well as vacancies in the workforce will continue to impact and escalate estimations for future work.
- The Ithaca City School District is required to pay tuition to the New Roots Charter School for each resident student. This fee continues to create a sizeable expenditure with no increase in revenue. The School District received 2020-21 Foundation Aid for New Roots at the rate of \$3,321.47/student, whereas the School District pays a tuition rate to New Roots at a rate of \$14,550/student.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Ithaca City School District, P.O. Box 549, 400 Lake Street, Ithaca, NY.

ITHACA CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2021

ASSETS

Current Assets

Cash - Unrestricted	\$ 23,304,124
Cash - Restricted	878,115
Receivables:	
Taxes	2,228,053
State and Federal Aid	2,779,125
Due from Other Governments (BOCES)	1,990,929
Other	292,894
Inventories	138,003
Total Current Assets	31,611,243

Noncurrent Assets

Restricted Cash	13,898,880
Investments - Restricted	5,895
Capital Assets, Net:	
Nondepreciable Capital Assets	27,717,989
Depreciable Capital Assets, Net	120,560,724
Total Noncurrent Assets	162,183,488
Total Assets	193,794,731

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges on Defeased Debt	1,211,322
Pensions	34,284,677
OPEB	48,448,365
Total Deferred Outflows of Resources	83,944,364

LIABILITIES

Current Liabilities

Payables:	
Accounts Payable	1,286,199
Accrued Liabilities	864,296
Claims Payable	1,308,408
Due to Other Governments	143
Bond Interest and Matured Bonds	1,069,586
Other Liabilities	214,359
Due to Teachers' Retirement System	4,701,712
Due to Employees' Retirement System	596,736
Short Term Debt	24,000,000
Compensated Absences Payable	734,460
Unearned Revenues	532,383
Current Portion of Long-term Obligations:	
Bonds Payable	6,952,787
Installment Purchase Debt Payable	638,856
Total Current Liabilities	42,899,925

See Notes to Basic Financial Statements

ITHACA CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION (Continued)

JUNE 30, 2021

Noncurrent Liabilities

Bonds Payable	33,924,669
Installment Purchase Debt Payable	6,745,656
Other Postemployment Benefits Liability	321,284,683
Net Pension Liability - Proportionate Share	7,081,772
Total Noncurrent Liabilities	369,036,780

Total Liabilities

411,936,705

DEFERRED INFLOWS OF RESOURCES

Pensions	17,386,958
OPEB	60,801,952
Total Deferred Inflows of Resources	78,188,910

NET POSITION

Net Investment in Capital Assets	77,228,067
Restricted	15,193,080
Unrestricted (Deficit)	(304,807,667)
Total Net (Deficit)	\$ (212,386,520)

See Notes to Basic Financial Statements

ITHACA CITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
General Support	\$ 20,019,876	\$ -	\$ -	\$ 100,276	\$ (19,919,600)
Instruction	109,523,714	727,414	6,575,475	-	(102,220,825)
Pupil Transportation	8,731,285	-	-	-	(8,731,285)
Community Services	125,017	-	-	-	(125,017)
School Lunch Program	2,568,275	70,037	2,429,525	-	(68,713)
Interest on Debt	1,484,306	-	-	-	(1,484,306)
Total Functions and Programs	<u>\$142,452,473</u>	<u>\$ 797,451</u>	<u>\$9,005,000</u>	<u>\$ 100,276</u>	<u>(132,549,746)</u>

GENERAL REVENUES

Real Property Taxes	88,388,128
Real Property Tax Items	6,166,274
Use of Money and Property	235,702
State Sources	30,159,136
Sale of Property and Compensation for Loss	101,523
Miscellaneous	2,915,065

Total General Revenues	<u>127,965,828</u>
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Change in Net Position	(4,583,918)
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Total Net (Deficit) - Beginning of Year	<u>(207,802,602)</u>
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Total Net (Deficit) - End of Year	<u><u>\$(212,386,520)</u></u>
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See Notes to Basic Financial Statements

ITHACA CITY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2021

	Major Funds				Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Funds		Capital Project Fund		
		Special Aid Fund	School Lunch Fund			
ASSETS						
Cash - Unrestricted	\$ 14,720,051	\$ 3,438	\$ -	\$ 5,184,827	\$ -	\$ 19,908,316
Cash - Restricted	12,176,240	-	879,834	523,487	1,197,434	14,776,995
Investments	-	-	-	-	5,895	5,895
Taxes Receivable	2,228,053	-	-	-	-	2,228,053
Due from Other Funds	4,687,559	-	300,000	-	1,719	4,989,278
State and Federal Aid Receivable	821,002	1,338,835	533,683	85,605	-	2,779,125
Due from Other Governments	1,990,929	-	-	-	-	1,990,929
Other Receivables	107,185	170,556	15,153	-	-	292,894
Inventories	-	-	138,003	-	-	138,003
Total Assets	\$ 36,731,019	\$ 1,512,829	\$ 1,866,673	\$ 5,793,919	\$ 1,205,048	\$ 47,109,488
LIABILITIES						
Accounts Payable	\$ 603,889	\$ 17,166	\$ 4,396	\$ 316,056	\$ -	\$ 941,507
Accrued Liabilities	832,904	29,111	2,281	-	-	864,296
Due to Other Funds	373,721	2,608,470	101,644	23,250	-	3,107,085
Other Liabilities	51,443	96,101	66,815	-	-	214,359
Bond Anticipation Notes Payable	-	-	-	24,000,000	-	24,000,000
Due to Teachers' Retirement System	4,701,712	-	-	-	-	4,701,712
Due to Employees' Retirement System	438,369	-	158,367	-	-	596,736
Compensated Absences Payable	734,460	-	-	-	-	734,460
Unearned Revenues	95,383	-	-	437,000	-	532,383
Total Liabilities	7,831,881	2,750,848	333,646	24,776,306	-	35,692,681
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	1,578,408	-	-	-	-	1,578,408
FUND BALANCES						
Nonspendable	-	-	138,003	-	-	138,003
Restricted	12,071,240	-	1,395,024	521,768	1,205,048	15,193,080
Assigned	8,750,577	-	-	-	-	8,750,577
Unassigned	6,498,913	(1,238,019)	-	(19,504,155)	-	(14,243,261)
Total Fund Balances (Deficit)	27,320,730	(1,238,019)	1,533,027	(18,982,387)	1,205,048	9,838,399
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 36,731,019	\$ 1,512,829	\$ 1,866,673	\$ 5,793,919	\$ 1,205,048	\$ 47,109,488

See Notes to Basic Financial Statements

ITHACA CITY SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2021

Fund Balances - Total Governmental Funds	\$	9,838,399
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		
Total Historical Cost	\$ 235,173,158	
Less Accumulated Depreciation	<u>(86,894,445)</u>	148,278,713
Deferred inflows of resources reported in the Balance Sheet are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		1,578,408
Internal Service Funds are used by the District to charge the costs of certain activities such as health insurance. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position.		
		(139,485)
The School District's proportionate share of the collective net pension asset/liability is not reported in the funds.		
TRS Net Pension Liability - Proportionate Share	\$ (7,037,008)	
ERS Net Pension Liability - Proportionate Share	<u>(44,764)</u>	(7,081,772)
Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources related to OPEB and pensions represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.		
Deferred Charges on Defeased Debt	\$ 1,211,322	
Deferred Outflows of Resources - OPEB	48,448,365	
Deferred Inflows of Resources - OPEB	(60,801,952)	
TRS Deferred Inflows of Resources - Pension	(13,212,958)	
ERS Deferred Inflows of Resources - Pension	(4,174,000)	
TRS Deferred Outflows of Resources - Pension	10,130,032	
ERS Deferred Outflows of Resources - Pension	<u>24,154,645</u>	5,755,454
Long-term liabilities, including bonds payable adjusted for financing transaction amortization, installment purchase debt, and other postemployment benefits liability, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds Payable	\$ (38,220,000)	
Bonds Premium	(2,657,456)	
Installment Purchase Debt Payable	(7,384,512)	
Other Postemployment Benefits Liability	<u>(321,284,683)</u>	(369,546,651)
Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.		
Accrued Interest on Long-term Debt		<u>(1,069,586)</u>
Net (Deficit) of Governmental Activities	\$	<u>(212,386,520)</u>

See Notes to Basic Financial Statements

ITHACA CITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds				Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Funds Special Aid Fund	School Lunch Fund	Capital Projects Fund		
REVENUES						
Real Property Taxes	\$ 87,636,201	\$ -	\$ -	\$ -	\$ -	\$ 87,636,201
Real Property Tax Items	6,166,274	-	-	-	-	6,166,274
Charges for Services	578,285	-	-	-	-	578,285
Use of Money and Property	206,844	-	250	-	26,789	233,883
Sale of Property and Compensation for Loss	101,523	-	-	-	-	101,523
Miscellaneous	2,841,487	998,344	43,569	30,396	43,182	3,956,978
State Sources	30,654,070	1,147,356	74,845	100,276	-	31,976,547
Federal Sources	922,975	3,011,866	2,354,680	-	-	6,289,521
Medicaid Reimbursement	149,129	-	-	-	-	149,129
Sales - School Lunch	-	-	26,468	-	-	26,468
Total Revenues	129,256,788	5,157,566	2,499,812	130,672	69,971	137,114,809
EXPENDITURES						
General Support	16,206,137	1,072,500	-	-	-	17,278,637
Instruction	65,608,158	5,840,310	1,209,107	-	27,304	72,684,879
Pupil Transportation	5,252,674	68,831	-	-	-	5,321,505
Employee Benefits	31,311,446	536,334	639,238	-	-	32,487,018
Debt Service:						
Principal	6,766,299	-	-	-	-	6,766,299
Interest	1,863,212	-	-	-	-	1,863,212
Cost of Sales	-	-	719,930	-	-	719,930
Capital Outlay	-	-	-	14,192,081	-	14,192,081
Total Expenditures	127,007,926	7,517,975	2,568,275	14,192,081	27,304	151,313,561
Excess (Deficiency) of Revenues Over Expenditures	2,248,862	(2,360,409)	(68,463)	(14,061,409)	42,667	(14,198,752)
OTHER FINANCING SOURCES AND (USES)						
Premium on Obligations	-	-	-	-	294,000	294,000
Operating Transfers In	186,034	1,122,390	300,000	899,126	22,833	2,530,383
Operating Transfers (Out)	(2,321,516)	-	-	(208,867)	-	(2,530,383)
Total Other Sources (Uses)	(2,135,482)	1,122,390	300,000	690,259	316,833	294,000
Net Change in Fund Balances	113,380	(1,238,019)	231,537	(13,371,150)	359,500	(13,904,752)
Fund Balances (Deficit) - Beginning of Year	27,207,350	-	1,301,490	(5,611,237)	845,548	23,743,151
Fund Balances (Deficit) - End of Year	\$ 27,320,730	\$ (1,238,019)	\$ 1,533,027	\$ (18,982,387)	\$ 1,205,048	\$ 9,838,399

See Notes to Basic Financial Statements

ITHACA CITY SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Total Governmental Funds **\$ (13,904,752)**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.

Capital Outlay, Net	\$ 14,622,699	
Depreciation Expense	<u>(6,132,377)</u>	8,490,322

Real property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Current Year Deferred Revenue	\$ 1,578,408	
Prior Year Deferred Revenue	<u>(826,481)</u>	751,927

Long-term debt proceeds and related issue costs and deferred amounts on refunding provide current financial resources to Governmental Funds, but issuing debt and the related premiums increase long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal Payment on Bonds	\$ 6,140,000	
Amortization of Bond Premium	774,053	
Principal Payment on Installment Debt	626,299	
Amortization of Deferred Charges on Defeased Debt	<u>(446,803)</u>	7,093,549

Long-term liabilities, such as those associated with employee benefits, are not reported in the Balance Sheet. Therefore expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. This is the change in the amount that is reported in the Statement of Activities.

Other Postemployment Benefits Liability		(1,248,724)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. This is the amount accrued interest payable increased from the prior year.

Interest Payable		(242,344)
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Internal Service Funds are used by the District to charge the costs of certain activities, such as health insurance, to individual funds. The net change of the internal service fund is reported with Governmental Activities.

(211,925)

Changes in the School District's proportionate share of net pension assets/liabilities have no effect on the current financial resources and therefore are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to pensions do not affect current financial resources and therefore are not reported in the Governmental Funds.

ERS	\$ (6,192,496)	
TRS	<u>880,525</u>	<u>(5,311,971)</u>

Net Change in Net Position of Governmental Activities **\$ (4,583,918)**

See Notes to Basic Financial Statements

ITHACA CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2021

	Governmental Activities
	Internal Service Funds
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 3,395,808
Due from Other Funds	72,003
Total Current Assets	3,467,811
LIABILITIES	
Current Liabilities	
Accounts Payable	344,692
Incurred Claims Liability	1,308,408
Due to Other Funds	1,954,196
Total Current Liabilities	3,607,296
NET POSITION	
Unrestricted	(139,485)
Total Net Position (Deficit)	\$ (139,485)

See Notes to Basic Financial Statements

ITHACA CITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities Internal Service Funds
OPERATING REVENUES	
Premiums - District Payments	\$ 18,350,745
Premiums - Employee Payments	2,943,767
Premiums - Retiree Payments	718,857
Rebates and Reimbursements	792,887
Total Operating Revenues	22,806,256
OPERATING EXPENSES	
Hospital and Medical Claims Expense	13,757,696
Prescription Claims Expense	3,786,542
Administrative Expenses	5,474,595
Other Expenses	1,167
Total Operating Expenses	23,020,000
Excess (Deficit) of Operating Revenues (Expenses) Before Nonoperating Revenues	(213,744)
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	1,819
Change in Net Position	(211,925)
Net Position, Beginning	72,440
Net Position (Deficit), Ending	\$ (139,485)

See Notes to Basic Financial Statements

ITHACA CITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities Internal Service Funds
Cash Flows From Operating Activities	
Cash Received From Providing Service - District Payments	\$ 18,350,745
Cash Received From Providing Service - Employee Payments	3,007,296
Cash Received From Providing Service - Retiree Payments	718,857
Cash Received From Rebates and Reimbursements	792,887
Cash Payments - Hospital and Medical Claims	(14,047,902)
Cash Payments - Prescription Claims	(3,786,542)
Cash Payments - Administrative	(5,474,595)
Cash Payments - Other	(1,167)
Net Cash Provided (Used) by Operating Activities	(440,421)
Cash Flows From Non-Capital Financing Activities	
Interfund Transfers	1,882,193
Net Cash (Used) Provided by Non-capital Financing Activities	1,882,193
Cash Flows From Capital and Related Financing Activities	-
Cash Flows From Investing Activities	
Interest Income Received	1,819
Net Cash Provided (Used) by Investing Activities	1,819
Net Change in Cash and Cash Equivalents	1,443,591
Cash and Cash Equivalents, January 1,	1,952,217
Cash and Cash Equivalents, December 31,	\$ 3,395,808
Reconciliation of Gain From Operations to Net Cash Provided (Used) by Operating Activities	
Gain from Operations	\$ (213,744)
Increase (Decrease) in Accounts Payable	63,529
Increase (Decrease) in Claims Liability	(290,206)
Net Cash Provided (Used) by Operating Activities	\$ (440,421)

See Notes to Basic Financial Statements

ITHACA CITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2021

	<u>Custodial Fund</u>
ASSETS	
Cash and Cash Equivalents - Unrestricted	<u>\$ 304,454</u>
Total Assets	<u>\$ 304,454</u>
NET POSITION	
Unrestricted	<u>\$ 304,454</u>
Total Net Position	<u>\$ 304,454</u>

ITHACA CITY SCHOOL DISTRICT

STATEMENT OF CHANGES FIDUCIARY IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2021

	<u>Custodial Fund</u>
ADDITIONS	
Extraclassroom Receipts	<u>\$ 93,845</u>
Total Additions	<u>93,845</u>
DEDUCTIONS	
Extraclassroom Disbursements	<u>108,196</u>
Change in Net Position	(14,351)
Net Position - Beginning of Year	<u>318,805</u>
Net Position - End of Year	<u><u>\$ 304,454</u></u>

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies**

The accompanying financial statements of the Ithaca City School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

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

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended:

- The primary government, which is the School District;
- 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 basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from Ithaca City School District's business office, located at 400 Lake Street, Ithaca, NY.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Joint Venture

The School District is one of nine component school districts in the Tompkins-Seneca-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (§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 General Municipal Law (GML).

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

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law.

Basis of Presentation - District-Wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the School District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. 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.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Governmental Fund Financial Statements

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

The School District reports the following Major Governmental Funds.

- General Fund: This is the School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Special Revenue Funds: Account for proceeds of specific revenue sources (other than capital projects) legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - Special Aid Fund: Accounts for the proceeds of specific revenue sources, such as federal, state, and local grants legally restricted to expenditures for specified purposes, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
 - School Lunch Fund: Accounts for revenues and expenditures in connection with the School District's food service program.
- Capital Project Fund
 - Accounts for financial reserves/resources used for acquisition and construction of both major and minor renovations to the educational complexes. Additionally, accounts for financial resources used for reconstruction of various School District facilities and construction/reconstruction of additions to School District facilities as well as major repairs to other capital facilities.

The School District also reports the following Non-Major Funds:

- Debt Service Fund: Accounts for accumulation of resources and payment of principal and interest on long-term general obligation debt of Governmental Activities.
- Miscellaneous Special Revenue Fund: Used to account for student scholarships whose funds are restricted as to use.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Continued

Proprietary Funds are used to account for ongoing organizations or activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. The following Proprietary Funds are utilized:

- Self-Insurance Fund - Internal Service Fund which accounts for the accumulation of resources for payment of health costs as authorized by §6N of GML.

Fiduciary Activities are those in which the School 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 School District and are not available to be used.

The School District reports the following Fiduciary Fund:

- Custodial Fund: Assets are held by the School District as agent for Extraclassroom Activity Funds.

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 School 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 Governmental Fund financial 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 School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within six months after the end of the fiscal year.

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

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Cash and Investments

The School 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 School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts. Investments are stated at fair value.

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School 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 Governmental 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 balances for these non-liquid assets (inventories and prepaid items) have been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Capital Assets

Capital assets are reported at estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

The School District depreciates capital assets using the straight-line method over their estimated lives. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	20 - 40 Years
Improvements	5,000	15 - 20 Years
Furniture and Equipment	5,000	5 - 20 Years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District reports deferred outflows of resources related to pensions and Other Postemployment Benefits (OPEB) in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB are described in Notes 10 and 11.

In addition to liabilities, the Statement of Net Position and the Balance Sheet - Governmental Funds reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District's Governmental Funds' deferred inflows of resources arise under the modified accrual basis of accounting. Accordingly, the applicable item, unavailable revenue, is reported only on the Balance Sheet - Governmental Funds. At June 30, 2021, the School District's deferred inflows of resources consisted of \$1,578,408 in property taxes not collected within 60 days subsequent to year end. The School District also reports deferred inflows of resources related to pensions and OPEB which are further described in Notes 10 and 11.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

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.

School District employees are granted vacation time 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 No. 16, "Accounting for Compensated Absences," the 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 Governmental Funds financial 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.

Postemployment Benefits

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postretirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Unearned and Unavailable Revenue

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

The Governmental Fund financial statements may also report deferred inflow of resources, if applicable, when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflow of resources is removed and revenues are recorded. Unavailable revenues are reported as deferred inflows of resources on the Balance Sheet.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

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 judgements, other postemployment benefits payable, pension obligations, 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 School 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.

Equity Classifications - District-Wide Financial Statements

Equity is classified as net position and displayed in three components.

- Net Investment in Capital Assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted: Consists of all other resources that do not meet the definition of "restricted" or "net investment in capital assets."

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- **Nonspendable:** Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted:** Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- **Committed:** Consists of amounts subject to a purpose constraint imposed by formal action of the School District's highest level of decision-making authority, the Board of Education, prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- **Assigned:** Consists of amounts subject to a purpose constraint representing an intended use established by the School District's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned:** Represents the residual classification of the School District's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to 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.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements - Continued

The Board of Education of the School District has not adopted any resolutions to commit fund balance. By resolution, the Board of Education authorized the Superintendent to assign fund balance. The School District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, then unassigned fund balance.

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within the State of New York. These reserve funds are established through board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance. Reserves currently in use by the School District include the following:

- Capital Reserve (Education Law §3651): 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.
- Property Loss Reserve and Liability Reserve (Education Law §1709(8)c): used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the General Fund.
- Retirement Contribution Reserve (GML §6-r): used for the purpose of 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. This reserve is accounted for in the General Fund.
- Unemployment Insurance Reserve: a self-insurance plan for unemployment insurance the School District carries. The reserve is funded annually through budgetary provisions in the General Fund. Such reserve is recorded in the General Fund and, in the opinion of management, is adequate to fund the eventual loss on claims arising prior to year end.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

- Employee Benefit Accrued Liability Reserve (GML §6-p): used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- Tax Certiorari Reserve (Education Law §3651.1-a): 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. The reserve is accounted for in the General Fund.
- Insurance Liability Reserve (GML §6-n): used to fund certain losses, claims, actions, or judgments for which the local government is authorized or required to purchase or maintain insurance, with a number of exceptions. An insurance reserve fund may also be used to pay for expert or professional services in connection with the investigation, adjustment, or settlement of claims, actions, or judgments. This reserve is accounted for in the General Fund.
- Health Insurance Reserve (GML §6-n): used to fund health insurance claims. The initial funding for this reserve was primarily from refunds received from the withdrawal from the TST BOCES Consortium.

Property Taxes - Calendar

Real property taxes are levied annually by the Board of Education no later than October 1, and became a lien on August 30, 2020. Taxes were collected during the period October 1 to December 28, 2020.

Property Taxes - Enforcement

Uncollected real property taxes are subsequently enforced by Tompkins County, Tioga County, and the City of Ithaca. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the following April 1. Real property taxes enforced by the City are paid to the School District when the City collects them.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

Future Changes in Accounting Standards

- GASB has issued Statement No. 87, "Leases," effective for the year ending June 30, 2022.
- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," effective for the year ending June 30, 2022.
- GASB has issued Statement No. 92, "Omnibus 2020," effective for the year ending June 30, 2022.

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

***Note 2* Participation in BOCES**

During the year ended June 30, 2021, the School District's share of BOCES income amounted to \$4,424,287. The School District was billed \$17,981,189 for BOCES administration and program costs. Financial statements for Tompkins-Seneca-Tioga BOCES are available from the BOCES administrative office at 555 Warren Road, Ithaca, NY.

***Note 3* Cash and Cash Equivalents - Custodial and Concentration of Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

***Note 3* Cash and Cash Equivalents - Custodial and Concentration of Credit Risks - Continued**

The School District's aggregate bank balances of \$41,975,358, including certificates of deposit, are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

The School District has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

1. Insured or registered, or investments held by the School District or by the School District's agent in the School District's name; or
2. Uninsured and unregistered, with investments held by the financial institution's trust department in the School District's name; or
3. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

The School District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The School District does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

Restricted cash at June 30, 2021 consisted of the following:

General Fund Reserves	\$ 12,176,240
Restricted for Capital Reserve	452,250
Restricted for Facilities	1,719
Restricted for Capital Projects	69,518
Restricted for Debt Service	423,421
Restricted for School Lunch	879,834
Restricted for Scholarships	<u>774,013</u>
Total	<u><u>\$ 14,776,995</u></u>

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 4 Other Receivables

Other receivables at June 30, 2021 consisted of the following, which are stated at net realizable value.

	<u>Description</u>	<u>Amount</u>
General Fund	Billings for Services	\$ 107,185
Special Aid Fund	Billings for Services	170,556
School Lunch Fund	Billings for Services	15,153
Total		<u>\$ 292,894</u>

Note 5 Interfund Balances and Activity

Interfund balances at June 30, 2021 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 4,687,559	\$ 373,721	\$ 186,034	\$ 2,321,516
Special Aid Fund	-	2,608,470	1,122,390	-
School Lunch Fund	300,000	101,644	300,000	-
Capital Project Fund	-	23,250	899,126	208,867
Internal Service Fund	72,003	1,954,196	-	-
Non-Major Fund:				
Debt Service Fund	1,719	-	22,833	-
Total	<u>\$ 5,061,281</u>	<u>\$ 5,061,281</u>	<u>\$ 2,530,383</u>	<u>\$ 2,530,383</u>

Interfund receivables and payables, other than between Governmental Activities and Fiduciary Funds, are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as needed to subsidize the School Lunch Fund.

The School 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.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 6 Capital Assets

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

Governmental Activities	Beginning Balance	Additions	Reclassifications and Disposals	Ending Balance
Capital Assets that are Not Depreciated:				
Land	\$ 2,690,625	\$ -	\$ -	\$ 2,690,625
Construction in Progress	11,341,208	13,686,156	-	25,027,364
Total Nondepreciable Historical Cost	<u>14,031,833</u>	<u>13,686,156</u>	<u>-</u>	<u>27,717,989</u>
Capital Assets that are Depreciated:				
Buildings	193,602,564	37,930	-	193,640,494
Furniture and Equipment	13,161,712	898,613	(876,275)	13,814,675
Total Depreciable Historical Cost	<u>206,764,276</u>	<u>936,543</u>	<u>(876,275)</u>	<u>207,455,169</u>
Total Historical Cost	<u>220,796,109</u>	<u>14,622,699</u>	<u>(876,275)</u>	<u>235,173,158</u>
Less Accumulated Depreciation:				
Buildings	(73,861,022)	(5,160,017)		(79,021,039)
Furniture and Equipment	(7,146,696)	(972,360)	876,275	(7,873,406)
Total Accumulated Depreciation	<u>(81,007,718)</u>	<u>(6,132,377)</u>	<u>876,275</u>	<u>(86,894,445)</u>
Total Historical Cost, Net	<u>\$ 139,788,391</u>	<u>\$ 8,490,322</u>	<u>\$ -</u>	<u>\$ 148,278,713</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 156,792
Instruction	5,141,545
Pupil Transportation	<u>834,040</u>
Total	<u>\$ 6,132,377</u>

Note 7 Short-Term Debt

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The School District did not issue or redeem any new RANs or TANs.

The School 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 insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued. The School District did not issue or redeem any budget notes during the year.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 7 Short-Term Debt - Continued

The School 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 BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. BAN activity for the year is as follows:

Description of Issue	Interest Rate	Maturity Date	Beginning Balance	Issued	Renewed or Redeemed	Ending Balance
BAN 2019 - Construction	2.00%	7/17/2020	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
BAN 2020 - Construction	1.50%	7/17/2020	5,000,000	-	5,000,000	-
BAN 2021 - Construction	1.75%	7/16/2021	-	24,000,000	-	24,000,000
Total			\$ 10,000,000	\$ 24,000,000	\$ 10,000,000	\$ 24,000,000

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

Interest Paid	\$ 134,722
Less Interest Accrued in the Prior Year	(126,875)
Plus Interest Accrued in the Current Year	402,500
(Less) Premiums on BANs	(294,000)
Total	\$ 116,347

Note 8 Long-Term Debt

At June 30, 2021, the total outstanding indebtedness of the School District represented 24.89% of its statutory debt limit, exclusive of building aids. The statutory debt limit is calculated as follows:

Five-year average of full valuation of taxable property	\$5,592,326,099
5% of the five-year average of full valuation of taxable property	279,616,305
Debt subject to statutory debt limit	69,604,512
Debt subject to statutory debt limit/5% of the five-year average	24.89%

Long-term debt is classified as follows:

- **Serial Bonds:** The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.
- **Installment Purchase Debt** - The School District enters into installment purchase agreements for energy performance contracts. The cost and net book value of assets acquired with installment purchase debt totaled \$9,726,615 and \$7,132,851, respectively.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 8 Long-Term Debt - Continued

The following is a summary of the School District's notes payable and long-term debt for the year ended June 30, 2021:

<u>Serial Bonds</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2021</u>
Refunding	11/15	07/29	3.00% - 5.00%	\$ 8,205,000
Refunding - Series B	05/16	12/24	2.00% - 5.00%	3,915,000
Capital Improvement	07/15	07/30	2.00% - 3.00%	4,590,000
Refunding	10/16	07/30	0.90% - 5.00%	16,380,000
Refunding	04/20	07/30	2.00% - 5.00%	5,130,000
Total Serial Bonds				<u>38,220,000</u>
Plus Unamortized Premium on Obligations				<u>2,657,456</u>
Total				<u>\$ 40,877,456</u>

Interest paid on long-term debt during the year was comprised of:

Interest Paid	\$ 1,728,490
(Less) Interest Accrued in the Prior Year	(700,367)
Plus Interest Accrued in the Current Year	667,086
(Less) Amortization of Bond Premium	(774,053)
Plus Deferred Amount on Refunding	<u>446,803</u>
Total	<u>\$ 1,367,959</u>

Interest paid on the Serial Bonds varies from year to year, in accordance with the interest rates specified in the bond agreements.

On November 12, 2015, the School District issued \$10,520,000 general obligation bonds, with interest rates ranging between 3.0% and 5.0% and a premium of \$1,196,654 to advance refund \$10,845,000 of outstanding various general obligation bonds with interest rates ranging from 3.0% to 4.125%. The net proceeds of \$11,589,597 (after payment of \$127,057 in underwriting fees, original bond premium, insurance, and other issuance costs) were used to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the refunded bonds are considered defeased and the liability was removed from the School District's financial statements. The outstanding principal of defeased bonds was \$8,205,000 at June 30, 2021.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 8 Long-Term Debt - Continued

On May 27, 2016, the School District issued \$6,320,000 general obligation bonds, with interest rates ranging between 2.0% and 5.0% and a premium of \$1,126,751 to advance refund \$6,430,000 of outstanding various general obligation bonds with interest rates ranging from 3.0% to 5.0%. The net proceeds of \$7,297,184 (after payment of \$149,567 in underwriting fees, original bond premium, insurance, and other issuance costs) were used to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the refunded bonds are considered defeased and the liability was removed from the School District's financial statements. The outstanding principal of defeased bonds was \$4,590,000 at June 30, 2021.

On October 27, 2016, the School District issued \$23,220,000 general obligation bonds, with interest rates ranging between 0.9% and 5.0% and a premium of \$2,772,805 to advance refund \$23,925,000 of outstanding various general obligation bonds with interest rates ranging from 3.25% to 4.0%. The net proceeds of \$25,798,598 (after payment of \$194,207 in underwriting fees, original bond premium, insurance, and other issuance costs) were used to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the refunded bonds are considered defeased and the liability was removed from the School District's financial statements. The outstanding principal of defeased bonds was \$16,380,000 at June 30, 2021.

On April 7, 2020, the School District issued \$5,135,000 general obligation bonds, with interest rates ranging between 2.0% and 5.0% and a premium of \$1,119,073 to advance refund \$6,050,000 of outstanding various general obligation bonds with interest rates ranging from 3.25% to 4.0%. The net proceeds of \$25,798,598 (after payment of \$194,207 in underwriting fees, original bond premium, insurance, and other issuance costs) were used to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the refunded bonds are considered defeased and the liability was removed from the School District's financial statements. The outstanding principal of defeased bonds was \$5,130,000 at June 30, 2021.

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges on defeased debt are summarized as follows:

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance
2017 Refunding Bonds	\$ 1,658,125	\$ -	\$ (446,803)	\$ 1,211,322
Total	\$ 1,658,125	\$ -	\$ (446,803)	\$ 1,211,322

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 8 Long-Term Debt - Continued

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

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Bonds	\$ 44,360,000	\$ -	\$ (6,140,000)	\$ 38,220,000	\$ 6,245,000
Unamortized Premium	3,431,509	-	(774,053)	2,657,456	707,787
Installment Purchase Debt	8,010,811	-	(626,299)	7,384,512	638,856
Total	\$ 55,802,320	\$ -	\$ (7,540,352)	\$ 48,261,968	\$ 7,591,643

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

Year	Principal	Interest	Total
2022	\$ 6,245,000	\$ 1,745,113	\$ 7,990,113
2023	6,500,000	1,395,062	7,895,062
2024	6,775,000	995,438	7,770,438
2025	2,750,000	632,437	3,382,437
2026	2,855,000	520,944	3,375,944
2027-2031	13,095,000	938,637	14,033,637
Total	\$ 38,220,000	\$ 6,227,631	\$ 44,447,631

Capital Leases (Installment Purchase Debt)

The School District is obligated under certain leases accounted for as capital leases. Net book value of assets purchased under capital leases totaled \$7,132,851 at June 30, 2021.

	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2021
Installment Purchase Debt	08/16	08/31	1.995%	\$ 7,384,512

The following is a schedule of future minimum lease payments under capital leases:

Year	Principal	Interest	Total
2022	\$ 638,856	\$ 144,151	\$ 783,007
2023	651,664	131,342	783,006
2024	664,730	118,276	783,006
2025	678,058	104,949	783,007
2026	691,652	91,354	783,006
2027-2031	3,671,915	243,116	3,915,031
2032	387,637	3,866	391,503
Total	\$ 7,384,512	\$ 837,054	\$ 8,221,566

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 9* **Compensated Absences*

Represents unpaid accumulated annual vacation time. This liability is liquidated from the General Fund. 2020-2021 activity consists of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	<u>\$ 766,561</u>	<u>\$ -</u>	<u>\$ (32,101)</u>	<u>\$ 734,460</u>
Total	<u>\$ 766,561</u>	<u>\$ -</u>	<u>\$ (32,101)</u>	<u>\$ 734,460</u>

Changes to compensated absences are reported net, as it is impractical to individually determine the amount of additions and deletions during the fiscal year.

Note 10* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)*

Plan Descriptions

Teachers' Retirement System (TRS)(System)

The School 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 (RSSL). The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 10* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Plan Descriptions - Continued

Teachers' Retirement System (TRS)(System) - Continued

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

Employees' Retirement System (ERS)

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

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 10* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Plan Descriptions - Continued

Employees' Retirement System (ERS) - Continued

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

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

	ERS	TRS
2021	\$ 2,181,119	\$ 4,898,426
2020	2,144,250	4,442,779
2019	2,164,853	3,994,249

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

At June 30, 2021, the School District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The School District's proportionate share of the net pension liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	4/1/2020	6/30/2019
Net Pension Liability	\$ 99,573,957	\$ 2,763,270,835
School District's Proportionate Share of the Plan's Total Net Pension Liability	44,764	7,037,008
School District's Share of the Net Pension Liability	0.0449555%	0.254662%

For the year ended June 30, 2021, the School District recognized pension expense of \$1,361,839 for ERS and \$9,414,317 for TRS in the District-wide financial statements. At June 30, 2021 the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<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	\$ 546,689	\$ 6,165,827	\$ -	\$ 360,633
Changes of Assumptions	8,230,652	8,900,177	155,233	3,172,448
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	4,595,783	12,858,851	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	734,196	204,483	198,874	640,919
School District's Contributions Subsequent to the Measurement Date	618,495	4,288,375	-	-
Total	<u><u>\$ 10,130,032</u></u>	<u><u>\$ 24,154,645</u></u>	<u><u>\$ 13,212,958</u></u>	<u><u>\$ 4,174,000</u></u>

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 10* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. 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 Ending	ERS	TRS
2022	\$ (504,590)	\$ 2,681,329
2023	(121,374)	5,473,788
2024	(626,259)	4,464,013
2025	(2,449,198)	2,706,893
2026	-	76,843
Thereafter	-	289,404

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.

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Actuarial Valuation Date	April 1, 2020	June 30, 2019
Interest Rate of Return	5.9%	7.1%
Salary Increases	4.4%	1.9%-4.72%
Cost of Living Adjustments	4.4%	1.3%
Inflation Rate	2.7%	2.2%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018, applied on a generational basis.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions - Continued

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2019.

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

Measurement Date	ERS	TRS
	March 31, 2021	June 30, 2020
Asset Type:		
Domestic Equities	4.05%	7.10%
International Equities	6.30%	7.70%
Global Equities	-	7.40%
Real Estate	4.95%	6.80%
Private Equity/Alternative Investments	6.75%	10.40%
Opportunistic Portfolio	4.50%	-
Real Assets	5.95%	-
Cash	0.50%	-
Credit	3.63%	
Domestic Fixed Income Securities	-	1.80%
Global Fixed Income Securities	-	1.00%
Private Debt	-	5.20%
Real Estate Debt	-	3.60%
High-Yield Fixed Income Securities	-	3.90%
Short-Term	-	0.70%

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% 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 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.

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

The following presents the School District's proportionate share of the net liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
School District's Proportionate Share of the Net Pension Liability	\$ 12,424,749	\$ 44,764	\$ (11,372,480)
	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
TRS			
School District's Proportionate Share of the Net Pension Liability	\$ 44,450,354	\$ 7,037,008	\$ (24,362,271)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	Dollars in Thousands	
	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Employers' Total Pension Liability	\$ 220,680,157	\$ 123,242,776
Plan Net Position	(220,580,583)	(120,479,505)
Employers' Net Pension Liability	<u>\$ 99,574</u>	<u>\$ 2,763,271</u>
Ratio of Plan Net Position to the Employers' Total Pension Liability	99.9%	97.8%

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 10* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$596,736.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October, and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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, 2021 amounted to \$4,701,712.

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension Liability	\$ 12,356,764	\$ (12,312,000)	\$ 44,764
Deferred Outflows of Resources	(8,653,281)	(1,476,751)	(10,130,032)
Deferred Inflows of Resources	304,732	12,908,226	13,212,958
Subtotal	<u>4,008,215</u>	<u>(880,525)</u>	<u>3,127,690</u>
TRS			
Net Pension Liability	(6,511,362)	13,548,370	7,037,008
Deferred Outflows of Resources	(21,882,399)	(2,272,246)	(24,154,645)
Deferred Inflows of Resources	9,257,628	(5,083,628)	4,174,000
Subtotal	<u>(19,136,133)</u>	<u>6,192,496</u>	<u>(12,943,637)</u>
Total	<u>\$ (15,127,918)</u>	<u>\$ 5,311,971</u>	<u>\$ (9,815,947)</u>

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 11* Other Postemployment Benefits**

General Information about the OPEB Plan

Plan Description - The School District's Defined OPEB Plan (Plan) provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The Plan is a single-employer defined benefit healthcare plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements, because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

Employees Covered by Benefit Terms - At June 30, 2021, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	720
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees Not Fully Eligible for Benefits	<u>1,040</u>
Total	<u><u>1,760</u></u>

Total OPEB Liability

The School District's total OPEB liability of \$321,284,683 was measured as of July 1, 2020, and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Single Discount Rate	2.2%
Salary Scale	3.5%
Rate of Inflation	2.5%
Marriage Rate	70.0%
Participation Rate	100.0%
Healthcare Cost Trend Rates	7.0% for 2021, decreasing to an ultimate rate of 4.04% for 2091

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 11* Other Postemployment Benefits - Continued**

Actuarial Assumptions and Other Inputs - Continued

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (or the nearest business day thereto).

The salary scale was based on the School District's review of historical experience as well as future expectations.

Mortality rates were based on the Scale RPH-2014 (generation mortality) published by the pension mortality study released by the Society of Actuaries.

Termination rates were based on the percentage of employees who will terminate employment at the given age each year, for reasons other than death or retirement.

Retirement rates are based on tables used by the New York State Teachers' Retirement System and New York State and Local Retirement System.

The actuarial assumptions used in the July 1, 2020 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	<u>\$ 289,350,401</u>
Changes for the Year	
Service Cost	9,431,223
Interest Cost	10,319,752
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(13,627,908)
Changes in Assumptions or Other Inputs	33,674,353
Benefit Payments	<u>(7,863,138)</u>
Net Change	<u>31,934,282</u>
Balance at June 30, 2021	<u>\$ 321,284,683</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% percent in 2020 to 2.21% in 2021.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 11* Other Postemployment Benefits - Continued**

Changes in the Total OPEB Liability - Continued

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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 379,301,822	\$ 321,284,683	\$ 274,899,962

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 268,039,570	\$ 321,284,683	\$ 391,156,627

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

For the year ended June 30, 2021, the School District recognized OPEB expense of \$9,763,999.

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 28,065,328
Changes in Assumptions or Other Inputs	39,933,090	32,736,624
Contributions Subsequent to Measurement Date	8,515,275	-
Total	\$ 48,448,365	\$ 60,801,952

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 11 Other Postemployment Benefits - Continued

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

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Amount
Ending June 30,	
2022	\$ (9,986,976)
2023	(9,986,976)
2024	(6,751,742)
2025	(739,665)
2026	4,691,634
Thereafter	1,904,863

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
Other Postemployment Benefits Liability	\$ 289,350,401	\$ 31,934,282	\$ 321,284,683
Deferred Outflows of Resources	(21,618,410)	(26,829,955)	(48,448,365)
Deferred Inflows of Resources	64,657,555	(3,855,603)	60,801,952
Total Effect on Net Position	\$ 332,389,546	\$ 1,248,724	\$ 333,638,270

Note 12 Commitments and Contingencies

Risk Financing and Related Insurance - General Information

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

Risk Financing and Related Insurance - Health Insurance

The School District is self-insured for employee medical, dental, and prescription drug insurance coverage. The School District uses a third party administrator who is responsible for processing claims and estimating liabilities. The School District has also purchased stop-loss insurance for major medical claims.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 12* Commitments and Contingencies - Continued**

Risk Financing and Related Insurance - Health Insurance - Continued

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-out and other economic and social factors.

During the year ended June 30, 2021, the School District incurred premiums or contribution expenditures totaling \$19,907,946.

Risk Financing and Related Insurance - Workers' Compensation Insurance

The School District incurs costs related to a workers' compensation insurance plan (Plan) sponsored by BOCES and its component districts. 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. School Districts joining the Plan must remain members for a minimum of one year; a member may withdraw from the Plan after that time by forwarding a resolution passed by the School District's Board of Education prior to the end of the fiscal year.

Plan members include eight districts and one BOCES, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of 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.

During the year ended June 30, 2021, the School District incurred premiums or contribution expenditures totaling \$1,026,082.

Risk Financing and Related Insurance - Non-Pool, Risk Retained

The School District has chosen to establish a self-insured plan for risks associated with unemployment insurance, which is accounted for in the School District's General Fund as reserve and includes provisions for unexpected and unusual claims.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 12 Commitments and Contingencies - Continued

Other Items

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

Note 13 Fund Balance Detail

At June 30, 2021, nonspendable, restricted, and assigned fund balances in the governmental funds were as follows:

	<u>General Fund</u>	<u>School Lunch Fund</u>	<u>Capital Project Fund</u>	<u>Non-Major Governmental Funds</u>
Nonspendable				
Inventory	\$ -	\$ 138,003	\$ -	\$ -
Total Nonspendable Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ 138,003</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Restricted				
Retirement Contribution Reserve	\$ 2,926,484	\$ -	\$ -	\$ -
TRS Reserve	1,437,504	-	-	-
Tax Certiorari Reserve	600,383	-	-	-
Insurance Liability Reserve	255,815	-	-	-
Property Loss and Liability Reserve	398,000	-	-	-
Health Insurance Reserve	4,390,259	-	-	-
Employee Benefit Accrued			-	-
Liability Reserve	593,353	-	-	-
Capital Reserve	1,469,442	-	-	-
Capital Reserve Fund	-	-	521,768	-
School Lunch	-	1,395,024	-	-
Debt	-	-	-	425,140
Scholarships	-	-	-	779,908
Total Restricted Fund Balance	<u><u>\$ 12,071,240</u></u>	<u><u>\$ 1,395,024</u></u>	<u><u>\$ 521,768</u></u>	<u><u>\$ 1,205,048</u></u>
Assigned				
Appropriated for Next Year's Budget	\$ 6,217,704	\$ -	\$ -	\$ -
Encumbered for:				
General Support	950,801	-	-	-
Instruction	1,521,400	-	-	-
Pupil Transportation	24,068	-	-	-
Employee Benefits	36,604	-	-	-
Total Assigned Fund Balance	<u><u>\$ 8,750,577</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 14 General Fund Restricted Fund Balances

Portions of restricted fund balance are reserved and are not available for current expenditures as reported in the General Fund Governmental Funds Balance Sheet. The General Fund reserves balances and activity for the year ended June 30, 2021 of the reserves were as follows:

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Retirement Contribution Reserve	\$ 2,524,450	\$ 1,400,000	\$ 2,034	\$ (1,000,000)	\$ 2,926,484
TRS Reserve	836,830	600,000	674	-	1,437,504
Property Loss and Liability Reserve	397,680	105,000	320	(105,000)	398,000
Tax Certiorari Reserve	599,900	-	483	-	600,383
Insurance Liability Reserve	255,609	-	206	-	255,815
Employee Benefit Accrued Liability Reserve	372,220	500,000	299	(279,166)	593,353
Capital Reserve	1,999,261	357,600	1,707	(889,126)	1,469,442
Health Insurance Reserve	4,358,427	-	31,832	-	4,390,259
Total	\$ 11,344,377	\$ 2,962,600	\$ 37,555	\$ (2,273,292)	\$ 12,071,240

Note 15 Stewardship, Compliance and Accountability

Deficit Net Position

At June 30, 2021, the District-wide Statement of Net Position had an unrestricted deficit net position of \$212,386,520. This is primarily the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this. (see Note 11). The deficit is not expected to be eliminated during the normal course of operations.

The Capital Projects Fund – Facilities reported an unrestricted fund balance deficit of \$19,504,155 at June 30, 2021. This is due to \$24,000,000 in BANs outstanding; the deficit will be eliminated when the BANs are converted to long-term debt.

The Special Aid Fund had a deficit fund balance of \$1,238,019 at June 30, 2021. This is due to expenses on federal grants prior to grant approval, and will be eliminated in the 2021-22 fiscal year.

The Internal Service Fund has a deficit net position of \$139,485 at June 30, 2021 due primarily to the incurred claims liability. This is expected to be eliminated in the 2021-22 fiscal year.

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 16 **Tax Abatements**

For the year ended June 30, 2021, property in the School District was subject to property tax abatements negotiated by the Tompkins County Industrial Development Agency (TCIDA), the City of Ithaca (the City), and the Town of Ithaca (the Town).

TCIDA enters into payment in lieu of taxes (PILOT) agreements with businesses within Tompkins County under New York State General Municipal Law §858. Economic development agreements entered into by TCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which TCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction.

The Town entered into a property tax abatement agreement with a local business under Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth. Under the Act, localities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Town.

Information relevant to disclosure of the program for the year ended June 30, 2021 is as follows:

	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Taxes Abated</u>
Tompkins County Industrial Development Agency	\$ 4,496,439	\$ 1,302,510	\$ 3,193,929
Town of Ithaca	244,948	174,576	70,372
Total PILOT Agreements	<u>\$ 4,741,387</u>	<u>\$ 1,477,086</u>	<u>\$ 3,264,301</u>

ITHACA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 17 Health Insurance

Effective July 1, 2017, the School District became self-insured for health insurance for its employees and retirees. The District maintains the activity for its health insurance in the Internal Service Fund and has separate bank accounts established. The balance at June 30, 2021 is primarily composed of 2020-2021 claims paid after June 30, 2021 of \$344,692, and an estimate of incurred but not reported (IBNR) claims of \$1,308,408. In addition to the above, the School District maintains a health insurance reserve in the General Fund, with funding of \$4,390,259.

Note 18 Subsequent Events

On July 15, 2021, the School District issued a BAN in the amount of \$17,000,000 to renew an existing BAN and provide financing for the School District's capital projects. The BAN matures July 15, 2022 and yields an interest rate of 1.50%.

On July 15, 2021, Serial Bonds were issued with a principal amount of \$21,860,000 to provide financing for the School District's capital projects. The bonds yield an interest rate of 2.00% and will mature on June 15, 2037.

Note 19 Uncertainty

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus included quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies on the area in which the School District operates. The School District completed the school year in an online learning format and is beginning the 2021-2022 academic year in a partially online format. While it is unknown how long these conditions will last and what the complete financial effect will be, the School District expects disruptions to businesses and residents and potential effects to state government funding, which could negatively impact operating results in future periods.

Note 20 Restatement

During the year, the District adopted GASB Statement No. 84. The School District's June 30, 2020 net position for Governmental Activities and Fiduciary Activities, and fund balance for the Governmental Funds and Proprietary Funds has been restated to reflect the following:

	<u>Net Position (Deficit)</u>	<u>Governmental Fund Balance</u>	<u>Custodial Fund Balance</u>	<u>Proprietary Fund Balance</u>
Balance Beginning of Year, as Previously Reported	\$ (208,636,220)	\$ 22,981,973	\$ -	\$ -
GASB Statement No. 84 Implementation	<u>833,618</u>	<u>761,178</u>	<u>318,805</u>	<u>72,440</u>
Balance Beginning of Year, as Restated	<u><u>\$ (207,802,602)</u></u>	<u><u>\$ 23,743,151</u></u>	<u><u>\$ 318,805</u></u>	<u><u>\$ 72,440</u></u>

ITHACA CITY SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 92,777,822	\$ 88,409,434	\$ 87,636,201	\$ (773,233)
Real Property Tax Items	1,597,265	5,965,653	6,166,274	200,621
Charges for Services	542,700	542,700	578,285	35,585
Use of Money and Property	300,100	300,100	206,844	(93,256)
Sale of Property and Compensation for Loss	28,000	28,000	101,523	73,523
Miscellaneous	2,267,813	2,419,964	2,841,487	421,523
Total Local Sources	<u>97,513,700</u>	<u>97,665,851</u>	<u>97,530,614</u>	<u>(135,237)</u>
State Sources	31,134,573	31,134,573	30,654,070	(480,503)
Medicaid Reimbursement	240,000	240,000	149,129	(90,871)
Other Federal Sources	1,020,343	1,020,343	922,975	(97,368)
Total Revenues	<u>129,908,616</u>	<u>130,060,767</u>	<u>129,256,788</u>	<u>(803,979)</u>
OTHER FINANCING SOURCES				
Operating Transfers In	109,087	109,087	186,034	76,947
Total Revenues and Other Financing Sources	<u>130,017,703</u>	<u>130,169,854</u>	<u>\$ 129,442,822</u>	<u>\$ (727,032)</u>
Appropriated Fund Balance	6,824,945	7,759,771		
Designated Fund Balance and Encumbrances Carried Forward from Prior Year	2,361,059	2,361,059		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u>\$ 139,203,707</u>	<u>\$ 140,290,684</u>		

See Notes to Required Supplementary Information

ITHACA CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
General Support					
Board of Education	\$ 158,515	\$ 154,314	\$ 140,953	\$ 156	\$ 13,205
Central Administration	387,711	390,139	374,518	-	15,621
Finance	1,089,286	1,189,346	1,165,756	4,014	19,576
Staff	1,608,258	1,649,906	1,247,696	362,927	39,283
Central Services	10,942,030	12,662,838	10,891,576	583,704	1,187,558
Special Items	2,624,362	2,656,312	2,385,638	-	270,674
Total General Support	<u>16,810,162</u>	<u>18,702,855</u>	<u>16,206,137</u>	<u>950,801</u>	<u>1,545,917</u>
Instruction					
Instruction, Administration, and Improvement	5,751,284	5,696,006	5,215,694	17,785	462,527
Teaching - Regular School Programs for Children with Handicapping Conditions	35,544,831	35,366,114	33,975,491	1,353,420	37,203
Occupational Education	18,339,032	17,773,470	17,261,993	83,731	427,746
Teaching - Special School	1,761,771	1,761,771	1,761,392	-	379
Instructional Media	89,558	110,437	109,925	-	512
Pupil Services	2,151,494	2,455,685	2,351,489	33,731	70,465
Total Instruction	<u>5,758,753</u>	<u>5,728,487</u>	<u>4,932,174</u>	<u>32,733</u>	<u>763,580</u>
Pupil Transportation	69,396,723	68,891,970	65,608,158	1,521,400	1,762,412
Community Services	6,350,351	6,356,263	5,252,674	24,068	1,079,521
Employee Benefits	7,500	1,500	-	-	1,500
	<u>35,749,982</u>	<u>34,649,982</u>	<u>31,311,446</u>	<u>36,604</u>	<u>3,301,932</u>
Debt Service					
Principal	7,846,504	6,766,299	6,766,299	-	-
Interest	783,007	1,863,212	1,863,212	-	-
Total Debt Service	<u>8,629,511</u>	<u>8,629,511</u>	<u>8,629,511</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>136,944,229</u>	<u>137,232,081</u>	<u>127,007,926</u>	<u>2,532,873</u>	<u>7,691,282</u>
OTHER FINANCING USES					
Operating Transfers Out	2,259,478	3,058,603	2,321,516	-	737,087
Total Expenditures and Other Financing Uses	<u>\$ 139,203,707</u>	<u>\$ 140,290,684</u>	<u>129,329,442</u>	<u>\$ 2,532,873</u>	<u>\$ 8,428,369</u>
Net Change in Fund Balance			113,380		
Fund Balance - Beginning of Year			27,207,350		
Fund Balance - End of Year			<u>\$ 27,320,730</u>		

See Notes to Required Supplementary Information

ITHACA CITY SCHOOL DISTRICT

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 2,181,119	\$ 2,144,250	\$ 2,164,853	\$ 2,149,254	\$ 2,126,060	\$ 2,122,787	\$ 2,794,159	\$ 2,999,979	\$ 2,419,419	\$ 2,068,760
Contributions in Relation to the Contractually Required Contribution	(2,181,119)	(2,144,250)	(2,164,853)	(2,149,254)	(2,126,060)	(2,122,787)	(2,794,159)	(2,999,979)	(2,419,419)	(2,068,760)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	15,588,638	15,353,616	15,046,017	14,526,936	13,663,001	13,498,982	14,381,042	14,399,942	14,223,267	13,527,139
Contributions as a Percentage of Covered Employee Payroll	14.0%	14.0%	14.4%	14.8%	15.6%	15.7%	19.4%	20.8%	17.0%	15.3%

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 4,288,374	\$ 4,898,426	\$ 4,442,779	\$ 3,994,249	\$ 4,485,144	\$ 4,906,864	\$ 6,361,502	\$ 6,117,010	\$ 3,915,430	\$ 2,988,882
Contributions in Relation to the Contractually Required Contribution	(4,288,374)	(4,898,426)	(4,442,779)	(3,994,249)	(4,485,144)	(4,906,864)	(6,361,502)	(6,117,010)	(3,915,430)	(2,988,882)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	44,998,678	55,038,494	41,794,722	34,080,623	38,269,147	37,005,008	36,289,230	37,643,138	33,069,510	26,902,628
Contributions as a Percentage of Covered Employee Payroll	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%	11.8%	11.1%

See Notes to Required Supplementary Information

ITHACA CITY SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's Proportion of the Net Pension Liability	0.0449555%	0.0466635%	0.0478679%	0.0462708%	0.0425747%	0.0462759%	0.0505510%
School District's Proportionate Share of the Net Pension Liability	\$ 44,764	\$ 12,356,764	\$ 3,391,583	\$ 1,493,366	\$ 4,000,418	\$ 7,427,417	\$ 1,707,736
School District's Covered Employee Payroll During the Measurement Period	15,501,684	15,223,871	15,046,017	14,411,936	13,413,356	13,290,832	14,744,445
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.3%	81.2%	22.5%	10.4%	29.8%	55.9%	11.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's Proportion of the Net Pension Liability	0.2546620%	0.2506290%	0.2502180%	0.2414940%	0.2398090%	0.2415840%	0.2548350%
School District's Proportionate Share of the Net Pension Liability	\$ 7,037,088	\$ (6,511,362)	\$ (4,524,594)	\$ (1,835,597)	\$ 2,568,459	\$ (25,092,902)	\$ (28,387,060)
School District's Covered Employee Payroll During the Measurement Period	55,038,494	41,794,722	34,080,623	38,269,147	37,005,008	36,289,230	37,643,267
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	12.8%	15.6%	13.3%	4.8%	6.9%	69.1%	75.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.8%	102.2%	101.5%	100.7%	99.0%	100.5%	111.5%

See Notes to Required Supplementary Information

ITHACA CITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service Cost	\$ 9,431,223	\$ 8,824,964	\$ 9,760,782	\$ 12,775,684	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	10,319,752	10,321,698	11,311,116	9,808,019	*	*	*	*	*	*
Changes of Benefit Terms	-	-	-	-	*	*	*	*	*	*
Differences Between Expected and Actual										
Experience	(13,627,908)	-	(29,901,783)	-	*	*	*	*	*	*
Changes in Assumptions or Other Inputs	33,674,353	16,172,719	(30,024,208)	(42,058,077)	*	*	*	*	*	*
Benefit Payments	(7,863,138)	(7,709,115)	(7,685,365)	(7,222,740)	*	*	*	*	*	*
	<u>31,934,282</u>	<u>27,610,266</u>	<u>(46,539,458)</u>	<u>(26,697,114)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total OPEB Liability - Beginning	<u>289,350,401</u>	<u>261,740,135</u>	<u>308,279,593</u>	<u>334,976,707</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total OPEB Liability - Ending	<u>\$ 321,284,683</u>	<u>\$ 289,350,401</u>	<u>\$ 261,740,135</u>	<u>\$ 308,279,593</u>	<u>\$ 334,976,707</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
Covered Employee Payroll	\$ 64,464,881	\$ 56,701,456	\$ 55,823,339	\$ 57,102,499	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	498%	510%	469%	540%	*	*	*	*	*	*
Discount Rate	2.21%	3.50%	3.87%	3.60%						

** Information for periods prior to implementation of GASB Statement No. 75 is unavailable
and will be completed as it becomes available.*

See Notes to Required Supplementary Information

ITHACA CITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2021

Note 1 **Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education (Board) for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund. The General Fund is the only fund with a legally adopted budget.

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which 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. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them due to a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Tops in Education	\$ 219
Park Foundation	32,719
Caroline Retired Teachers	327
Cayuga Nature Center	5,680
SH PTA	8,257
Parent Donation for Boynton	1,000
Swarthout for Athletics	2,000
Ithaca Public Education Initiative (IPEI)	40,369
Kids Discovery Trail	65,301
TRIAD Foundation	287
SUNY Cortland	300
Other Adjustments	<u>(4,308)</u>
Total Additions	<u><u>\$ 152,151</u></u>

The following schedule reconciles the adopted budget to the final budget:

Adopted Budget	\$ 136,842,648
Prior Year Encumbrances	<u>2,361,059</u>
Original Budget	<u>139,203,707</u>
 Budget Revisions:	
Supplemental Appropriations	152,151
Appropriated Reserve Funds	<u>934,826</u>
Total Additions	<u>1,086,977</u>
 Final Budget	<u><u>\$ 140,290,684</u></u>

ITHACA CITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

***Note 1* Procedures and Budgetary Accounting - Continued**

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

An annual legal budget is not adopted for the Special Revenue Funds (Special Aid and School Lunch). Budgetary controls are established in accordance with applicable grant agreements and management estimates. Special Aid grants may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund are established internally.

***Note 2* Reconciliation of the Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2021.

***Note 3* Schedule of Changes in the School District's Total OPEB Liability and Related Ratios**

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

2020 - 3.50%

2021 - 2.21%

***Note 4* Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability**

The Schedule of the School District's Proportionate Share of the Net Pension Asset/Liability, required supplementary information, presents seven years of information. This schedule will present ten years of information as it becomes available from the pension plans.

***Note 5* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability**

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits.

Changes of Assumptions

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

2020: The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

ITHACA CITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

***Note 5* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

NYSLRS - Continued

Changes of Assumptions - Continued

2019: The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

2016: There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2020 actuarial valuation determines the employer rates for contributions payable in fiscal year 2021. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	4.2% in ERS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.
Active Member Decrements	Based upon FY 2011-2015 experience
Pensioner Mortality	Gender/Collar specific tables based upon FY2011-2015 experience
Mortality Improvement	Society of Actuaries' Scale MP-2018

ITHACA CITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

***Note 5* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

NYSTRS

Changes in Benefit Terms

Effective with the 2019 actuarial valuation an increase in the NYS Governor's salary limit from \$179,000 to \$250,000 per annum went into effect, impacting Tier 6 members. The Governor's salary limit was \$200,000 in 2019, \$225,000 in 2020, and \$250,000 thereafter.

Changes of Assumptions

Actuarial assumptions are revised periodically to reflect more closely actual, as well as anticipated future experience. The actuarial assumptions were revised and adopted by the Retirement Board on October 29, 2015 and first used in the 2016 determination of the Total Pension Liability.

The System's long-term rate of return assumption for purposes of the NPL is 7.10%, effective with the 2019 actuarial valuation. For the 2018 and 2017 actuarial valuations, the System's long-term rate of return assumption was 7.25%. For the 2016 actuarial valuation, the System's long-term rate of return assumption was 7.5%. Prior to the 2016 actuarial valuation, the System's long-term rate of return was 8.0%.

The System's assumed annual inflation rate is 2.2%, effective with the 2019 actuarial valuation. For the 2018 and 2017 actuarial valuations, the System's annual inflation assumption was 2.25%. For the 2016 actuarial valuation, the System's annual inflation assumption was 2.5%. Prior to the 2016 actuarial valuation, the System's annual inflation assumption was 3.0%.

Effective with the 2019 actuarial valuation, COLAs are projected to increase at a rate of 1.3% annually. Effective with the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.5% annually. Prior to the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually.

Effective with the 2019 actuarial valuation, the assumed scale for mortality improvement is changed from MP2014 to MP2018.

Effective with the 2019 actuarial valuation, there is a change in the actuarial valuation software that resulted in a slight change in the determination of Entry Age Normal Total Pension Liability and Service Cost.

ITHACA CITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

***Note 5* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

NYSTRS - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of School Districts' Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine school districts' contributions in 2021. For assumptions and plan provisions used in contributions reported for years prior to 2021, refer to the Annual Actuarial Report for two years prior to the end of the fiscal year in which contributions are reported.

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
Asset Valuation Method	Five-year phased in deferred recognition of each year's net investment income/loss in excess of (or less than) the assumed valuation rate of interest at a rate of 20% per year, until fully recognized after five years.
Inflation	2.25%
Projected Salary Increases	Rates of increase differ based on age and gender. They have been calculated based upon recent NYSTRS member experience.

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

Investment Rate of Return	7.25% compounded annually, net of investment expenses, including inflation.
Projected Cost of Living Adjustments	1.3%

ITHACA CITY SCHOOL DISTRICT

SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	<u>\$136,842,648</u>
Prior Year's Encumbrances	<u>2,361,059</u>
Original Budget	<u>139,203,707</u>
Appropriated Reserve Funds to Support Expenditures	<u>934,826</u>
Budget Revisions (see Note 1, Page 58)	<u>152,151</u>
Total Additions	<u>1,086,977</u>
Final Budget	<u><u>\$140,290,684</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 Voter-Approved Budget	<u><u>\$ 145,179,885</u></u>	
Maximum Allowed (4% of \$145,179,885 2020-2021 Budget)		<u><u>\$ 5,807,195</u></u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 8,750,577	
Unassigned Fund Balance	<u>6,498,913</u>	
Total Unrestricted Fund Balance	<u>15,249,490</u>	
Less:		
Appropriated Fund Balance	\$ 6,217,704	
Encumbrances Included in Assigned Fund Balance	<u>2,532,873</u>	
Total Adjustments	<u>8,750,577</u>	
General Fund Fund Balance Subject to §1318 of Real Property Law		<u><u>\$ 6,498,913</u></u>
Actual Percentage		4.48%

ITHACA CITY SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2021

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance (Deficit) June 30, 2021
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Capital Improvement and Equipment - "P" and Site Acquisition - "SA"	\$ 1,363,883	\$ 5,088,386	\$ 6,505,980	\$ 101,903	\$ 6,607,883	\$ (1,519,497)	\$ -	\$ -	\$ 6,677,401	\$ 6,677,401	\$ 69,518 *
Renovation Project - "O"	6,500,000	6,500,362	6,477,529	22,833	6,500,362	-	6,500,000	-	362	6,500,362	- *
Capital Reserve Renovations - "CR"	880,201	9,677,561	14,441,511	900,826	15,342,337	(5,664,776)	-	-	15,794,587	15,794,587	452,250 *
Additions/Alterations	120,000,000	120,000,000	6,174,813	13,359,738	19,534,551	100,465,449	24,000,000	-	30,396	24,030,396	4,495,845 *
SMART Bond Project	2,561,479	2,561,479	1,745,785	15,648	1,761,433	800,046	-	1,761,433	-	1,761,433	-
Subtotal	131,305,563	143,827,788	35,345,618	14,400,948	49,746,566	94,081,222	30,500,000	1,761,433	22,502,746	54,764,179	5,017,613
Unredeemed BANs	-	-	-	-	-	-	(24,000,000)	-	-	(24,000,000)	(24,000,000)
Total	\$ 131,305,563	\$ 143,827,788	\$35,345,618	\$14,400,948	\$49,746,566	\$94,081,222	\$ 6,500,000	\$ 1,761,433	\$22,502,746	\$30,764,179	\$ (18,982,387)

* Architectural and State Approved Budget Modifications for Sub-Project Reallocations
not Yet Finalized and Available at This Report Date.

ITHACA CITY SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets, Net	<u>\$ 148,278,713</u>
Add:	
Unamortized Deferred Amount on Refunding	<u>1,211,322</u>
Deduct:	
Bond Anticipation Notes Payable	<u>(24,000,000)</u>
Premium on Bonds Payable	<u>(2,657,456)</u>
Short-Term Portion of Bonds Payable	<u>(6,245,000)</u>
Long-Term Portion of Bonds Payable	<u>(31,975,000)</u>
Short-Term Portion of Installment Purchase Debt	<u>(638,856)</u>
Long-Term Portion of Installment Purchase Debt	<u>(6,745,656)</u>
Net Investment in Capital Assets	<u><u>\$ 77,228,067</u></u>

ITHACA CITY SCHOOL DISTRICT

TEN YEAR COMPARATIVE SCHEDULE OF ACTUAL REVENUES AND EXPENDITURES - GENERAL FUND

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
REVENUES										
Tax (Including STAR)	\$93,802,475	\$ 92,296,640	\$ 89,218,366	\$ 87,133,496	\$ 84,756,265	\$ 83,178,972	\$ 81,357,417	\$ 74,341,263	\$ 72,444,202	\$ 71,078,369
Tuition	578,285	594,386	621,496	487,858	559,185	471,617	482,834	612,678	596,368	544,851
Other Revenues from Local Sources	308,367	805,867	1,062,791	573,768	503,784	575,027	385,203	706,211	745,604	641,288
Revenues from State Sources	30,654,070	32,332,223	32,109,344	31,370,164	30,542,240	28,635,438	26,629,928	25,755,413	24,675,483	24,047,162
Revenues from Federal Sources	1,072,104	324,693	347,195	234,994	170,181	160,116	101,587	195,501	83,002	71,267
Transfers from Other Funds	186,034	124,606	673,717	155,612	252,275	72,096	552,365	-	1,780,544	1,531,850
Miscellaneous	2,841,487	2,172,191	2,517,195	2,623,457	2,042,210	2,767,452	2,021,026	2,199,973	2,252,586	2,199,342
Refund of Prior Year (Health Consortium)	-	3,698,460	-	-	-	-	-	-	-	-
Total Revenues Realized	<u>129,442,822</u>	<u>132,349,066</u>	<u>126,550,104</u>	<u>122,579,349</u>	<u>118,826,140</u>	<u>115,860,718</u>	<u>111,530,360</u>	<u>103,811,039</u>	<u>102,577,789</u>	<u>100,114,129</u>
EXPENDITURES										
Board of Education	140,953	148,365	140,916	126,446	125,950	129,033	100,576	113,962	129,672	110,105
Administration	2,787,970	2,544,555	2,564,816	2,521,701	2,641,364	2,086,423	2,148,133	1,988,294	2,171,808	2,122,310
Instruction-Regular Day School	65,608,158	62,306,285	60,188,581	58,193,817	54,838,323	51,782,368	51,323,026	52,718,087	51,820,716	49,237,541
Community Services	-	-	4,361	4,588	5,004	6,653	7,094	7,410	4,636	9,044
Transportation	5,252,674	4,947,666	5,214,110	5,140,363	5,072,310	5,079,567	4,839,329	4,879,744	4,623,536	4,336,760
Operation and Maintenance of Plant	6,543,900	6,407,949	6,412,541	6,352,898	5,973,059	5,904,848	5,822,458	5,729,567	5,825,371	5,605,438
Data Processing Unit	4,378,376	4,149,330	4,079,172	3,947,279	4,133,921	4,669,899	4,303,654	3,238,226	3,028,370	2,620,497
Employee Benefits	31,311,446	28,931,251	34,056,696	31,189,749	29,153,720	28,378,711	29,937,319	29,139,081	25,778,590	23,099,392
Insurance	428,196	472,021	447,149	497,142	444,963	439,208	443,270	443,030	452,765	454,345
Special Items and Unclassified	1,926,742	3,593,171	1,795,340	1,683,784	1,670,799	1,574,293	1,649,754	1,587,070	1,596,441	1,445,346
Debt Service	8,629,511	8,492,526	8,771,956	9,415,410	8,724,329	8,195,941	8,130,128	8,855,962	8,999,117	8,629,875
Interfund Transfers	2,321,516	4,232,288	1,776,893	2,894,384	2,762,544	2,340,957	1,802,758	2,366,464	3,370,177	4,135,947
Total Expenditures	<u>129,329,442</u>	<u>126,225,407</u>	<u>125,452,531</u>	<u>121,967,561</u>	<u>115,546,286</u>	<u>110,587,901</u>	<u>110,507,499</u>	<u>111,066,897</u>	<u>107,801,199</u>	<u>101,806,600</u>
Less: Accounting Adjustment - Funding of Health Insurance Reserve		(4,358,427)								
Excess (Deficiency) of Revenues	<u>\$ 113,380</u>	<u>\$ 1,765,232</u>	<u>\$ 1,097,573</u>	<u>\$ 611,788</u>	<u>\$ 3,279,854</u>	<u>\$ 5,272,817</u>	<u>\$ 1,022,861</u>	<u>\$ (7,255,858)</u>	<u>\$ (5,223,410)</u>	<u>\$ (1,692,471)</u>

ITHACA CITY SCHOOL DISTRICT

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Debt Service Fund	Miscellaneous Special Revenue Fund	Total Non-Major Government Funds
ASSETS			
Cash - Restricted	\$ 423,421	\$ 774,013	\$1,197,434
Investments	-	5,895	5,895
Due from Other Funds - Restricted	1,719	-	1,719
Total Assets	\$ 425,140	\$ 779,908	\$1,205,048
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Fund Balances			
Restricted	\$ 425,140	\$ 779,908	\$1,205,048
Total Fund Balances	425,140	779,908	1,205,048
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 425,140	\$ 779,908	\$1,205,048

ITHACA CITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Debt Service Fund	Miscellaneous Special Revenue Fund	Total Non-Major Governmental Funds
REVENUES			
Use of Money and Property	\$ 23,937	\$ 2,852	\$ 26,789
Miscellaneous	-	43,182	43,182
Total Revenues	<u>23,937</u>	<u>46,034</u>	<u>69,971</u>
EXPENDITURES			
Instruction	-	27,304	27,304
Total Expenditures	<u>-</u>	<u>27,304</u>	<u>27,304</u>
Excess of Revenues (Expenditures)	<u>23,937</u>	<u>18,730</u>	<u>42,667</u>
OTHER FINANCING SOURCES (USES)			
Premium on Obligations	294,000	-	294,000
Interfund Transfers (Out)	22,833	-	22,833
Total Other Sources (Uses)	<u>316,833</u>	<u>-</u>	<u>316,833</u>
Excess of Revenues (Expenditures) and Other Financing Uses (Sources)	<u>340,770</u>	<u>18,730</u>	<u>359,500</u>
Fund Balances, Beginning	<u>84,370</u>	<u>761,178</u>	<u>845,548</u>
Fund Balances, Ending	<u><u>\$ 425,140</u></u>	<u><u>\$ 779,908</u></u>	<u><u>\$ 1,205,048</u></u>



**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
Ithaca City School District
Ithaca, 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 aggregate remaining fund information of the Ithaca City School District (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 13, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Questioned Costs as item [2021-001].

The School District's Response to the Finding

Ithaca City School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

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

Respectfully submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2021



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

Board of Education
Ithaca City School District
Ithaca, New York

Report on Compliance for Each Major Federal Program

We have audited Ithaca City School District's (the School 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 School District's major federal programs for the year ended June 30, 2021. The School 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 laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 School 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 School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

INSERO & Co. CPAs, LLP

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-002. Our opinion on the major federal programs is not modified with respect to these matters. The School District's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the School 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 School 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2021

ITHACA CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	Pass - Through Grantor #	Pass - Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021213375	\$ -	\$ 758,286
		Subtotal	-	758,286
Student Support and Academic Enrichment	84.424	0204203375	-	644
Student Support and Academic Enrichment	84.424	0204213375	-	72,990
		Subtotal	-	73,634
Special Education Cluster:				
Special Education - Grants to States	84.027	0032210983	-	1,459,651
Special Education - Preschool Grants	84.173	0033210983	-	83,379
Total Special Education Cluster			-	1,543,030
Supporting Effective Instruction State Grants	84.367	0147203375	-	550
Supporting Effective Instruction State Grants	84.367	0147213375	-	142,996
		Subtotal	-	143,546
English Language Acquisition Grants	84.365	0293203375	-	60
English Language Acquisition Grants	84.365	0293213375	-	29,572
		Subtotal	-	29,632
COVID-19 Education Stabilization Fund (ESF)				
Governor's Emergency Education Relief (GEER) Fund	84.425C	5895213355	-	277,634
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5890213355	-	960,385
Total ESF			-	1,238,019
21st Century Community Learning Centers	84.287C	0187217085	-	212,529
Total U.S. Department of Education			-	3,998,676
U.S. Department of Health and Human Services				
Headstart	93.600	N/A	-	251,209
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
COVID-19 Summer Food Service Program for Children	10.559	(1)	-	2,354,680
Total Child Nutrition Cluster			-	2,354,680
Total U.S. Department of Agriculture			-	2,354,680
Total Expenditures of Federal Awards			\$ -	\$6,604,565

(1) - Unknown

See Notes to Schedule of Expenditures of Federal Awards

ITHACA CITY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2021

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the 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). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the Federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 **Matching Costs**

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

Note 5 **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2021, the School District received \$115,298 worth of commodities under the Summer Food Program for Children (CFDA #10.559)

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **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 School District's casualty insurance policies. There were no loans or loan guarantees outstanding at year end.

ITHACA CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

___ yes X none reported

Noncompliance material to financial statements noted?

X yes ___ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

___ yes X none reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)?

X yes ___ no

Identification of major programs:

CFDA Numbers

84.425C, 84.425

10.559

Name of Federal Program or Cluster

Education Stabilization Fund

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B
Programs:

\$ 750,000

Auditee qualified as low-risk?

X yes ___ no

ITHACA CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Section II Financial Statement Findings

2021-001 Fund Balance Limitation

Condition:

At June 30, 2021, unassigned fund balance in the General Fund was \$691,718 in excess of the allowable limit.

Criteria:

The School District is allowed, under New York State Real Property Tax Law (§1318), to retain up to 4% of the succeeding year's budget in unassigned fund balance.

Cause:

The School District did not spend \$8,428,369 of its 2020-2021 appropriations due to many of the contingencies that did not come to fruition. Our response to the pandemic has caused us to plan for virtual, hybrid, and in person teaching and learning models as well as numerous plans to achieve the elements of the multiple COVID guidance documents released for school districts. Funding was budgeted for multiple pathways, that if not needed, resulted in a positive fund balance at year's end.

Effect:

The School District is not in compliance with New York State Real Property Tax Law (§1318).

Recommendation:

Due to the unusual circumstances surrounding the School District as it relates to COVID-19 and the resulting effects on spending and New York State funding, we recommend the School District review its 2021-2022 financial activity in comparison to the adopted budget as the year progresses. This will enable the District to estimate the amount of unassigned fund balance anticipated at year end in order to determine amounts that should be used to reduce the tax levy in accordance with New York State Real Property Tax Law (§1318).

Management Response:

District management will carefully review the 2021-22 fiscal activity throughout the year to ensure that the unassigned fund balance is within statutory limits.

ITHACA CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Section III Federal Award Findings and Questioned Costs

2021-02 Net Cash Resources - Child Nutrition Cluster (CFDA #10.553, 10.555, and 10.559)

Condition:

At June 30, 2021, net cash resources in the School Lunch Fund exceeded the allowable limit cash by \$548,039.

Criteria:

The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its school lunch fund or such other amount as may be approved by the New York State agency in accordance with §210.19(a).

Cause/Effect:

Expenditures in the School Lunch Fund were less in the 2020-2021 fiscal year by 9.9% due to COVID-19. As a result, the base used to calculate the allowable limit was considerably reduced. Also contributing to the excess cash resources was the higher summer reimbursement rates, causing a 6% increase in revenue. As a result, School District is not in compliance with 7 CFR §210.19(a).

Recommendation:

We recommend the School District review its net cash resources in the School Lunch Fund and develop a plan to reduce them to an allowable amount.

Management Response:

The School District will review the financial activity with the School Nutrition Department to determine the best use of the surplus funds. Once the true scope of the alarming food supply chain and labor force issues are realized and addressed, funds will be used to support the purchasing of much needed equipment that will replace items that have reached their end of useful life. These purchases will support the ongoing capital work to replace equipment that would not be state aidable.

FORM OF BOND COUNSEL'S OPINION

July 14, 2022

City School District of the City of Ithaca,
 Counties of Tompkins and Tioga,
 State of New York

Re: City School District of the City of Ithaca, Tompkins and Tioga Counties, New York
 \$23,965,000 Bond Anticipation Notes, 2022

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$23,965,000 Bond Anticipation Notes, 2022 (the "Obligation"), of the City School District of the City of Ithaca, Counties of Tompkins and Tioga, State of New York (the "Obligor"), dated July 14, 2022, numbered 1, of the denomination of \$23,965,000, bearing interest at the rate of ____% per annum, payable at maturity, and maturing July 14, 2023.

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, without limitation as to rate or amount; 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 Obligations 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 Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations 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 Obligations, 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,

Orrick, Herrington & Sutcliffe LLP