PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE | **BOND ANTICIPATION NOTES**

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

The District will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

$24,925,000

CITY SCHOOL DISTRICT OF THE CITY OF ROME

ONEIDA COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE: #776066

$24,925,000 Bond Anticipation Notes, 2018 (Renewals)

(referred herein as the "Notes")

Dated: August 2, 2018 | **Due: August 2, 2019**

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

The Notes will not be subject to redemption prior to maturity and will be registered in the name of the purchaser(s), in the denominations of $5,000 or multiples thereof as determined by the successful bidder(s). Principal and interest will be payable in Federal Funds at maturity at such bank or trust company located and authorized to do business in the State of New York, as may be determined by such successful bidder(s). Paying agent fees, if any will be paid by the successful bidder(s).

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

The Notes are offered when, as and if issued and received by the Purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Trespasz & Marquardt, LLP, Bond Counsel, Syracuse, 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 agreed upon with the purchaser(s), on or about August 2, 2018.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on July 24, 2018 by no later than 10:15 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via 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 for the Notes.

July 17, 2018

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 NOTES 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 FOR THE NOTES HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS RELATED TO THE NOTES AS DEFINED IN THE RULE. SEE "APPENDIX-D-MATERIAL EVENT NOTICES" HEREIN.

CITY SCHOOL DISTRICT OF ROME
ONEIDA COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2018-2019 BOARD OF EDUCATION

PAUL FITZPATRICK
President

STEPHEN HAMPE
Vice President

RICHARD HITCHINGS
JOSEPH MELLACE
JOHN LEONARD
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* * * * * * * * * * *

PETER C. BLAKE
Superintendent of Schools

ROBERT B. MEZZA, JR.
Assistant Superintendent for Operations and Management

DAVID DREIDEL
Director of Business & Finance

NICHOLAS PANUCCIO
District Treasurer

PAUL HAGERTY
District Clerk

FERRARA FIORENZA PC
District Attorneys

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

TRESPASZ & MARQUARDT, LLP
BOND COUNSEL

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

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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OFFICIAL STATEMENT

of the

CITY SCHOOL DISTRICT OF THE CITY OF ROME
ONEIDA COUNTY, NEW YORK

Relating To

$24,925,000 Bond Anticipation Notes, 2018 (Renewals)

This Official Statement, which includes the cover page, has been prepared by the City School District of the City of Rome, Oneida County, New York (the "School District" or "District", "County ", “City” and "State", respectively) in connection with the sale by the School District of $24,925,000 Bond Anticipation Notes, 2018 (Renewals) (the “Notes”).

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

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

THE NOTES

Description of the Notes

The Notes are general obligations of the District and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. However, the power of the District to levy unlimited real estate taxes on all real property within the District may be subject to certain recently-enacted statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. See “THE NOTES – Nature of the Obligation” and "TAX LEVY LIMITATION LAW” herein. The Notes are not subject to redemption prior to maturity.

The Notes are dated August 2, 2018 and mature, without option of prior redemption, on August 2, 2019. The Notes will be issued in either (i) registered in the name of the purchaser, in denominations of $5,000 each or multiples thereof as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank or trust company located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes shall not be 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 along with a bond resolution adopted by the District’s Board of Education on October 19, 2011 and approved by the District’s voters on December 6, 2011 authorizes the issuance of bonds and other obligations to finance renovations and improvements to the Lyndon H. Strough Middle School including construction, site improvements, original furnishings, fixtures and equipment required for such purposes, architectural fees and all other necessary costs incidental to such work at a total estimated cost not to exceed $25,400,000.

The proceeds of the Notes, along with $475,000 in available funds of the District, will redeem and renew $25,400,000 bond anticipation notes maturing August 3, 2018.

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 LEVY LIMITATION LAW," herein.

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository if so desired by the Purchaser, the Notes. At the option of the winning bidder(s), 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 Bond certificate will be issued for Notes bearing the same rate of interest and CUSIP number.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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**.

Purchasers of the 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 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities 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 the 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 Securities 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.

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 in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to 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, bond or 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, bond or 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 THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The District is situated in central New York State in the central portion of Oneida County, about 15 miles northwest of the City of Utica. It encompasses approximately 130 square miles, and is located primarily within the City of Rome (the "City"), however, it does not include the entire geographic boundaries of the City. Additionally, the District encompasses various portions of the Towns of Annsville, Lee, Verona and Western (collectively, the "Towns"). The District lies within the Utica-Rome Standard Metropolitan Statistical Area.

The character of the District is both urban and suburban residential. The District is comprised of multi-family and single-family residences, and there has recently been co-operative and condominium development. There has been moderate development of the industrial and commercial sectors. A portion of the District has been zoned for industrial development and expansion. The West Rome Industrial Park, developed in the late 1960's under a grant from the Economic Development Administration, has over 66 acres of industrial development. Commercial activity within the District is concentrated in several commercially zoned areas and in shopping malls. Within the District there are also tourism and recreational facilities, including several parks, Fort Stanwix, and Erie Canal Village.

Transportation is provided to and from the District by bus companies and a network of highways. The District is served by the New York State Thruway, and New York State Routes 12B, 26, 46, 69, 233 and 365. Rail passenger service to and from the District is provided by Amtrak. The State Barge Canal also serves the District. Major airline service is provided at the Syracuse Hancock International Airport.

Electricity and natural gas are supplied throughout the District by National Grid and Griffiss Utility Services Corporation. The City and Towns maintain water supply and distribution systems, entirely supported from user charges, and they provide sanitary sewage collection and treatment facilities. These services are supported from user charges and special benefit assessments.

Police protection is provided by the State Police, the Rome Police Department, the County Sheriff's Office, and by Police Departments of the respective Towns. Fire protection service is provided by the Rome Fire Department and by local volunteer units. Ambulance service is provided by private companies.

Source: District Officials.

Economic Developments

Employment in the District is stable. The chart below shows the annual average (in thousands) for the nonfarm job count in the Utica-Rome metro area as provided by the New York State Department of Labor for the past five years as well as the 4 month average for the 2018 year.

Year	Annual Average
2013	126.8
2014	125.9
2015	125.7
2016	127.1
2017	127.6
2018	124.6

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

Job gains occurred in educational and health services (+1,400), leisure and hospitality (+1,000), trade, transportation and utilities (400).

Commercial development in the area has been moderately growing. Most significantly, Griffiss Business and Technology Park ("Griffiss Park") is a 3,500 acre multi-use business, technology and industrial park on the grounds of the former Griffiss Air Force Base in Rome. More than 5,500 people work for some 76 employers at Griffiss Park. Major employers include the Air Force Research Laboratory, Defense Finance Accounting Service, Eastern Air Defense Sector, UTC United Technologies Corporation, Alion Science & Technology, Assured Information Security, BAE Systems, Cathedral Corporation, Sovena Olive Oil, ITT Technology, MGS Manufacturing, Kris Tech Wire, Family Dollar, and Birnie Bus Services.

More than $500 million in public and private funding has been invested in the development of Griffiss Park since 1995. These capital projects included demolition of more than 9 million square feet of obsolete former military buildings and housing to make way for new development, construction of the 825 parkway and other roads to improve the transportation system, construction of a public high school, a project to consolidate and improve space occupied by the Air Force Research Lab, construction of a distribution center for Family Dollar, new manufacturing plants for UTC United Technologies Corporation, MGS Manufacturing and Sovena USA, formerly East Coast Olive Oil, construction of a 25,000 square foot advanced manufacturing facility for Kris-Tech Wire with an additional 25,000 square feet to be added in 2018, construction of new office buildings for various private sector uses;, a major renovation and expansion of an aircraft hangar to accommodate a heavy aircraft maintenance repair and overhaul facility, capital improvements to numerous facilities for industrial use, and infrastructure improvements to make various parcels shovel-ready for development.

Continued development in the Griffiss Park was most recently illustrated by:

- Mohawk Valley EDGE and NYS Empire Development Corporation are finishing over $70 million in infrastructure improvements to the SUNY Polytechnic Institute campus located in Marcy in preparation for an advanced electronics client. These nanotechnology-related project requests, include $3.1 million for a computer chip commercialization center (Quad C) at SUNYIT in Marcy and $3.25 million for Marcy Nanocenter development. Additionally, Danfoss Silicon Power, a worldwide supplier of Power Electronics announced in May that they will fully occupy the Quad-C building at SUNYIT. They will establish packaging operations with 300 new jobs expected by early 2018.
- The Federal Aviation Administration announcement in December 2013 that Griffiss International Airport in the City was one of six locations awarded licenses for commercial drone testing. It is expected that up to 470 jobs will be created in the region with an economic impact of $145.0 million annually. This past June, the Northeast UAS Airspace Integration Research Alliance (NUAIR Alliance) which is headquartered at Griffiss, announced that Aurora Flight Sciences successfully flew multiple unmanned test flights of the company's Centaur optionally piloted aircraft (OPA) from Griffiss. The successful test flights marked the first time a large scale, fixed wing aircraft has flown at any of six FAA-designated unmanned aircraft test sites in the U.S.
- County officials in July 2014 announced that Griffis International Airport has received three grants, one each from the Federal Aviation Administration, Military Airport Program and Airport Improvement Project, totaling $6.270 million for the third phase of similar repair work being conducted since 2012. Of that amount, almost $1.6 million will be spent on repairs and upgrades to the Nose Dock Hangar 785, which can store large aircraft, and $4.6 million will be devoted to repairing more than 7,000 linear feet out of an approximately 11,820 linear feet of the facility's taxiways.
- In 2016 the State announced a $8.9 million allocation for the completion of State Route 825. The former two lane roadway through the Griffis Park has been transformed into a four-lane divided highway with dedicated pedestrian walkways. The estimated 15,000 motorists who travel the road everyday are now experiencing less congestion and better traffic flow as a result of the project which includes two additional roundabouts.
- The investment in 2011 of over $26.0 million was in private and public capital projects, including building construction, transportation improvements, and infrastructure development.
- Assured Information Security ("AIS"), a developer of high technology applications within the cyber domain, moved into their new Corporate Headquarters Facility in Griffiss Park. They have steadily increased employment to 150 employees since launching in 2001 with two co-founders. In 2017 they completed a 20,000 square foot addition to accommodate rapid employment growth at the Rome facility.
- The County has made investment in the following Griffiss International Airport projects: rehabilitation and renovation of Hangar 783, construction of 17 T hangars, installation of new security systems, expansion of their fuel farm, and installation of self-serve Av-Gas Fuel facility.
- The recently opened eye surgery center is now undergoing a $1,000,000 upgrade to its operating room facilities to expand into several new sub-surgical specialties including GYN and plastic surgery services.
- Griffiss Park Sculpture Trail was extended creating 1.1 miles of walking pathways through meadow and wooded preserve. Sidewalks and trails through Griffiss Business and Technology Park extends over five miles.
- The Griffiss Institute facilitates public, private and academia collaborations to facilitate the growth and support of the technology base for creating solutions to critical cyber security problems. They created thirteen new jobs in their business incubator, served a Prometric testing facility to 600 students, offered thirty classes to 400 students through academia partnerships, and housed a summer internship program for thirteen students.
- Family Dollar Distribution Center added a third shift and increased employment from 336 to 400 employees.

Related Entities

The Rome Industrial Development Corporation ("RIDC") is a private, not for profit, 501(c)(3) membership organization created to promote the economic welfare and prosperity of the City's inhabitants. The RIDC members have complete responsibility for management of the agency and accountability for its fiscal matters. The City is not liable for bonds, notes or other obligations of RIDC.

The Oneida-Herkimer Solid Waste Management Authority (the "Authority") was created by the State Legislature at the request of Oneida County and Herkimer County (collectively, the "Counties") by passage of Article 8, Title 13-FF of the New York Public Authority Law on September 1, 1988. The Authority is authorized to provide waste management services and to develop appropriate solid waste management facilities for the benefit of the Counties. Based on this foundation, the Authority has developed a comprehensive, integrated, system of facilities to serve all the residents, businesses, industries, and institutions, of the Counties. The Authority currently owns eight operational solid waste management facilities which include: a recycling center, three solid waste transfer stations, a green waste composting facility, a land clearing debris facility, a brush processing facility, and a household hazardous waste facility. The Authority's annual budget is approximately $27 million and covers expenses for disposal of waste, recycling, household hazardous waste, composting, public education, administration, collection of waste and recyclables in Utica, operations, maintenance and debt service.

The Authority's revenue structure is primarily a fee for service system. A fee (system tip fee) is charged for every ton of non-recyclable waste delivered to the Authority to cover all expenses. These fees cover the majority of the expenses included in the Authority budget. The Authority receives the remaining revenue from other sources such as investments, sale of recyclables and grants. The Authority receives no funds from the Counties. The City is not liable for bonds, notes or other obligations of the Authority. The City receives a fee of $1 for every ton of non-recyclable waste dropped off at its transfer station on River Road which amounts to approximately $50,000 - $60,000 in revenues per year.

The **Mid-York Library System** (the "System") is a nonprofit cooperative library system serving 47 public libraries in Herkimer, Madison, and Oneida Counties. The System, one of 23 public library systems in New York State, was chartered in 1960 by the Board of Regents of the University of the State of New York. The Jervis Public Library branch serves residents of the City. The City is not liable for bonds, notes or other obligations of the System.

Recent Events:

The Mohawk Valley Economic Development Growth Enterprises Corporation ("EDGE") continues to market the entire region to site selectors, developers and businesses around the globe who are seeking to expand their presence and invest in the Northeast United States. Key development sites in the Mohawk Valley being aggressively marketed include Griffiss Business and Technology Park, Oneida County Airport Business Park, Route 5S North Industrial Park, Schuyler Business Park, West Frankfort Industrial Park, Dominick Assaro Business Park, and Utica Business Park. In addition, EDGE assisted local and national realtors and site selection firms seeking information on several local greenfield sites; assisted RICD in rezoning its South Rome site for a possible distribution center; assisted the Town of New Hartford in a Tax Increment Financing plan for a new business park; and commenced consultant selection for a Master Plan for the former Oneida County Airport site in the Town of Whitestown. Some highlights of EDGE's progress to date:

Marcy Nanocenter @ SUNY-IT. The Marcy site, now known throughout the world as Marcy Nanocenter at SUNYIT is the Mohawk Valley region's 420 acre greenfield site zoned for the semiconductor industry located adjacent to the SUNYIT campus. In addition to traveling the globe to market the site, EDGE is responsible for site development. Utilizing $48.5 million in funding from the State, National Grid, OCIDA, the County and EDGE, is investing in strategic infrastructure and site improvements. These include road construction, building water and sewer infrastructure, power line relocation and land acquisition. This past October Governor Cuomo announced that six leading global technology companies will invest $1.5 billion to create 'Nano Utica,' the state's second major hub of nanotechnology research and development. The public-private partnership, to be spearheaded by the SUNY College of Nanoscale Science and Engineering (SUNY CNSE) and the SUNY Institute of Technology (SUNYIT), will eventually create more than 1,000 new high-tech jobs on the campus of SUNYIT in Marcy, New York. In the near term, a consortium led by SUNY IT and the SUNY College of Nanoscale Science and Engineering (CNSE) will invest $125 million to create the Computer Chip Commercialization Center (Quad – C) at the SUNYIT campus in Marcy, New York. The consortium includes Advanced Nanotechnology Solutions ("ANS"), Sematech, Atotech and Semaatech and CNSE partners, including IBM, Lam Research and Tokyo Electron. Quad – C will include a 56,000 sq. ft. Class 1 capable cleanroom space and will host public-private partnerships. It is anticipated the center will have an annual operating budget in excess of $500 million and is anticipated to result in the creation of up to 1,500 high tech jobs, academic programs and workforce training opportunities.

Brownfields Partnership. The City partnered with EDGE, the Rome Community Brownfields Restoration Corporation, and the Oneida County Industrial Development Agency to complete a nearly $5 million environmental clean-up and demolition effort on the former Rome Cable site in downtown Rome. Funding sources for the project included the New York State Environmental Restoration Program, the Restore New York Program, National Grid and the City. Five acres of prime development property featuring environmental indemnification from the State, are now made available for redevelopment and the construction of a new 50,000 square foot advanced facility. Construction will commence in the latter half of 2018 with an expected 2019 completion. The project will preserve 35 jobs and add 15 more from an additional third shift. The City has secured a $1 million RESTORE grant and almost $1.8 million in DEC funding for the remediation and redevelopment of an adjacent brownfield site that will clear the way for 20 new acres of industrial development space in the City's downtown/ west side corridor.

Downtown Revitalization Initiative (DRI). The City of Rome was awarded the Mohawk Valley's Regional Economic Development District $10 million dollar Downtown Revitalization Initiative in 2017. The State of New York will be infusing $10 million into Rome's downtown district with projects which are truly transformational which will revitalize the downtown corridor. The City and private developers plan to leverage these funds to complete a total of $20-30 million investment in new projects in downtown Rome.

Population

The current estimated population of the District is 38,488. (Source: 2016 U.S. Census Bureau estimate)

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 and County. The figures set below with respect to the City and such Towns and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the City, Towns or County are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2012-2016	2000	2006-2010	2012-2016
City of:						
Rome	$ 18,604	$ 21,989	$ 24,661	$ 42,928	$ 55,630	$ 56,643
Towns of:						
Annsville	15,012	20,616	21,201	42,841	47,560	62,031
Lee	20,588	24,121	31,958	51,676	62,734	77,841
Verona	18,017	22,642	26,210	47,951	54,160	64,443
Western	20,217	30,185	31,939	46,629	68,333	75,179
County of:						
Oneida	18,516	23,458	26,577	45,341	58,017	63,182
State of:						
New York	23,389	30,948	34,212	51,691	67,405	74,036

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

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

Banking Facilities

The following banks maintain offices within the borders of the District:

Adirondack Bank
NBT Bank, N.A.
Berkshire Bank
M & T Bank
KeyBank, N.A.
Community Bank, NA

Source: District Officials.

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Unemployment Rate Statistics

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

	Annual Average							
	2010	2011	2012	2013	2014	2015	2016	2017
Oneida County	7.6%	8.0%	8.2%	7.4%	6.1%	5.3%	4.8%	5.1%
New York State	8.6%	8.3%	8.5%	7.7%	6.3%	5.3%	4.8%	4.7%

	2018 Monthly Figures						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Oneida County	6.1%	6.3%	5.8%	5.1%	4.3%	N/A	N/A
New York State	5.1%	5.1%	4.8%	4.3%	3.7%	N/A	N/A

Note: Unemployment rates for June and July 2018 are not available as of the date of this Official Statement.

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

Largest Employers

Some of the major employers located within the District and in the surrounding area are as follows:

Employer	Type	Approximate Number Employees
Turning Stone Casino [1]	Casino / Hotel	4,500
Central New York Developmental Service	Social Services	3,000
Wal-Mart	Retail	1,400
Rome City School District	Educational	1,269
Rome Memorial Hospital	Healthcare	1,051
Defense Finance Accounting Service	Finance/Insurance/Back Office	951
Air Force Research Lab Rome Research Site	IT	800
Mohawk Correctional Facility	Correctional Facility	750
City of Rome	Government	400
Birnie Bus Service	Transportation	342
Family Dollar	Distribution	371
Northeast Air Defense (NEADS)	Government Agency	320
AmeriCU	Finance/Bank Office	255
Upstate Cerebral Palsy	Social Services	254
UTC Aerospace (formally Goodrich Corp.)	Metals Manufacturing/Aerospace	254
MidAir USA	Aerospace	208
Price Chopper	Retail	200
Sovena	Food Packing	171
Bartell Machinery Systems	Machining Manufacturing	165
Assured Information Systems	IT	140
Rome Strip Steel	Metals Manufacturing	132
Premier Aviation	Aerospace	123
ITT Excelus	IT	113
BAE Systems-Rome	IT	113

[1] Turning Stone Casino is located in the Town of Verona, which is located approximately 16 miles from the District.

Source: www.mvedge.org.

Form of School Government

The Board of Education, which is the policy-making body of the District, consists of nine members with overlapping three-year terms. The President and the Vice President are selected by the Board of Education members. The President of the Board of Education is the Chief Fiscal Officer of the District.

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

Investment Policy

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

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (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. In the case of obligations of the United States government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

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 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 2017-18 fiscal year was adopted by the qualified voters on May 16, 2017 with a vote of 542 in favor to 151 against. The District's adopted budget for 2017-18 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The total tax levy increase is 0.00%, which is below the District's tax levy limit.

The budget for the 2018-19 fiscal year was voted on by the qualified voters on May 15, 2018 with a vote of 609 in favor and 312 against. The District's proposed budget for 2018-19 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The total tax levy increase is 3.96%, which is below the District's tax levy limit of 4.19%.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2018-2019 fiscal year, approximately 66.12% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

Potential reductions in Federal aid received by the State.

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

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

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

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

Building aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2018-2019 preliminary building aid ratios, the District expects to receive State building aid of approximately 95.8% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

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

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

The 2012-2013 State budget linked additional school aid to compliance with a new teacher evaluation process. A school district would not be eligible for an aid increase in 2012-2013 unless it had its teacher evaluation process reviewed and approved by the New York State Education Department by January 17, 2013. The New York State Education Department approved the District's initial Annual Professional Performance Review Plan (APPR) on January 8, 2013. The most current APPR was approved on December 8, 2016.

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

School district fiscal year (2014-2015): The 2014-2015 State budget included a $1.1 billion or 5.3% increase in State aid to school districts for the 2014-2015 school year. High-need school districts received 70% of the school aid increase. The 2014-15 State budget restored $602 million of Gap Elimination Adjustment ("GEA") reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The 2014-2015 State budget invested $1.5 billion over five years to support the phase-in of a statewide universal full-day pre-kindergarten program.

The Smart Schools Bond Act was proposed as part of the 2014-2015 State budget and was subsequently approved by the voters of the State. The Smart Schools Bond Act authorized the issuance of $2 billion of general obligation bonds to financed improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds thereunder is $6,016,740.

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

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District is part of the Community Schools Grant Initiative (CSGI) and has received $369,655 in grant monies from the State.

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $19,031,452. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

School district fiscal year (2017-2018): The State 2017-18 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-18 Enacted Budget 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's 2018-19 Enacted Budget includes nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at $26.03 billion statewide, a 3.4% increase over the last year. The State's 2018-19 Enacted Budget includes an increase of $618 million in Foundation Aid for school districts. Foundation Aid now totals nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase will be distributed using a one year, off formula methodology. The State's 2018-19 Enacted Budget guarantees that all school districts receive an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase will be "set aside" for certain school districts to fund community schools. The State's 2018-19 Enacted Budget fully funds all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government are less than what was expected.

State Aid Litigation

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

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

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

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

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

State Aid Revenues

The following table illustrates the percentage of total revenues of the District comprised of State aid for each of the previous five completed fiscal years, unaudited figures for the 2017-2018 fiscal year and budgeted figures for the 2018-2019 fiscal year.

Fiscal Year	Total Revenues (1)	Total State Aid (1)	Percentage of Total Revenues Consisting of State Aid
2012-2013	$ 98,066,310	$ 62,555,379	63.79%
2013-2014	99,770,078	63,892,506	64.04
2014-2015	103,492,482	66,507,590	64.26
2015-2016	105,764,151	68,330,196	64.61
2016-2017	107,058,355	69,394,634	64.82
2017-2018 (Unaudited)	110,253,349	72,862,430	66.08
2018-2019 (Budgeted)	113,534,331	75,067,027	66.12

(1) General Fund only.

Source: Audited financial statements for the 2012-2013 fiscal year through and including the 2016-2017 fiscal year and the budget of the District for the 2018-2019 fiscal year. The 2017-2018 unaudited figures are estimates and audited results may vary therefrom. This table is not audited.

District Facilities

The District currently operates the following facilities:

Name	Grades	Capacity	Year(s) Built/Additions
Bellamy Elementary School	K-4	540	1959, '86, '90, '94, '97, '03, '09
Clough Elementary School	Pre-K	300	1957, '86, '91, '94, '97, '98, '03, '11
Denti Elementary School	K-4	564	1969, '88, '93, '96, '97, '03, '09, '12
Gansevoort Elementary School	K-4	496	1924, '54, '64, '90, '92, '93, '95, '97, '03, '11
Ridge Mills Elementary School	K-4	440	1957, '58, '62, '92, '93, '94, '96, '03, '04, '07, '08, '10
Stokes Elementary School	K-4	477	1957, '60, '86, '90, '91, '93, '94, '97, '03, '04, '06
John E. Joy Elementary School	K-4	382	1957, '64, '86, '90, '91, '93, '97, '98, '03
Staley Junior High School	5-6	1,258	1957, '67, '81, '88, '89, '92, '02, '03, '04, '05, '07
Strough Junior High School	7-8	1,519	1950, '74, '86, '88, '89, '91, '93, '94, '96, '03
Rome Free Academy	9-12	1,800	2001, '04, '07

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2013-2014	5,664	2018-2019	5,800
2014-2015	5,590	2019-2020	5,800
2015-2016	5,690	2020-2021	5,800
2016-2017	5,648	2021-2022	5,850
2017-2018	5,776	2022-2023	5,900

Source: District officials.

Employees

The District employs a total of 1,269 persons of which 1,252 are with represented by the various bargaining units listed below:

Number of Employees	Bargaining Unit	Contract Expiration Date
36	Rome City School District Administrators' Association	June 30, 2020
591	Rome City School District Teachers' Association	June 30, 2021
283	Rome City School District Aides, Monitors & Cafeterias' Employees	June 30, 2020
80	Local200B – SEIU – AFL-CIO (The Custodial Unit)	June 30, 2020
37	Rome City School District C.S.E.A.	June 30, 2020
215	Rome City School District Substitute Teachers	June 30, 2023
10	Rome City School District UPSEU	June 30, 2020

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 vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

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

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

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

Fiscal Year	ERS	TRS
2013-2014	$ 1,490,759	$ 5,570,484
2014-2015	1,311,099	4,700,503
2015-2016	1,304,152	4,724,346
2016-2017	1,422,532	4,015,748
2017-2018	1,278,935	3,971,620
2018-2019 (Budgeted)	1,210,000	4,330,470

Source: District official.

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

The District offered early retirement incentives as follows:

Fiscal Year	Staff Participants	Replacement Cost	Savings
2013-2014	33	$ 660,000	$ 2,200,000
2014-2015	7	140,000	200,000

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 (2014 to 2019) is shown below:

Year	ERS	TRS
2013-14	20.9%	16.25%
2014-15	20.1	17.53
2015-16	18.2	13.26
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.63 *

* Estimated. The TRS rate for the 2018-19 fiscal year will be adopted in August 2018.

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

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

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

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

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

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

Other Post-Employment Benefits

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

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

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

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

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

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

The District contracted with Questar III BOCES, an actuarial firm, to calculate its OPEB in accordance with GASB 45. Based on the most recent actuarial valuation and financial data dated July 1, 2015 and financial data as of June 30, 2017, the following tables show the components of the District's annual OPEB cost, the amount actuarially contributed to the plan, changes in the District's net OPEB obligation and funding status for the fiscal years ending June 30, 2017 and 2016:

Annual OPEB Cost and Net OPEB Obligation:	***2017***	***2016***
Annual required contribution (ARC)	$ 23,510,477	$ 21,251,603
Amortization of unfunded actuarial accrued liability	0	0
Interest on net OPEB obligation	3,788,027	3,438,764
Adjustment to ARC	(6,253,966)	(5,667,339)
Annual OPEB cost (expense)	21,044,538	19,013,028
Contributions made	(7,651,880)	(7,370,945)
Increase in net OPEB obligation	13,392,658	11,642,083
Net OPEB obligation - beginning of year	126,267,566	114,625,483
Net OPEB obligation - end of year	$ 139,660,224	$ 126,267,566
Percentage of annual OPEB cost contributed	36.4%	38.8%

Funding Status

Actuarial Accrued Liability (AAL)	$ 226,344,072	$ 266,344,072
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 266,344,072	$ 266,344,072
Funded Ratio (Assets as a Percentage of AAL)	0.00%	0.00%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 21,044,538	36.4%	$139,660,224
2016	19,013,028	38.8	126,267,566
2015	20,038,125	37.9	102,623,592

Note: The above tables are not audited.

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

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

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

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

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

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

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in the last two legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if 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 is in compliance 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 audit report covering the period ending June 30, 2018 is not available as of the date of this Official Statement. The last audit report covers the period ending June 30, 2017 and is attached hereto as "APPENDIX – E". Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

Unaudited Results for Fiscal Year Ending June 30, 2018

The District expects the fiscal year ending June 30, 2018 with a cumulative unappropriated unreserved fund balance of $4,606,590. Summary unaudited information for the General Fund for the period ending June 30, 2018 is as follows:

Revenues:	$ 110,253,349
Expenditures:	112,131,556
Excess (Deficit) Revenues Over Expenditures	$ (1,878,207)
Total Fund Balance:	$ 9,283,878

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

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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 an audit report of the District on December 18, 2015. The purpose the audit was to examine the District's financial management practices for the period July 1, 2013 through January 31, 2015

Key Findings

- District officials appropriated fund balance that was not needed to fund the 2011-12, 2012-13 and 2014-15 budgets.
- The Board retroactively approved transfers totaling approximately $4.2 million to reserve funds after the 2011-12 fiscal year-end, rather than including the transfers in the proposed budget.

Key Recommendations

- Discontinue unnecessarily appropriating fund balance solely as a means of keeping unassigned fund balance within the statutory limit.
- Ensure that budgets presented to District residents for approval are transparent and inform them of the District's intent to increase reserves

The District provided a complete response to the above findings. A copy of the complete report and response can be found via the website of the Office of the State Comptroller.

There are no recent State Comptroller's audits of the District. nor any that are currently in progress or pending release.

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the past four fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2017	No Designation	0.0%
2016	No Designation	6.7%
2015	No Designation	6.7%
2014	No Designation	20.0%

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

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

TAX INFORMATION

Taxable Valuations

Fiscal Year Ending June 30:	2014	2015	2016	2017	2018
Taxable Assessed Value	$ 910,510,166	$ 912,361,456	$ 861,044,831	$ 860,374,582	$ 861,005,551
Taxable Full Valuation (2)	1,494,502,742	1,490,253,488	1,428,472,430	1,453,367,278	1,457,185,688
Taxable Full Valuation (3)	1,472,664,978	1,501,987,684	1,447,898,351	1,452,046,901	1,460,832,324

(1) See “APPENDIX – C” for full computation of Taxable 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 Rates.

Tax Rates Per $1,000 Assessed

Fiscal Year Ending June 30:	2014	2015	2016	2017	2018
City of:					
Rome	$ 28.11	$ 28.85	$ 28.67	$ 29.91	$ 30.69
Town of:					
Lee	651.78	664.58	664.92	693.05	690.08
Western	36.76	37.64	37.66	39.25	42.15
Verona	26.88	27.41	28.12	30.90	31.04
Annsville	36.91	35.36	36.38	39.69	41.47

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2014	2015	2016	2017	2018
Total Tax Levy	$ 31,988,278	$ 32,787,985	$ 32,787,985	$ 32,657,936	$ 32,651,936
Amount Uncollected (1)	1,751,872	1,745,779	1,625,733	1,671,280	1,239,881
% Uncollected (2)	5.48%	5.32%	4.96%	5.12%	3.80%

(1) The District receives 100% of its tax levy each year. See "Tax Collection Procedures" herein.

Tax Collection Procedure

The real property taxes of the District are collected by the Receiver of Taxes of the District. Such taxes are due and payable on October 1, and may be paid in full until October 31, without penalty. Alternatively, such taxes may be paid in two equal installments, the first installment payable from October 1 through 31, inclusive, without penalty, and the second installment payable from April 1 through April 30, inclusive, without penalty. There is a 2% penalty upon first installment taxes paid through November. There is an additional 1% per month penalty upon first installment taxes beginning in December, through to the time of payment. The second installment may be paid anytime between October 1 and April 30, inclusive, without penalty. There is a 2% penalty upon second installment taxes paid through May 31. There is an additional 1% per month penalty upon second installment taxes beginning in June, through time of payment.

Between May 1 and June 30, uncollected school taxes are reported to the City and the County, as applicable. The County normally pays in full to the District its portion of such uncollected school taxes, plus a 2% penalty, by August 1. The City collects its portion of such uncollected school taxes through the close of the succeeding fiscal year, and makes monthly payments to the District of such tax payments received. The City is required to remit in full, any remaining delinquencies upon its portion of the uncollected school taxes by October 31 of the second succeeding fiscal year.

The District is not responsible for the collection of taxes of any other unit of government.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues comprised of Real Property Taxes of the District for the previous five completed fiscal years, unaudited figures for the 2017-2018 fiscal year, and budgeted figures for the 2018-2019 fiscal year.

Fiscal Year	Total Revenues	Total Property Tax Levy (1)	Percentage of Total Revenues Consisting of Real Property Tax
2012-2013	$ 98,066,310	$ 23,329,430	23.79%
2013-2014	99,770,078	25,135,095	25.19
2014-2015	103,492,482	26,184,558	25.30
2015-2016	105,764,151	26,161,678	24.74
2016-2017	107,054,470	25,884,754	24.18
2017-2018 (Unaudited)	110,253,349	26,313,480	23.87
2018-2019 (Budgeted)	113,534,331	27,289,061	24.03

Source: Audited financial statements for the 2012-2013 fiscal year through and including the 2016-2017 fiscal year and the budget of the District for the 2018-2019 fiscal year. The 2017-2018 unaudited figures are estimates and audited results may vary therefrom. This table is not audited

Larger Taxpayers 2017 Tax Roll for 2017-18

Name	Type	Estimated Full Valuation
National Grid	Utility	$ 37,342,033
Centro NP Holdings 11 SPE, LLC	Retail	9,055,000
Wal-Mart Real Estate Business Trust	Retail	8,152,100
G&I IX Empire Freedom Plaza	Retail	8,035,850
GroSolar Property Holdings, LLC	Real Estate	6,190,000
Lowe’s Home Centers, Inc.	Retail	6,000,000
Verizon New York, Inc	Utility	4,826,000
Wachs Rome Development, LLC	Retail – Distribution Center	3,532,970
New York Central Lines	Transportation	3,081,973
Rome Savings Bank	Retail	2,896,300

The ten larger taxpayers listed above have a total estimated full valuation of $89,122,226 which represents 6.12% of the tax base of the District.

The District does not currently have any pending or outstanding tax certioraris that are known to have a material impact on the District.

Source: District Tax Rolls.

STAR – School Tax Exemption

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

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

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

Municipality	Enhanced Exemption	Basic Exemption	Date Certified
City of Rome	$ 50,000	$ 22,460	10/17/2017
Town of Annsville	37,410	16,800	4/9/2018
Town of Lee	2,220	1,000	4/9/2018
Town of Western	36,410	16,350	4/9/2018
Town of Verona	48,100	21,600	4/9/2018

$6,345,830 of the District's $32,657,936 school tax levy for the 2017-2018 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2018.

Approximately $6,662,129 of the District's $33,951,190 school tax levy for the 2018-2019 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January, 2019.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-68%, Commercial-20%, and Industrial-12%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the District is approximately $3,065 including County, City or Town, School District and Fire District taxes and not including a STAR exemption.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State provided the aggregate principal amount thereof shall not exceed five per centum of the average full valuation of the taxable real estate of the District and subject to certain enumerated deductions. The statutory method for determining average assessed valuation is by taking the average assessed valuation of taxable real estate for the last completed assessment roll and the four preceding assessment rolls, and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such ratio shall be determined.

Statutory Procedure

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

The District has the power to contract indebtedness for any District purpose provided that the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District as required by the Local Finance Law and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by dividing the assessed valuation of taxable real estate for the last completed assessment roll by the equalization rate established by the State Office of Real Property Services in accordance with applicable State law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

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 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.

The District has complied with this estoppel procedure in connection with the Notes.

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
Bonds [(1) (2)]	$ 46,520,000	$ 46,980,000	$ 45,625,000	$ 46,305,000	$ 38,525,000
Bond Anticipation Notes	14,556,825	14,269,825	9,241,544	23,662,000	25,400,000
Energy Performance Contract	2,144,260	1,760,509	1,365,507	958,925	540,423
Total Debt Outstanding	$ 63,221,085	$ 63,010,334	$ 56,232,051	$ 70,925,925	$ 64,465,423

(1) On May 27, 2016, the District issued $2,655,000 advance refunding serial bonds through the Dormitory Authority of the State of New York to realize net present value and budgetary savings. The bonds advance refunded $2,650,000 outstanding principal of the District's 2008A bonds. The bonds listed above do not include $2,650,000 of refunded serial bonds outstanding. Debt service on these refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased. These refunded bonds will be fully redeemed as of their first call date on October 1, 2018.

(2) On November 9, 2017, the District issued $9,245,000 advance refunding serial bonds through the Dormitory Authority of the State of New York to realize net present value and budgetary savings. The bonds advance refunded $9,655,000 outstanding principal of the District's 2010A and 2011 A serial bonds. The bonds listed above do not include $9,655,000 of refunded serial bonds outstanding. Debt service on these refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased. These refunded bonds will be fully redeemed as of their first call date on October 1, 2020 and October 1, 2021 respectively.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of July 17, 2018.

Type of Indebtedness	Maturity	Amount
Bonds	2018-2032	$ 38,525,000 [(1) (2)]
Bond Anticipation Notes		
Capital Project	August 3, 2018	25,400,000 [(3)]
	Total Indebtedness	$ 63,925,000

(1) On May 27, 2016, the District issued $2,655,000 advance refunding serial bonds through the Dormitory Authority of the State of New York to realize net present value and budgetary savings. The bonds advance refunded $2,650,000 outstanding principal of the District's 2008A bonds. The bonds listed above do not include $2,650,000 of refunded serial bonds outstanding. Debt service on these refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased. These refunded bonds will be fully redeemed as of their first call date on October 1, 2018.

(2) On November 9, 2017, the District issued $9,245,000 advance refunding serial bonds through the Dormitory Authority of the State of New York to realize net present value and budgetary savings. The bonds advance refunded $9,655,000 outstanding principal of the District's 2010A and 2011 A serial bonds. The bonds listed above do not include $9,655,000 of refunded serial bonds outstanding. Debt service on these refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased. These refunded bonds will be fully redeemed as of their first call date on October 1, 2020 and October 1, 2021 respectively.

(3) To be redeemed at maturity with the proceeds of the Notes and $475,000 available funds of the District.

Summary of Constitutional Debt Limit

Summary of Indebtedness using Regular, Special Equalization Ratios, Debt Limit and Net Debt-Contracting Margin as of July 17, 2018:

	Computed Using Regular State Equalization Rates	Computed Using Special State Equalization Ratios [1]
Five-year Average Full Valuation of Taxable Real Property	$ 1,464,756,325	$ 1,467,086,048
Debt Limit 5% thereof ………………...……..………..	73,237,816	73,354,302
Inclusions:		
Bonds...	$ 50,830,000	$ 50,830,000
Bond Anticipation Notes...	25,400,000	25,400,000
Total Inclusions..	$ 76,230,000	$ 76,230,000
Exclusions:		
Advanced Refunded Bonds [2] [3] ……..…….….…..…..	12,305,000	12,305,000
Appropriations ……..….….….….……...………	8,005,000	8,005,000
Total Exclusions...	$ 20,310,000	$ 20,310,000
Total Net Indebtedness [4] …………………………..	$ 55,920,000	$ 55,920,000
Net Debt-Contracting Margin...	$ 17,317,816	$ 17,434,302
The percent of debt contracting power exhausted is.....	76.35%	76.23%

(1) The District's constitutional debt limit has been computed using Special Equalization ratios established by the 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 State Board, and are used for all other purposes. See “APPENDIX – C” for the computation of full valuation using regular and special State equalization ratios, respectively.

(2) On May 27, 2016, the District issued $2,655,000 advance refunding serial bonds through the Dormitory Authority of the State of New York to realize net present value and budgetary savings. The bonds advance refunded $2,650,000 outstanding principal of the District’s 2008A bonds. Debt service on these refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased. These refunded bonds will be fully redeemed as of their first call date on June 1, 2018.

(3) On November 9, 2017, the District issued $9,245,000 advance refunding serial bonds through the Dormitory Authority of the State of New York to realize net present value and budgetary savings. The bonds advance refunded $9,655,000 outstanding principal of the District’s 2010A and 2011 A serial bonds. Debt service on these refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased. These refunded bonds will be fully redeemed as of their first call date on October 1, 2020 and October 1, 2021 respectively.

(4) Based on preliminary 2018-2019 building aid estimates, the District anticipates State Building aid of 95.8% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: The issuance of the Notes will not increase the Total Net Indebtedness of the District.

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

Bonded Debt Service

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

Cash Flow Borrowings

The District issued a revenue anticipation note in the 2011-12 fiscal year. The District does not anticipate issuing revenue anticipation notes or tax anticipation notes in the foreseeable future.

Capital Project Plans

A resolution adopted by the District's Board of Education on April 23, 2008 and approved by the District's voters on June 17, 2008 authorizes the issuance of bonds and other obligations to finance renovations, improvements and additions to various District facilities at a total estimated cost of $36,884,000. To date, the District has issued and permanently financed $22,504,000 of such authorization. Future capital plans and borrowings will be dependent on approval from the State Education Department, construction cash flow needs and the ability to borrow under the debt limit.

A resolution adopted by the District's Board of Education on November 18, 2009 and approved by the District's voters on January 26, 2010* authorizes the issuance of bonds and other obligations to finance renovations, improvements to the Denti, Gansevoort, Joy, Ridge Mills and Clough Elementary Schools including construction, site improvements, original furnishings, fixtures and equipment required for such purposes, at a total estimated cost of $30,000,000. To date, the District has issued and permanently financed $20,900,000 against such authorization. Future borrowings will be dependent on approval from the State Education Department and construction cash flow needs.

A resolution adopted by the District's Board of Education on October 19, 2011 and approved by the District's voters on December 6, 2011* authorizes the issuance of bonds and other obligations to finance renovations and improvements to the Lyndon H. Strough Middle School including construction, site improvements, original furnishings, fixtures and equipment required for such purposes, architectural fees and all other necessary costs incidental to such work at a total estimated cost not to exceed $25,400,000. To date, the District has issued $25,400,000 bond anticipation notes against such authorization, of which $25,400,000 are currently outstanding and mature on August 3, 2018. The proceeds of the Notes along with $475,000 available funds of the District will redeem and renew the bond anticipation notes currently outstanding. Upon project completion the District plans to convert the bond anticipation notes to permanent financing.

*The District received super majority approval by the voters. The District applied for and received consent to exceed its debt limit for these projects.

On May 15, 2018 the District voters approved a proposition authorizing a $4.9 million energy efficiency project at Rome Free Academy and George R. Staley Elementary. The project will be funded through state aid, utility grants, bonds and other obligations, and reduced energy bills which will save the district over $300,000 annually with no tax impact to the community. The District anticipates issuing bond anticipation notes in the summer of 2019 to finance the project.

The District is in the beginning stages of planning a capital project. The scope and timeline are uncertain at this time.

The District has no other authorized and unissued indebtedness for capital or other purposes other than the issuance of the School District Bonds.

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 2016 fiscal year of the respective municipalities.

Municipality	Status of Debt as of	Gross Indebtedness [(1)]	Exclusions [(2)]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Oneida	12/31/2016	$ 188,926,689	$ 44,384,844	$ 144,541,845	13.35%	$ 19,296,336
City of:						
Rome	12/31/2016	78,109,477	44,427,613	33,681,864	93.90%	31,627,270
Town of:						
Annsville	12/31/2016	730,576	500,576	230,000	5.44%	12,512
Lee	12/31/2016	-	-	-	87.55%	-
Western	12/31/2016	-	-	-	57.15%	-
Verona	12/31/2016	5,520,651	5,217,651	303,000	1.33%	4,030
					Total:	$ 50,940,149

(1) Outstanding 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 Years Ended in 2016.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of July 17, 2018

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 55,920,000	$ 1,452.92	3.84%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	106,860,149	2,776.45	7.33

(a) The current estimated population of the District is 38,488. (See "THE SCHOOL DISTRICT - Population" herein.)
(b) The District's full value of taxable real estate for 2017-2018 fiscal year using regular equalization rates is $1,457,185,688. (See "TAX INFORMATION – Taxable Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Indebtedness herein.
(d) Estimated net overlapping indebtedness is $50,940,149. (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

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

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

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

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

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

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

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

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

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

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

MARKET AND RISK FACTORS

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

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

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

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

TAX MATTERS

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

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

Certain requirements and procedures contained or referred to in the Arbitrage and Use of Proceeds Certificate, and other relevant documents may be changed and certain actions 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 upon the advice or approval of counsel other than Trespasz & Marquardt, LLP.

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

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

LEGAL MATTERS

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

LITIGATION

The District is subject to a number of lawsuits in the ordinary conduct of its affairs. There are currently tax certiorari claims requesting reduction of assessments pending. The outcome of the tax certiorari claims are undeterminable at this time. 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.

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, the form, substantially of which, is attached hereto as "APPENDIX – D".

Historical Compliance

Except as noted below, the District is, in all material respects, in compliance with all prior undertakings pursuant to the Rule for the past five years.

The District, on occasion, did not file certain material event notices in a timely manner for the credit rating changes of the bond insurers of the District's $6,500,000 School District (Serial) Bonds, 2004 as required by the District's existing continuing disclosure agreements. On May 21, 2013, Moody's Investor Services ("Moody's") upgraded the rating of MBIA Insurance Corporation ("MBIA") from "Caa2" to "B3" and, on May 21, 2014, Moody's upgraded the rating of MBIA from "B3" to "B2". Although the District was required to file with the Municipal Securities Rulemaking Board ("MSRB") notices of such rating changes in a timely manner, the District did not filed the notices until July 18, 2014, 290 and 40 business days, respectively, after the rating changes. On May 21, 2013, Moody's upgraded the rating of National Public Finance Guarantee Corporation ("NPFG") from "Baa2" with a negative outlook to "Baa1" with a positive outlook. Although the District was required to file with the MSRB notice of such rating change in a timely manner, the District did not make such filing until July 30, 2013, 48 business days after the rating change. The underlying rating of the District was not affected by such bond insurer rating changes.

MUNICIPAL ADVISOR

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

BOND 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 School 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. (See "APPENDIX-D" attached herein.)

Standard & Poor's Credit Market Services ("S&P") has assigned their underlying rating of "A" with a stable outlook to the outstanding serial bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the 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) 553-0038, Fax: (212) 553-1390.

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

MISCELLANEOUS

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

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

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

Trespasz & Marquardt, LLP, Syracuse, New York, Bond Counsel to the Issuer, expresses no opinion 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 limitation as to information in the Official Statement obtained from sources other than the District, as to which no representation can be made.

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

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 or hacking in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District's contact information is as follows: Mr. David Dreidel, Director of Business & Finance, Rome City School District, District Offices, 409 Bell Road, Rome, New York 13440, Phone: (315) 338-6541, Fax: (315) 334-7403, Email: ddreidel@romecsd.org

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

CITY SCHOOL DISTRICT OF THE CITY OF ROME

Dated: July 17, 2018

PAUL FITZPATRICK
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2013	2014	2015	2016	2017
ASSETS					
Unrestricted Cash	$ 12,393,117	$ 15,340,795	$ 14,244,260	$ 9,572,403	$ 9,503,927
Restricted Cash	6,465,085	1,904,932	1,607,155	1,727,606	1,727,606
Taxes Receivable	2,125,011	2,203,957	2,159,754	1,951,823	2,018,178
Accounts Receivable	-	-	-	-	-
Due from Other Governments	5,048,614	4,737,190	5,564,296	5,722,688	4,356,409
Due from Other Funds	2,124,895	2,428,548	5,380,672	5,865,505	5,920,779
Other Assets	574,461	163,620	149,513	476,829	716,151
TOTAL ASSETS	$ 28,731,183	$ 26,779,042	$ 29,105,650	$ 25,316,854	$ 24,243,050
LIABILITES AND FUND EQUITY					
Accounts Payable	$ 108,111	$ 171,060	$ 30,266	$ 266	$ 191,053
Accrued Liabilities	1,223,472	3,033,329	2,140,393	1,892,731	1,719,381
Due to Other Funds	816,401	910,901	2,926,210	1,335,530	1,315,603
Due to Other Governments	20,160	-	-	2,117	2,117
Due to Teachers' Retirement System	4,680,862	6,301,043	6,469,723	5,188,773	4,791,926
Due to Employees' Retirement System	434,792	486,561	318,246	311,195	326,266
Unearned Revenues	-	-	1,000,000	-	-
Deferred Revenues (Taxes Receivable)	-	-	-	1,386,644	1,557,944
Deferred Revenues	2,540,609	2,581,915	1,512,769	-	-
Compensated Absences	-	-	-	-	-
TOTAL LIABILITIES	9,824,407	13,484,809	14,397,607	10,117,256	9,904,290
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	6,465,085	1,904,932	1,607,155	1,727,606	1,727,606
Assigned	8,232,250	7,058,360	6,848,163	7,220,111	7,690,358
Unassigned (Deficit)	4,209,441	4,330,941	6,252,725	6,251,881	4,920,796
TOTAL FUND EQUITY	18,906,776	13,294,233	14,708,043	15,199,598	14,338,760
TOTAL LIABILITES and FUND EQUITY	$ 28,731,183	$ 26,779,042	$ 29,105,650	$ 25,316,854	$ 24,243,050

Note: The School District is not required to report general fixed assets or long term debt in the general fund. These are reported in the Government Wide Statements.

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2012	2013	2014	2015	2016
REVENUES					
Real Property Taxes	$ 22,812,257	$ 23,329,430	$ 25,135,095	$ 26,184,558	$ 26,161,678
Other Tax Items	8,854,738	8,904,734	7,888,051	7,769,798	7,715,138
Charges for Services	417,023	358,020	467,767	361,811	310,460
Use of Money & Property	181,742	161,527	156,048	113,859	69,101
Sale of Property and Compensation for Loss	91,834	61,358	8,817	7,431	1,242
Miscellaneous	1,854,492	2,401,233	1,791,805	2,394,329	2,089,579
Interfund Revenues	1,606	-	-	-	-
Revenues from State Sources	59,122,740	62,555,379	63,892,506	66,507,590	68,330,196
Revenues from Federal Sources	380,902	245,544	429,989	153,106	323,757
Total Revenues	$ 93,717,334	$ 98,017,225	$ 99,770,078	$ 103,492,482	$ 105,001,151
Other Sources:					
Interfund Transfers	400,000	49,085	360,000	-	763,000
Total Revenues and Other Sources	94,117,334	98,066,310	100,130,078	103,492,482	105,764,151
EXPENDITURES					
General Support	$ 11,177,331	$ 10,715,069	$ 11,621,291	$ 10,498,007	$ 10,961,052
Instruction	46,052,818	49,180,624	52,148,971	48,985,630	50,717,788
Pupil Transportation	5,929,753	5,955,142	5,753,724	5,894,592	5,996,654
Employee Benefits	21,378,927	22,933,276	25,790,635	26,887,163	26,103,546
Debt Service	8,317,846	8,487,658	9,022,265	8,679,403	9,577,934
Total Expenditures	$ 92,856,675	$ 97,271,769	$ 104,336,886	$ 100,944,795	$ 103,356,974
Other Uses:					
Interfund Transfers	7,693	826,540	1,405,735	1,133,877	1,915,622
Proceeds of Long-Term Debt	-	-	-	-	-
Total Expenditures and Other Uses	92,864,368	98,098,309	105,742,621	102,078,672	105,272,596
Excess (Deficit) Revenues Over Expenditures	1,252,966	(31,999)	(5,612,543)	1,413,810	491,555
FUND BALANCE					
Fund Balance - Beginning of Year	17,685,809	18,938,775	18,906,776	13,294,233	14,708,043
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 18,938,775	$ 18,906,776	$ 13,294,233	$ 14,708,043	$ 15,199,598

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:	2017 Adopted Budget	2017 Modified Budget	2017 Actual	2018 Adopted Budget	2019 Adopted Budget
REVENUES					
Real Property Taxes	$ 25,995,807	$ 26,068,138	$ 25,884,754	$ 25,995,807	$ 27,289,061
Other Tax Items	8,237,813	8,165,482	8,170,305	8,365,757	8,426,093
Charges for Services	360,000	360,000	502,518	370,000	370,000
Use of Money & Property	183,000	183,000	95,611	72,000	97,150
Sale of Property and Compensation for Loss	-	-	5,872	-	-
Miscellaneous	1,235,000	1,235,000	2,682,978	1,235,000	1,235,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	70,080,634	70,080,634	69,394,634	71,439,638	75,067,027
Revenues from Federal Sources	300,000	300,000	317,798	300,000	300,000
Total Revenues	$ 106,392,254	$ 106,392,254	$ 107,054,470	$ 107,778,202	$ 112,784,331
Other Sources:					
Interfund Transfers	763,621	763,621	3,885	986,529	750,000
Appropriated Fund Balance	7,220,112	7,220,112	-	6,556,103	4,375,000
Total Revenues and Other Sources	114,375,987	114,375,987	107,058,355	115,320,834	117,909,331
EXPENDITURES					
General Support	$ 12,000,647	$ 12,030,752	$ 10,794,069	$ 11,482,826	$ 15,281,741
Instruction	56,849,564	57,028,503	53,457,205	56,731,363	54,391,945
Pupil Transportation	6,777,990	6,787,534	6,192,818	6,682,008	6,444,683
Employee Benefits	28,660,842	27,346,061	26,435,769	28,795,220	30,451,282
Debt Service	9,886,944	9,865,838	9,725,977	10,629,417	11,339,680
Total Expenditures	$ 114,175,987	$ 113,058,688	$ 106,605,838	$ 114,320,834	$ 117,909,331
Other Uses:					
Interfund Transfers	200,000	1,317,299	1,313,355	1,000,000	-
Proceeds of Long-Term Debt	-	-	-	-	-
Total Expenditures and Other Uses	114,375,987	114,375,987	107,919,193	115,320,834	117,909,331
Excess (Deficit) Revenues Over Expenditures	-	-	(860,838)	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	15,199,598	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 14,338,760	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2019	$ 8,005,000	$ 1,670,393.75	$ 9,675,393.75
2020	4,085,000	1,367,943.75	5,452,943.75
2021	3,585,000	1,198,756.25	4,783,756.25
2022	3,685,000	1,043,631.25	4,728,631.25
2023	3,590,000	881,475.00	4,471,475.00
2024	3,470,000	722,975.00	4,192,975.00
2025	3,630,000	561,200.00	4,191,200.00
2026	2,170,000	390,775.00	2,560,775.00
2027	1,985,000	299,575.00	2,284,575.00
2028	1,075,000	216,000.00	1,291,000.00
2029	1,130,000	162,250.00	1,292,250.00
2030	670,000	105,750.00	775,750.00
2031	705,000	72,250.00	777,250.00
2032	740,000	37,000.00	777,000.00
TOTALS	$ 38,525,000	$ 8,729,975.00	$ 47,254,975.00

Note: On May 27, 2016, the District issued $2,655,000 advance refunding serial bonds through the Dormitory Authority of the State of New York to realize net present value and budgetary savings. The bonds advance refunded $2,650,000 outstanding principal of the District’s 2008A bonds. The bonds listed above do not include $2,650,000 of refunded serial bonds outstanding. Debt service on these refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased. These refunded bonds will be fully redeemed as of their first call date on October 1, 2018.

As of November 9, 2017, the District’s 2010A and 2011A Dormitory Authority of the State of New York (“DASNY”) bonds in the years 2021-2025 and 2022-2026, respectively, were advance refunded with $9,245,000 bonds issued through DASNY. The refunded bonds are not included in the total above. $7,485,000 and $2,170,000 refunded bonds are outstanding and will be redeemed in full as of their first call dates, October 1, 2020 and October 1, 2021, respectively.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2008 [1] Capital Project			2010 [2] Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2019	$ 720,000	$ 132,500.00	$ 852,500.00	$ 1,245,000	$ 491,450.00	$ 1,736,450.00
2020	665,000	96,500.00	761,500.00	1,305,000	429,200.00	1,734,200.00
2021	505,000	63,250.00	568,250.00	1,370,000	363,950.00	1,733,950.00
2022	485,000	38,000.00	523,000.00	1,425,000	295,450.00	1,720,450.00
2023	275,000	13,750.00	288,750.00	1,490,000	224,200.00	1,714,200.00
2024	-	-	-	1,560,000	149,700.00	1,709,700.00
2025	-	-	-	1,640,000	73,800.00	1,713,800.00
TOTALS	$ 2,650,000	$ 344,000.00	$ 2,994,000.00	$ 10,035,000	$ 2,027,750.00	$ 12,062,750.00

[1] Bonds maturing years 2019-2023 refunded by 2016 DASNY Refunding Bonds. To be called and paid in full on October 1, 2018.

[2] Bonds maturing in years 2021-2025 refunded by 2017 DASNY Refunding Bonds. To be called and paid in full on October 1, 2020.

Fiscal Year Ending June 30th	2011 [3] DASNY - Capital Project			2013 Refunding of 2004, 2005 & 2006		
	Principal	Interest	Total	Principal	Interest	Total
2019	$ 365,000	$ 177,875.00	$ 542,875.00	$ 1,040,000	$ 28,900.00	$ 1,068,900.00
2020	385,000	159,125.00	544,125.00	405,000	8,100.00	413,100.00
2021	400,000	139,500.00	539,500.00	-	-	-
2022	420,000	119,000.00	539,000.00	-	-	-
2023	445,000	97,375.00	542,375.00	-	-	-
2024	465,000	74,625.00	539,625.00	-	-	-
2025	490,000	50,750.00	540,750.00	-	-	-
2026	515,000	25,625.00	540,625.00	-	-	-
2027	255,000	6,375.00	261,375.00	-	-	-
TOTALS	$ 3,740,000	$ 850,250.00	$ 4,590,250.00	$ 1,445,000	$ 37,000.00	$ 1,482,000.00

[3] Bonds maturing in years 2023-2027 refunded by 2017 DASNY Refunding Bonds. To be called and paid in full on October 1, 2021.

Fiscal Year Ending June 30th	2014 Refunding of 2005			2015 DASNY - Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2019	$ 3,340,000	$ 133,600.00	$ 3,473,600.00	$ 460,000	$ 300,750.00	$ 760,750.00
2020	-	-	-	480,000	277,750.00	757,750.00
2021	-	-	-	505,000	253,750.00	758,750.00
2022	-	-	-	530,000	228,500.00	758,500.00
2023	-	-	-	560,000	202,000.00	762,000.00
2024	-	-	-	585,000	174,000.00	759,000.00
2025	-	-	-	615,000	144,750.00	759,750.00
2026	-	-	-	645,000	114,000.00	759,000.00
2027	-	-	-	680,000	81,750.00	761,750.00
2028	-	-	-	465,000	47,750.00	512,750.00
2029	-	-	-	490,000	24,500.00	514,500.00
TOTALS	$ 3,340,000	$ 133,600.00	$ 3,473,600.00	$ 6,015,000	$ 1,849,500.00	$ 7,864,500.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2015 Reconstruction of Various District Buildings			2016 DASNY Refunding of 2008A		
	Principal	Interest	Total	Principal	Interest	Total
2019	$ 400,000	$ 101,568.75	$ 501,568.75	$ 735,000	$ 107,000.00	$ 842,000.00
2020	410,000	92,068.75	502,068.75	665,000	84,950.00	749,950.00
2021	420,000	82,331.25	502,331.25	495,000	59,750.00	554,750.00
2022	435,000	72,356.25	507,356.25	475,000	35,000.00	510,000.00
2023	445,000	62,025.00	507,025.00	260,000	11,500.00	271,500.00
2024	455,000	50,900.00	505,900.00	-	-	-
2025	465,000	39,525.00	504,525.00	-	-	-
2026	480,000	27,900.00	507,900.00	-	-	-
2027	490,000	14,700.00	504,700.00	-	-	-
TOTALS	$ 4,000,000	$ 543,375.00	$ 4,543,375.00	$ 2,630,000	$ 298,200.00	$ 2,928,200.00

Fiscal Year Ending June 30th	2017 Reconstruction of Various District Buildings			2017G DASNY Refunding of 2010A and 2011A		
	Principal	Interest	Total	Principal	Interest	Total
2019	$ 410,000	$ 365,100.00	$ 775,100.00	$ 10,000	$ 436,600.00	$ 446,600.00
2020	425,000	352,800.00	777,800.00	10,000	436,400.00	446,400.00
2021	440,000	335,800.00	775,800.00	1,325,000	436,425.00	1,761,425.00
2022	460,000	318,200.00	778,200.00	1,365,000	379,075.00	1,744,075.00
2023	480,000	295,200.00	775,200.00	1,845,000	310,750.00	2,155,750.00
2024	500,000	276,000.00	776,000.00	1,930,000	222,075.00	2,152,075.00
2025	525,000	251,000.00	776,000.00	2,025,000	125,925.00	2,150,925.00
2026	550,000	224,750.00	774,750.00	495,000	24,125.00	519,125.00
2027	580,000	197,250.00	777,250.00	235,000	5,875.00	240,875.00
2028	610,000	168,250.00	778,250.00	-	-	-
2029	640,000	137,750.00	777,750.00	-	-	-
2030	670,000	105,750.00	775,750.00	-	-	-
2031	705,000	72,250.00	777,250.00	-	-	-
2032	740,000	37,000.00	777,000.00	-	-	-
TOTALS	$ 7,735,000	$ 3,137,100.00	$ 10,872,100.00	$ 9,240,000.00	$ 2,377,250.00	$ 11,617,250.00

COMPUTATIONS OF FULL VALUATION

Using Regular State Equalization Rates

For Fiscal Year Ending June 30:		2014	2015	2016	2017	2018
Taxable Assessed Valuation						
City of:	Rome	$ 851,112,821	$ 852,559,984	$ 801,016,667	$ 800,041,557	$ 800,442,232
Towns of:	Lee	9,604,324	9,611,466	9,751,106	9,770,554	9,870,931
	Western	42,571,206	42,949,986	43,002,652	43,303,824	43,500,581
	Verona	3,180,941	3,191,673	3,208,568	3,220,954	3,158,339
	Annsville	4,040,874	4,048,347	4,065,838	4,037,693	4,033,468
Total Assessed Valuation		$ 910,510,166	$ 912,361,456	$ 861,044,831	$ 860,374,582	$ 861,005,551
State Equalization Rates						
City of:	Rome	76.00%	76.50%	76.45%	74.85%	74.85%
Towns of:	Lee	3.30%	3.30%	3.30%	3.33%	3.33%
	Western	58.25%	58.25%	58.25%	54.50%	54.50%
	Verona	80.00%	78.00%	74.00%	74.00%	74.00%
	Annsville	62.00%	60.30%	57.60%	55.40%	55.40%
Taxable Full Valuation						
City of:	Rome	$ 1,119,885,291	$ 1,114,457,495	$ 1,047,765,424	$ 1,068,859,796	$ 1,069,395,100
Towns of:	Lee	291,040,121	291,256,545	295,488,061	293,410,030	296,424,354
	Western	73,083,615	73,733,882	73,824,295	79,456,558	79,817,580
	Verona	3,976,176	4,091,888	4,335,903	4,352,641	4,268,026
	Annsville	6,517,539	6,713,677	7,058,747	7,288,255	7,280,628
Total Full Valuation		$ 1,494,502,742	$ 1,490,253,488	$ 1,428,472,430	$ 1,453,367,278	$ 1,457,185,688

Using Special State Equalization Ratios

For Fiscal Year Ending June 30:		2014	2015	2016	2017	2018
Special Equalization Ratios						
City of:	Rome	77.73%	76.03%	75.38%	75.32%	75.21%
Towns of:	Lee	3.28%	3.32%	3.32%	3.30%	3.28%
	Western	57.87%	54.03%	53.88%	52.81%	51.88%
	Verona	74.00%	74.04%	72.02%	71.79%	71.43%
	Annsville	57.50%	55.19%	55.81%	55.36%	54.93%
Taxable Full Valuation						
City of:	Rome	$ 1,094,960,531	$ 1,121,346,816	$ 1,062,638,189	$ 1,062,190,065	$ 1,064,276,336
Towns of:	Lee	292,814,756	289,501,988	293,708,012	296,077,394	300,943,018
	Western	73,563,515	79,492,848	79,811,901	81,999,288	83,848,460
	Verona	4,298,569	4,310,741	4,455,107	4,486,633	4,421,586
	Annsville	7,027,607	7,335,291	7,285,142	7,293,521	7,342,924
Total Full Valuation		$ 1,472,664,978	$ 1,501,987,684	$ 1,447,898,351	$ 1,452,046,901	$ 1,460,832,324

MATERIAL EVENT NOTICES

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), the District has agreed to provide, or cause to be provided, during the period in which the Notes are outstanding, in a timely manner, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB"), or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes, if such event is material:

(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 Note, 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 Note

(g) modifications to rights of holders of the Notes, 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

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

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

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

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

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

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

A Material Event Notices Certificate to this effect shall be provided to the purchaser(s) at closing.

CITY SCHOOL DISTRICT OF THE CITY OF ROME

GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2017

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 Official Statement.

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Communication With Those Charged With Governance

To the Board of Education
City School District of the City of Rome, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City School District of the City of Rome, New York for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 14, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City School District of the City of Rome, New York are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City School District of the City of Rome, New York changed accounting policies related to disclosure of tax abatements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 77, *Tax Abatement Disclosures*, in 2016. We noted no transactions entered into by the City School District of the City of Rome, New York during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. The District, in accordance with GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* requires significant actuarial estimates to calculate the District's postemployment benefits liability.

2. The District's estimate of its compensated absences liability.

3. Estimates involving depreciable lives of the District's capital assets and the related depreciation.

4. The District, in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions* (as amended by GASB Statement 71), requires significant actuarial estimates to calculate the net pension assets and liabilities, deferred inflows and outflows of resources – pensions, and pension expense.

We evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, which are attached to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 5, 2017.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City School District of the City of Rome, New York's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City School District of the City of Rome, New York's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

We applied certain limited procedures to the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund, the Schedule of Funding Progress of the Other Postemployment Benefits, the Schedule of Local Government Contributions, and the Schedule of the Local Government's Proportionate Share of the Net Pension Liability, which are required supplementary information (RSI) that supplements the basic financial statements.

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information accompanying the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Education, administration of the City School District of the City of Rome, New York, and the New York State Education department and is not intended to be, and should not be, used by anyone other than these specified parties.

D'Arcangelo + Co., LLP

October 5, 2017

Rome, New York

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2017

1. **Material Weakness**

   None.

2. **Significant Deficiencies**

   None.

3. **Other Matters Not Considered Material or Significant**

   None.

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2017

1. **Other Matters Not Considered Material or Significant**

A. Fund Balance – Use of Reserves

Finding: For the year ended June 30, 2015, the unassigned fund balance was in excess of the 4.0% limit under NYS Real Property Tax Law Section 1318.

Status: For the year ended June 30, 2017, the School District had a deficit of revenues in excess of expenditures and transfers to other funds of $860,838. This deficit was offset by an increase in encumbrances outstanding at June 30, 2017 and an increase in restricted fund balances required for the tax certiorari reserve. This allowed the District to maintain an unassigned fund balance at a fairly level amount with the prior year at $4,920,796, which is 4.27% of the subsequent year's budget.

State Aid increased $1.5 million over the prior year due to the final reduction in the GAP elimination restoration and an increase in general aid. However, increases in salaries and benefits offset this increase resulting in the current deficit.

The unassigned fund balance was in excess of the 4.0% limit under NYS Real Property Tax Law Section 1318.

B. Capital Assets Reconciliation

Finding: During May 2015, the School District conducted a physical inventory of fixed assets. This inventory is used for a physical control over fixed assets, for insurance purposes in the event of a loss, and for the recording and depreciation of fixed assets as required by GASB 34. This inventory report was reconciled to the prior inventory and differences in amounts were reported as a prior period adjustment. We are not aware of procedures to accumulate and report additions and /or deletions of fixed assets to the fixed asset appraisal company.

Recommendation: We suggest that procedures be put in place to accumulate and report such activity to the fixed asset appraisal company who performed the physical inventory and that amounts be reconciled annually to the books of account.

Status: Still noted in the current year.

C. Bank Reconciliations

Finding: During our audit, we noted one cash account on the books in the amount of $32,876 that was not reconciled in the Trust and Agency Fund. During the year, the Bank changed it procedures for processing sweep transactions. This resulted in posting errors in the District's general ledger. The majority of the errors were corrected during the year.

Recommendation: The bank accounts in the general ledger must be reconciled monthly and all reconciling items should be promptly investigated and adjusted accordingly. We recommend that the District continue to determine the cause and correct the above error.

Status: This matter was investigated and the accounting was properly removed from the books.

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2017

D. Capital Projects Reconciliations

Finding: The District obtains assistance for its capital planning and financing from a financial advisor. However, during our audit of capital projects, we noted that revenues and expenditures on various large projects are not always reconciled from the advisor's records to the District's general ledger. In addition, projects are not closed on the general ledger when final cost reports are filed. At June 30, 2016, capital projects from the 2001 and 2008 authorizations remain open on the general ledger while the associated projects have been completed in past years.

Recommendation: Each capital project's revenues and expenditures in the general ledger should be reconciled to the information maintained by the financial advisor and to the project budget on a periodic basis. When projects are completed and a final cost report is filed, the related project funds in the general ledger should be reconciled to the report and closed.

Status: Improvements were noted in the current year. However, there are still projects from the 2001 and 2008 authorizations that are not closed on the general ledger.

Client: ***72600 - Rome City School District***
Engagement: ***2017 FS - CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK***
Period Ending: ***6/30/2017***
Trial Balance: ***3600.00 - TB***
Workpaper: ***3400.00 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**5300.10**		
Conversion entry for amortization of Serial Bond Premiums and record new premium from				
GW 1380.400	Fiscal Agent Fees		178,842.00	
GW 2710	Premium on Obligations		1,177,000.00	
GW 0690.1	Unearned Revenue -			809,963.00
GW 9798-700	Bond Interest			545,879.00
Total			**1,355,842.00**	**1,355,842.00**
Adjusting Journal Entries JE # 2		**4600.03**		
Conversion entry to record CY additions to fixed assets				
GW 0104	Equipment		65,316.00	
GW 0105	Construction Work in		7,431,895.00	
GW 0107	Vehicles		132,083.00	
GW 1999.200	General Support Capital			6,311,880.00
GW 2110.200	Instructional Capital			1,185,331.00
GW 5510.200	Transportation Capital			132,083.00
Total			**7,629,294.00**	**7,629,294.00**
Adjusting Journal Entries JE # 3		**5400.05**		
Conversion entry to post change in compensated absences				
GW 0687	Compensated Absences			
GW 9090.800	Compensated Absences			
Total			**0.00**	**0.00**
Adjusting Journal Entries JE # 4		**5600.20**		
Conversion entry to adjust deferred revenue.				
GW 0691.2	Deferred Inflows of		671,300.00	
GW 1001	Property Tax Revenue			171,300.00
GW 3289	State Aid			500,000.00
Total			**671,300.00**	**671,300.00**
Adjusting Journal Entries JE # 5		**5300.01**		
Conversion entry to post CY payments on debt.				
GW 0628	Bonds Payable		7,466,582.00	
GW 9711.600	Serial Bond Principal			7,466,582.00
Total			**7,466,582.00**	**7,466,582.00**

Client: ***72600 - Rome City School District***
Engagement: ***2017 FS - CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK***
Period Ending: ***6/30/2017***
Trial Balance: ***3600.00 - TB***
Workpaper: ***3400.00 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 6		**5300.20**		
Conversion entry to amortize deferred charges on advance refundings.				
GW 9798-700	Bond Interest		139,950.00	
GW 0490.1	Acc Amort of Deferred			139,950.00
Total			**139,950.00**	**139,950.00**
Adjusting Journal Entries JE # 7		**5300.90**		
Conversion entry for change in accrued interest on long-term debt.				
GW 0651	Accrued Interest		22,189.00	
GW 9798-700	Bond Interest			22,189.00
Total			**22,189.00**	**22,189.00**
Adjusting Journal Entries JE # 8		**5400.30**		
Conversion entry to post current period change in GASB 45 OPEB per report.				
GW 9060.800	Other Postemployment		13,392,658.00	
GW 0683	Other Post Employment			13,392,658.00
Total			**13,392,658.00**	**13,392,658.00**
Adjusting Journal Entries JE # 9		**4600.90**		
Conversion entry to record CY allocation of deprecation by function.				
GW 1999.300	General Support		794,115.00	
GW 2110.300	Instructional		2,825,000.00	
GW 2860.300	School Lunch		108,195.00	
GW 5510.300	Transportation		294,614.00	
GW 0112	Buildings - Acc Depr			3,157,529.00
GW 0113	Improvements Other			238,864.00
GW 0114	Equipment - Acc Depr			450,015.00
GW 0117	Acc Depreciation -			175,516.00
Total			**4,021,924.00**	**4,021,924.00**
Adjusting Journal Entries JE # 10		**7500.90**		
Conversion entry to post allocation of employee benefits.				
GW 1999.900	General Support Employee		3,602,160.00	
GW 2110.900	Instructional Benefits		37,456,961.00	
GW 2860.900	School Lunch Employee		725,851.00	
GW 5510.900	Transportation Benefits		641,451.00	
GW 9098.900	Employee Benefits			42,426,423.00
Total			**42,426,423.00**	**42,426,423.00**

Client: *72600 - Rome City School District*
Engagement: *2017 FS - CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK*
Period Ending: *6/30/2017*
Trial Balance: *3600.00 - TB*
Workpaper: *3400.00 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 11		**5700.00**		
Conversion entry for current year change in GASB 68 pension for TRS.				
GW 0496	Deferred Outflows of		19,874,997.00	
GW 0697	Deferred Inflows of		7,297,506.00	
GW 0108	Net TRS Pension Asset -			24,368,056.00
GW 0638	Net TRS Pension Liaibility -			2,558,281.00
GW 9020.800	Pension Expense, TRS			246,166.00
Total			**27,172,503.00**	**27,172,503.00**
Adjusting Journal Entries JE # 12		**5700.00**		
Conversion entry to post current year ERS pension expense for GASB 68.				
GW 0638.1	Net ERS Pension Liability -		1,919,686.00	
GW 0697.1	Deferred Inflows of		142,509.00	
GW 9010.800	Pension Expense, ERS		357,407.00	
GW 0496.1	Deferred Outflows of			2,419,602.00
Total			**2,419,602.00**	**2,419,602.00**
Adjusting Journal Entries JE # 13		**5200.50**		
To adjust ERS estimate to smaller, discounted amount.				
A637.00	Due to Employees' Ret.		2,771.00	
A 9010-800-00-	EMPLOYEE RETIREMENT			2,771.00
Total			**2,771.00**	**2,771.00**
Adjusting Journal Entries JE # 14				
Reclass State Summer to correct account code.				
C 4190.401	STATE SUMMER		5,876.00	
C 3190.400	SUMMER FEEDING -			5,876.00
Total			**5,876.00**	**5,876.00**
Adjusting Journal Entries JE # 15				
Reclass teacher center grant as state revenues.				
F 2770	Revenue from Local		33,466.00	
F 3289.01	Other State Aid			33,466.00
Total			**33,466.00**	**33,466.00**

Client: ***72600 - Rome City School District***
Engagement: ***2017 FS - CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK***
Period Ending: ***6/30/2017***
Trial Balance: ***3600.00 - TB***
Workpaper: ***3400.00 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 16				
Reclass PK for 3 year olds to state revenue code.				
F 2770	Revenue from Local		573,764.00	
F 3289.01	Other State Aid			573,764.00
Total			**573,764.00**	**573,764.00**
Adjusting Journal Entries JE # 17		**4200.60**		
To write off 2016 receivable from PKVNV				
A 9901-950-00-	TRANSFER TO		2,638.00	
F 3289.01	Other State Aid		2,638.00	
F391.AF	Due from General Fund		2,638.00	
A630.FF	Due To Federal Funds			2,638.00
F 5031	Interfund Transfers			2,638.00
F410.00	Due From State and			2,638.00
Total			**7,914.00**	**7,914.00**
Adjusting Journal Entries JE # 18		**4200.60**		
To write off receivable for IDEA 619 for 2016				
A 9901-950-00-	TRANSFER TO		5,478.00	
F 4256	Individuals with		5,478.00	
F391.AF	Due from General Fund		5,478.00	
A630.FF	Due To Federal Funds			5,478.00
F 5031	Interfund Transfers			5,478.00
F410.00	Due From State and			5,478.00
Total			**16,434.00**	**16,434.00**
Adjusting Journal Entries JE # 19				
Conversion entry to reclassify issance of DASNY Bond as debt.				
GW 5710	Proceeds of Serial		7,740,000.00	
GW 0628	Bonds Payable			7,740,000.00
Total			**7,740,000.00**	**7,740,000.00**
Adjusting Journal Entries JE # 20				
Conversion entry for BAN Principal redeemed from Appropriations.				
GW 5731	BAN Redeemed from		79,544.00	
GW 9731.600	BAN Principal - School			79,544.00
Total			**79,544.00**	**79,544.00**

Client: *72600 - Rome City School District*
Engagement: *2017 FS - CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK*
Period Ending: *6/30/2017*
Trial Balance: *3600.00 - TB*
Workpaper: *3400.00 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 21		**5600.10**		
To record Compensated Absences				
GW 0687	Compensated Absences		59,974.00	
GW 9090.800	Compensated Absences			59,974.00
Total			**59,974.00**	**59,974.00**
Adjusting Journal Entries JE # 22		**7900.10**		
To reduce extraclassroom cash by Due To/Due From amount				
TA200.RF	Cash -RFA Extra		17.00	
TA200.ST	Cash -Strough Extra			17.00
Total			**17.00**	**17.00**

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CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

AND

BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
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D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
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Independent Auditor's Report

Board of Education
City School District of the City of Rome, 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 City School District of the City of Rome, New York, as of and for the year ended June 30, 2017, 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City School District of the City of Rome, New York as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

New Accounting Standard

As discussed in Note 1 to the financial statements, the School District adopted new accounting guidance related to the financial statement disclosure of payments in lieu of tax agreements or tax abatement agreements by adopting *Statement of Government Accounting Standards (GASB Statement) No. 77 Tax Abatement Disclosures*. 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 and other required supplementary information, as listed in the table of contents, 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 City School District of the City of Rome, New York's basic financial statements. The other supplementary information on pages 50 through 52 is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information are fairly stated in all material respects in relation to the basic 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 5, 2017, on our consideration of the City School District of the City of Rome, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City School District of the City of Rome, New York's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 5, 2017

Rome, New York

The City School District of the City of Rome, New York's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2017 and 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2017 are as follows:

- The District's total net position, as reflected in the District-wide financial statements, decreased by $10,158,107 to a deficit balance of $63,881,556. This decrease was mainly due to the $13,392,658 expense for the ninth year of amortization of the actuarial determined liability for other post-employment benefits (GASB 45).

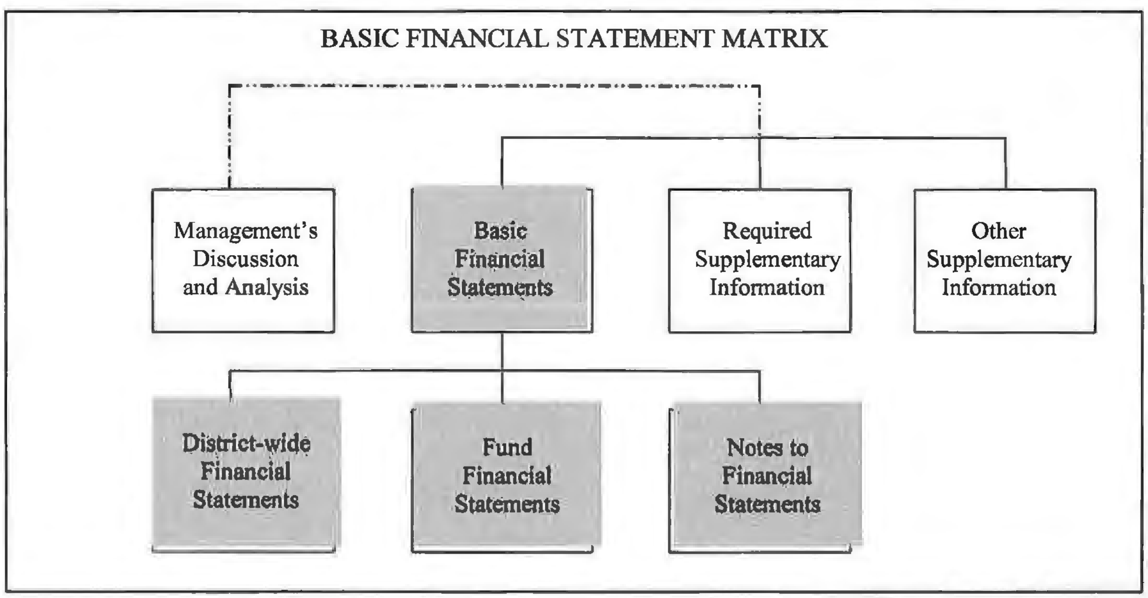
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled $127,179,209. This amount was partially offset by $996,276 from program charges for services and $7,898,271 from operating grants. General revenues of $108,126,555 covered a portion of the balance of program expenses leaving the present deficit.

- Non-grant State and Federal revenue increased by $1,558,479 to $70,212,432 in 2017 from $68,653,953 in 2016. This was due to elimination of the GAP elimination adjustment for $138,140 and an increase of $1,821,273 in foundation aid.

- The General Fund's total fund balance, as reflected in the fund financial statements on pages 15 and 17, decreased by $860,838 to $14,338,760. This was due to a deficit of revenues over expenditures based on the modified accrual basis of accounting.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of District-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



A. District-wide Financial Statements

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds: General Fund, School Lunch Fund, Special Aid Fund, Debt Service Fund, and Capital Projects Fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The Districts total net position decreased $10,158,107 between fiscal year 2016 and 2017. A summary of the District's Statement of Net Position for June 30, 2017 and 2016, is as follows:

	2017	2016	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	$ 42,147,402	$ 51,615,004	$ (9,467,602)	(18.3%)
Capital Assets, (Net of Accumulated Depreciation)	96,320,107	92,712,737	3,607,370	3.9%
Total Assets	$ 138,467,509	$ 144,327,741	$ (5,860,232)	(4.1%)
Deferred Outflows of Resources	$ 27,810,583	$ 10,495,138	$ 17,315,445	165.0%
Liabilities				
Current and Other Liabilities	$ 36,230,649	$ 21,593,379	$ 14,637,270	67.8%
Non-Current Liabilities	192,405,753	177,989,688	14,416,065	8.1%
Total Liabilities	$ 228,636,402	$ 199,583,067	$ 29,053,335	14.6%
Deferred Inflows of Resources	$ 1,523,246	$ 8,963,261	$ (7,440,015)	(83.0%)
Net Position				
Net Investment in Capital Assets	$ 38,246,854	$ 34,386,041	$ 3,860,813	11.2%
Restricted	7,277,992	6,675,267	602,725	9.0%
Unrestricted (Deficit)	(109,406,402)	(94,784,757)	(14,621,645)	(15.4%)
Total Net Position (Deficit)	$ (63,881,556)	$ (53,723,449)	$ (10,158,107)	(18.9%)

Current and other assets decreased by $9,467,602 as compared to the prior year. The decrease is primarily due to the conversion of the School District's proportionate share of the TRS net pension asset of $24,368,056 at June 30, 2016, to a liability in the current year. This was partially offset by an increase in cash in the Capital Projects Fund by $15,895,773 due to an increase in a bond anticipation note due to financing for a current capital project.

Capital assets, net of accumulated depreciation, increased by $3,607,370 as compared to the prior year. This increase is primarily due to amounts expended for capital additions exceeding depreciation in the current year.

Current and Other liabilities increased by $14,637,270 as compared to the prior year. This increase is primarily attributed to an increase in the bond anticipation note, as noted above.

Non-current liabilities increased by $14,416,065, as compared to the prior year. This is primarily the result of an increase in the District's Other Post Employment Benefit Liability by $13,392,658.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations.

Restricted net position at June 30, 2017, in the amount of $7,277,992, represents the amount of the District's reserves and other restricted amounts in the Debt Service and Capital Funds.

Unrestricted net position at June 30, 2017, is a deficit of $109,406,402, which represents the amount by which the District's liabilities and deferred inflows of resources, excluding debt related to capital construction, exceeded the District's assets and deferred outflows of resources other than capital assets and restricted assets. This deficit is primarily due to the accrual of other postemployment benefits in the amount of $139,660,224.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements, STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2017 and 2016 is as follows.

Revenues	2017	2016	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	$ 996,276	$ 815,724	$ 180,552	22.1%
Operating Grants	7,898,271	7,253,827	644,444	8.9%
General Revenues				
Property Taxes and STAR	34,226,359	33,750,691	475,668	1.4%
State and Federal Sources	70,212,432	68,653,953	1,558,479	2.3%
Other	3,687,764	2,312,009	1,375,755	59.5%
Total Revenues	117,021,102	112,786,204	4,234,898	3.8%
Expenses				
General Support	15,328,462	14,807,406	521,056	3.5%
Instruction	99,804,777	88,007,447	11,797,330	13.4%
Pupil Transportation	7,135,122	6,741,324	393,798	5.8%
Debt Service-Unallocated Interest	1,751,733	2,100,468	(348,735)	(16.6%)
Food Service Program	3,159,115	2,902,196	256,919	8.9%
Total Expenses	127,179,209	114,558,841	12,620,368	11.0%
Total Change in Net Position	$ (10,158,107)	$ (1,772,637)	$ (8,385,470)	(473.1%)

The District's revenues increased by 3.8% or $4,234,898 in 2017. The major factors that contributed to the increase were:

- The District received an increase in non-grant state and federal aid, primarily in the General Fund, of $1,558,479 mainly due to elimination of the GAP elimination adjustment and an increase in foundation aid.

- This increase also included a $1,375,755 increase in other revenues including refunds, reimbursements and other local revenue sources.

The District's expenses increased by 11.0% or $12,620,368 in 2017, mainly in the instructional category. The major factors that contributed to this increase were:

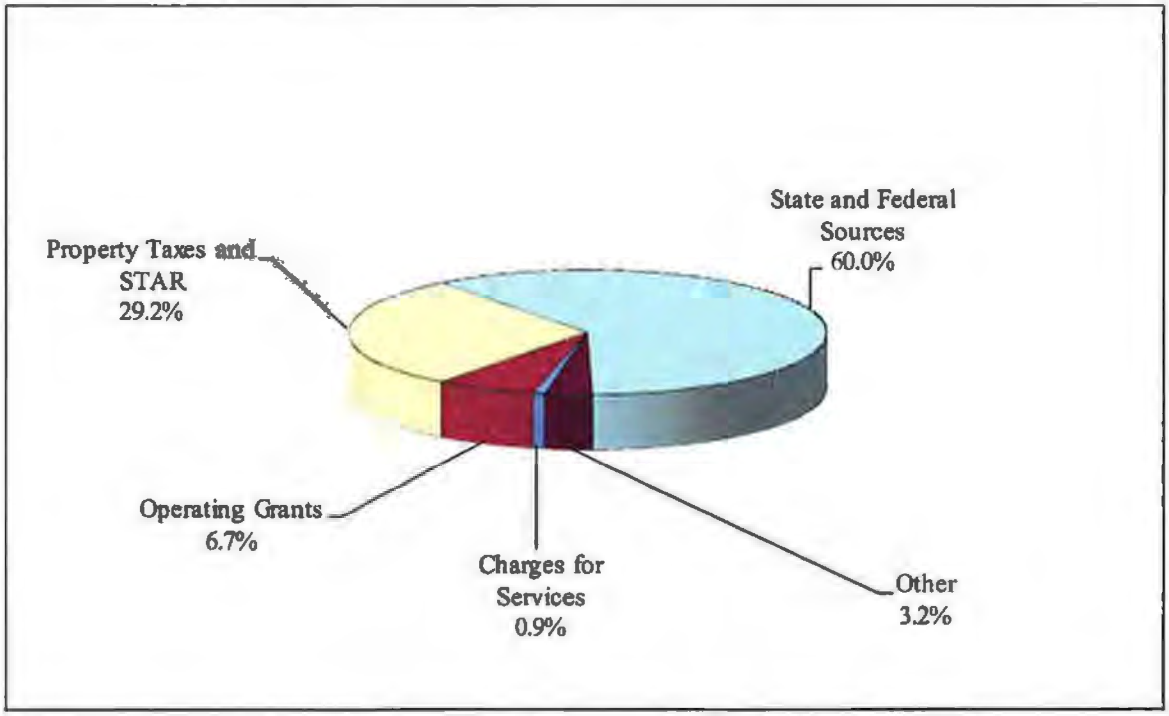
- More than a $6 million increase in the School District's proportionate share of the long-term pension expense for the Teachers' Retirement System, which is primarily allocated to the instructional category. This is actuarially determined based on the fair (market) value of pension plan assets compared to the total pension liability.

- Approximately a $2 million increase in the annual amount for postemployment benefit expense, which is also primarily allocated to the instructional category.

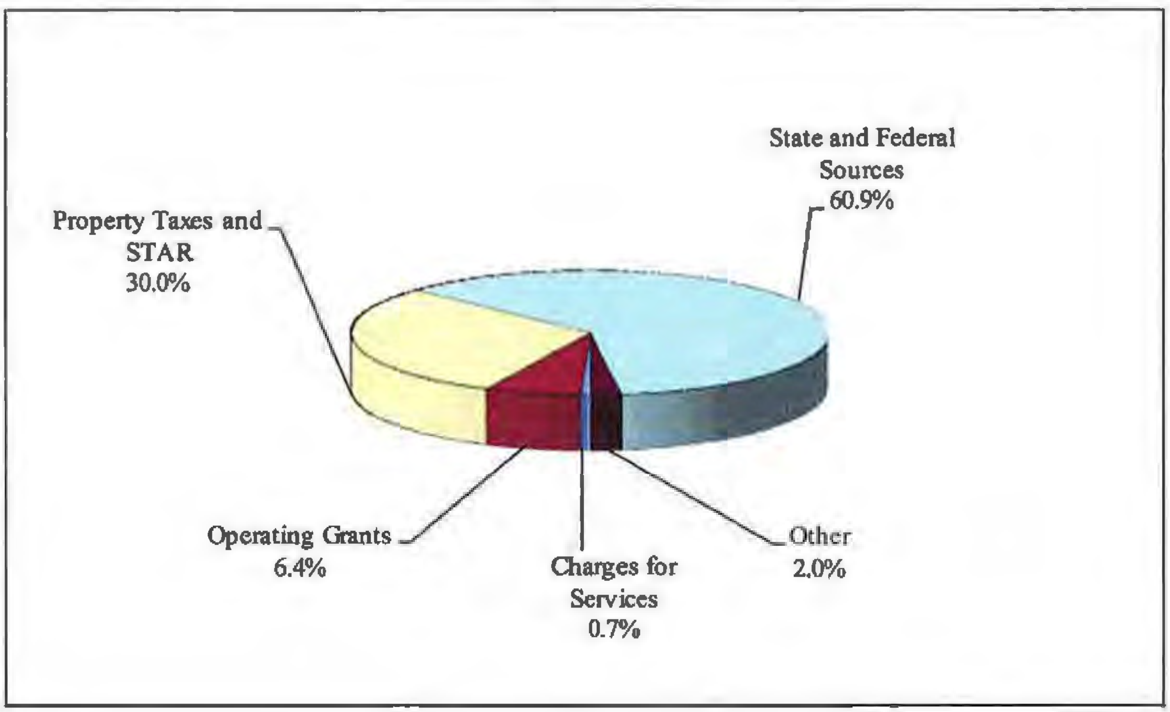
- Nearly $3 million increases in instructional expenses in the General Fund, including increases in salaries, BOCES expenses, and other contractual items.

A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2017

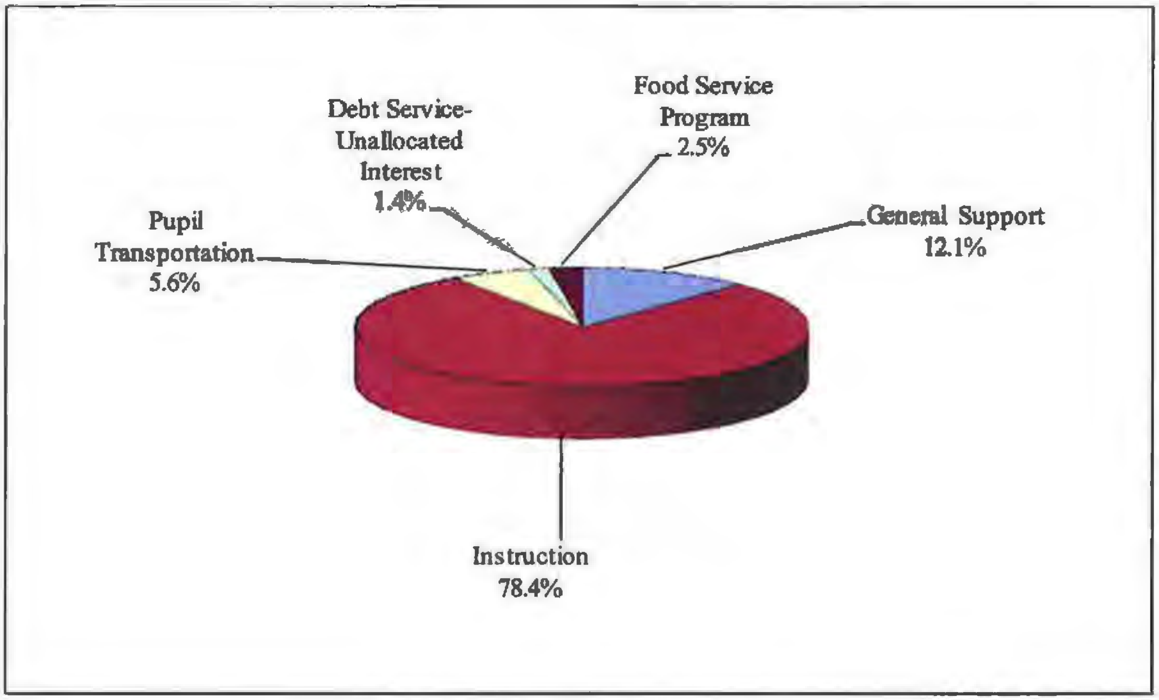


For the Year Ended June 30, 2016

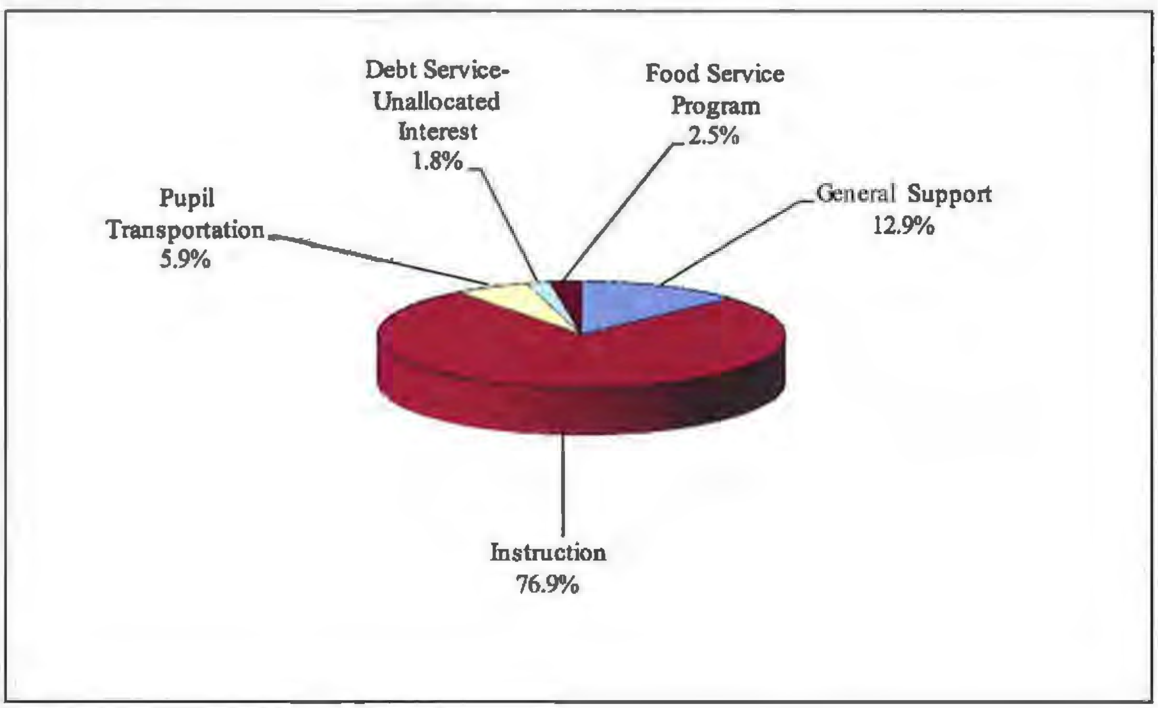


A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2017



For the Year Ended June 30, 2016



4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2017, the District's governmental funds reported a combined fund balance of $8,309,987, which is an increase of $208,290 over the prior year. This increase is due to an excess of revenues over expenditures on a modified accrual basis. A summary of the change in fund balance by fund is as follows:

	2017	2016	Increase (Decrease)
General Fund			
Resticted			
Tax Certiorari	$ 337,720	$ 337,720	$
Employee Benefit Accrued Liability	1,389,886	1,389,886	
Total Restricted	1,727,606	1,727,606	
Assigned			
Appropriated for Subsequent Year's Budget	6,556,103	6,556,103	
General Support	187,709	295,407	(107,698)
Instruction	946,139	234,716	711,423
Pupil Transportation	407	133,885	(133,478)
Total Assigned	7,690,358	7,220,111	470,247
Unassigned	4,920,796	6,251,881	(1,331,085)
Total General Fund	14,338,760	15,199,598	(860,838)
School Lunch Fund			
Nonspendable	76,570	74,789	1,781
Assigned	865,712	811,934	53,778
Total School Lunch Fund	942,282	886,723	55,559
Special Aid Fund			
Unassigned (Deficit)	(1,500,000)	(1,000,000)	(500,000)
Total Special Aid Fund	(1,500,000)	(1,000,000)	(500,000)
Debt Service Fund			
Restricted	1,952,481	1,915,686	36,795
Capital Projects Fund			
Restricted	3,597,905	3,031,975	565,930
Unassigned (Deficit)	(11,021,441)	(11,932,285)	910,844
Total Capital Projects Fund	(7,423,536)	(8,900,310)	1,476,774
Total Fund Balances	$ 8,309,987	$ 8,101,697	$ 208,290

During the current fiscal year, the total fund balance of the General Fund decreased by $860,838 due to a deficit of revenues over expenditures. There were no changes to the District's restricted reserves in the General Fund and the amount appropriated for the 2017-2018 budget is the same as the amount that was appropriated for the 2016-2017 budget.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2016-2017 Budget

The District's General Fund adopted budget for the year ended June 30, 2017, was $113,711,979. This is an increase of $3,279,163 over the prior years adopted budget.

The majority of the District's funding sources were $34,233,620 in estimated property taxes and STAR and $70,080,634 in State Aid.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	$ 6,251,881
Revenues and Transfers Under Budget	(97,520)
Expenditures, Encumbrances and Other Financing Uses under Budget	5,322,538
Appropriated for 2017-2018 Budget	(6,556,103)
Closing, Unassigned Fund Balance	$ 4,920,796

Opening, Unassigned Fund Balance

The $6,251,881 shown in the table is the portion of the District's June 30, 2016, fund balance that was retained as unassigned. This was 5.5% of the District's 2016-2017 approved operating budget.

Revenues and Transfers Under Budget

The 2016-2017 budget for revenues and transfers was $107,155,875. The actual revenues and transfers received for the year were $107,058,355. The actual revenue under estimated and budgeted revenue was $97,520. This variance contributes directly to the change to the unassigned portion of the General Fund fund balance from June 30, 2016 to June 30, 2017.

Expenditures, Encumbrances, and Other Financing Uses Under Budget

The 2016-2017 final budget for expenditures, encumbrances and other financing uses was $114,375,987. The actual expenditures, encumbrances, and other financing uses were $109,053,448. The final budget was under expended by $5,322,539. This under expenditure contributes to the change to the unassigned portion of the General Fund fund balance from June 30, 2016 to June 30, 2017.

Appropriated Fund Balance

The District has again chosen to use $6,556,103 of its available June 30, 2017, fund balance to partially fund its 2017-2018 approved operating budget, the same amount appropriated for the 2016-2017 budget.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2017-2018 fiscal year with an unassigned fund balance of $4,920,796. This is 4.3% of the District's 2017-2018 approved operating budget and is a decrease of $1,331,085 from the unassigned fund balance from the prior year as of June 30, 2016.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2017, the District had invested in a broad range of capital assets, including land and land improvements, buildings and building improvements, furniture, equipment, vehicles and intangibles. The net increase in capital assets is due to capital additions exceeding depreciation for the year ended June 30, 2017. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2017 and 2016, is as follows:

	2017	2016	Increase (Decrease)
Land	$ 1,379,922	$ 1,379,922	$
Construction in Progress	15,669,964	8,238,069	7,431,895
Land Improvements	813,385	1,052,249	(238,864)
Buildings and Improvements	75,860,866	79,018,395	(3,157,529)
Furniture, Equipment, and Vehicles	2,595,970	3,024,102	(428,132)
Capital Assets, Net	$ 96,320,107	$ 92,712,737	$ 3,607,370

B. Debt Administration

At June 30, 2017, the District had total bonds payable, including an energy performance contract, of $47,263,924. At June 30, 2017, the District utilized 85.1% of its New York State Constitutional Debt Limit. A summary of the outstanding debt at June 30, 2017 and 2016, is as follows:

Description	Date of Issue	Date of Maturity	Interest Rate	2017	2016	Increase (Decrease)
Energy Performance (refinanced)	4/12/2012	7/30/2019	2.90%	958,924	1,365,506	(406,582)
Revenue Bond	6/25/2008	6/01/2023	4.33%	750,000	1,470,000	(720,000)
General Construction	6/15/2010	6/15/2025	3.00-5.00%	11,225,000	12,360,000	(1,135,000)
Ridge Mills Construction	6/08/2011	8/01/2026	3.00-5.00%	4,085,000	4,415,000	(330,000)
Refunding Bonds	3/13/2013	6/30/2020	2.00-3.00%	2,470,000	3,470,000	(1,000,000)
Refunding Bonds	3/19/2015	6/15/2019	3.00-4.00%	6,555,000	9,630,000	(3,075,000)
Reconstruction and Additions	6/10/2015	6/15/2028	3.00-5.00%	6,450,000	6,865,000	(415,000)
Reconstruction	8/05/2015	6/15/2027	2.38-3.00%	4,390,000	4,770,000	(380,000)
Refunding Bonds	5/27/2016	6/01/2023	2.00-5.00%	2,640,000	2,645,000	(5,000)
Reconstruction	6/08/2017	6/15/2032	3.00-5.00%	7,740,000		7,740,000
Total Bonds Payable and Energy Performance Contract				$ 47,263,924	$ 46,990,506	$ 273,418

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The voters approved the budget in the amount of $115,320,834 for the 2017-18 school year. This budget preserves the values of the District while maintaining sensible class sizes, ensuring sufficient workforce and ongoing professional development training to meet student needs and rigorous mandates.
- The proposed budget includes a Board approved tax levy unchanged from the 2016-17 school year. The 2017-18 tax levy increase of 0.0% was within the District's Tax Cap.
- Increasing costs for health insurance, other employee benefits and energy are a concern for the District going forward.

8. CONTACTING THE DISTRICT

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, at:

Rome City School District
409 Bell Road
Rome, New York 13440

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
STATEMENT OF NET POSITION
June 30, 2017

Assets	
Cash and Cash Equivalents	$ 9,994,048
Restricted Cash and Cash Equivalents	20,141,184
Receivables	
Tax Receivables	2,018,178
Due from Other Governments	7,639,368
Due from Fiduciary Funds	1,546,845
Other Receivables	731,209
Inventory	76,570
Capital Assets (Net of Accumulated Depreciation)	96,320,107
Total Assets	138,467,509
Deferred Outflows of Resources	
Deferred Loss from Refunding of Debt, Net of Amortization	449,005
Pensions	27,361,578
Total Deferred Outflows of Resources	27,810,583
Liabilities	
Accounts Payable	204,119
Accrued Liabilities	1,915,374
Due To	
Other Governments	2,279
Teachers' Retirement System	4,791,926
Employees' Retirement System	326,266
Short-Term Notes Payable	
Bond Anticipation Note	23,662,000
Net Pension Liability - Proportionate Share	5,328,685
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable and Energy Performance Contract	7,783,502
Bond Premiums	545,879
Due in More Than One Year	
Bonds Payable and Energy Performance Contract	39,480,422
Bond Premiums	3,288,919
Other Postemployment Benefits	139,660,224
Compensated Absences	1,493,806
Other Liabilities	153,001
Total Liabilities	228,636,402
Deferred Inflows of Resources	
Pensions	1,523,246
Net Position	
Net Investment in Capital Assets	38,246,854
Restricted	7,277,992
Unrestricted (Deficit)	(109,406,402)
Total Net Position (Deficit)	$ (63,881,556)

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
General Support	$ 15,328,462	$	$	$ (15,328,462)
Instruction	99,804,777	502,518	5,553,914	(93,748,345)
Pupil Transportation	7,135,122			(7,135,122)
Debt Service - Unallocated Interest	1,751,733			(1,751,733)
Food Service Program	3,159,115	493,758	2,344,357	(321,000)
Total Functions/Programs	$ 127,179,209	$ 996,276	$ 7,898,271	(118,284,662)
General Revenues				
Real Property Taxes and STAR				26,056,054
Other Real Property Tax Items				8,170,305
Use of Money and Property				132,533
Sale of Property and Compensation for Loss				5,872
State and Federal Sources				70,212,432
Miscellaneous				3,549,359
Total General Revenues				108,126,555
Change in Net Position				(10,158,107)
Net Position (Deficit), Beginning of Year				(53,723,449)
Net Position (Deficit), End of Year				$ (63,881,556)

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	General	School Lunch	Special Aid	Debt Service	Capital Projects	Total
Assets						
Cash and Cash Equivalents	$ 9,503,927	$ 56,661	$ 687,774	$	$	$ 10,248,362
Restricted Cash and Cash Equivalents	1,727,606			1,698,167	16,461,097	19,886,870
Receivables						
Tax Receivables	2,018,178					2,018,178
Due From						
Other Governments	4,356,409	119,400	3,163,559			7,639,368
Other Funds	5,920,779	688,863		254,314	572,613	7,436,569
Other Receivables	716,151	15,058				731,209
Inventory		76,570				76,570
Total Assets	$ 24,243,050	$ 956,552	$ 3,851,333	$ 1,952,481	$ 17,033,710	$ 48,037,126
Liabilities						
Payables						
Accounts Payable	$ 191,053	$	$ 13,066	$	$	$ 204,119
Accrued Liabilities	1,719,381	14,108	59,392			1,792,881
Due To						
Other Governments	2,117	162				2,279
Other Funds	1,315,603		3,778,875		795,246	5,889,724
Teachers' Retirement System	4,791,926					4,791,926
Employees' Retirement System	326,266					326,266
Short-Term Notes Payable						
Bond Anticipation Note					23,662,000	23,662,000
Total Liabilities	8,346,346	14,270	3,851,333		24,457,246	36,669,195
Deferred Inflows of Resources						
Unavailable Revenue-Property Taxes	1,557,944					1,557,944
Unavailable Revenue-Grants			1,500,000			1,500,000
Total Deferred Inflows of Resources	1,557,944		1,500,000			3,057,944
Fund Balances (Deficit)						
Nonspendable		76,570				76,570
Restricted	1,727,606			1,952,481	3,597,905	7,277,992
Assigned	7,690,358	865,712				8,556,070
Unassigned (Deficit)	4,920,796		(1,500,000)		(11,021,441)	(7,600,645)
Total Fund Balances (Deficit)	14,338,760	942,282	(1,500,000)	1,952,481	(7,423,536)	8,309,987
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 24,243,050	$ 956,552	$ 3,851,333	$ 1,952,481	$ 17,033,710	$ 48,037,126

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2017

Total Governmental Fund Balances		$ 8,309,987
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Revenues that do not provide current financial resources are recognized in the Statement of Net Position but not in the fund financial statements.		
	Real Property Taxes	1,557,944
	Grant Revenue	1,500,000
		3,057,944
A deferred loss from refunding of debt is recorded as a deferred outflow of resources in the Statement of Net Position but recorded as an expenditure in the governmental funds. The defeasance loss is net of accumulated amortization.		449,005
The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.		
	Original Cost of Capital Assets	157,634,781
	Accumulated Depreciation	(61,314,674)
		96,320,107
The proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.		
	Deferred Outflows - Pensions	27,361,578
	Net Pension Liability - Proportionate Share	(5,328,685)
	Deferred Inflows - Pensions	(1,523,246)
		20,509,647
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
	Bonds Payable and Energy Performance Contract	(47,263,924)
	Accrued Interest on Bonds Payable	(122,493)
	Unamortized Premium on Bonds Payable	(3,834,798)
	Other Postemployment Benefits	(139,660,224)
	Compensated Absences Payable	(1,493,806)
	Other Liabilities	(153,001)
		(192,528,246)
Total Net Position (Deficit)		$ (63,881,556)

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	General	School Lunch	Special Aid	Debt Service	Capital Projects	Total
Revenues						
Real Property Taxes	$ 25,884,754	$	$	$	$	$ 25,884,754
Other Real Property Tax Items	8,170,305					8,170,305
Charges for Services	502,518					502,518
Use of Money and Property	95,611	127		36,795		132,533
Sale of Property and Compensation for Loss	5,872					5,872
Miscellaneous	2,682,978	16,954	849,427			3,549,359
State Aid	69,394,634	71,101	1,804,288			71,270,023
Federal Aid	317,798	2,273,256	3,749,626			6,340,680
School Lunch Sales		493,758				493,758
Total Revenues	107,054,470	2,855,196	6,403,341	36,795		116,349,802
Expenditures						
General Support	10,794,069				6,271,156	17,065,225
Instruction	53,457,205		5,906,213		1,344,729	60,708,147
Pupil Transportation	6,192,818		138,322			6,331,140
Food Service Program		2,325,069				2,325,069
Employee Benefits	26,435,769	486,674	2,060,055			28,982,498
Debt Service - Principal	7,546,126					7,546,126
Debt Service - Interest	2,179,851					2,179,851
Total Expenditures	106,605,838	2,811,743	8,104,590		7,615,885	125,138,056
Excess (Deficit) Revenues Over Expenditures	448,632	43,453	(1,701,249)	36,795	(7,615,885)	(8,788,254)
Other Financing Sources (Uses)						
Serial Bond Premium					1,177,000	1,177,000
Proceeds of Debt					7,740,000	7,740,000
BANs Redeemed from Appropriations					79,544	79,544
Transfers from Other Funds	3,885	12,106	1,201,249		100,000	1,317,240
Transfers to Other Funds	(1,313,355)				(3,885)	(1,317,240)
Total Other Financing Sources (Uses)	(1,309,470)	12,106	1,201,249		9,092,659	8,996,544
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	(860,838)	55,559	(500,000)	36,795	1,476,774	208,290
Fund Balances (Deficits), Beginning of Year	15,199,598	886,723	(1,000,000)	1,915,686	(8,900,310)	8,101,697
Fund Balances (Deficits), End of Year	$ 14,338,760	$ 942,282	$ (1,500,000)	$ 1,952,481	$ (7,423,536)	$ 8,309,987

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES AND EXPENDITURES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Net Changes in Fund Balance - Total Governmental Funds		$ 208,290
Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	(4,021,924)	
Capital Outlays	7,629,294	3,607,370
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayments and amortized bond premium exceed bond proceeds.		
Bond Proceeds	(7,740,000)	
Premium on Bonds	(1,355,842)	
Amortized Bond Premium	545,879	
Repayment Bond Principal	7,466,582	(1,083,381)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Change in Unavailable Revenues		671,300
Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Amortized Interest Expense on Prior Refundings of Debt	(139,950)	
Change in Accrued Interest on Serial Bonds	22,189	
Change in Compensated Absences	59,974	
Change in Other Postemployment Benefits	(13,392,658)	(13,450,445)
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Teachers' Retirement System	246,166	
Employees' Retirement System	(357,407)	(111,241)
Change in Net Position Governmental Activities		$ (10,158,107)

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

	Private Purpose Trusts	Agency
Assets		
Cash and Cash Equivalents - Unrestricted	$	$ 2,458,712
Cash and Cash Equivalents - Restricted	251,025	
Receivables		24,794
Due from Other Funds		54,127
Total Assets	251,025	$ 2,537,633
Liabilities		
Due to Other Funds	500	$ 1,600,472
Agency Liabilities		735,888
Extraclassroom Activity Balances		201,273
Total Liabilities	500	$ 2,537,633
Net Position		
Restricted for Scholarships	250,525	
Total Net Position	$ 250,525	

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2017

	Private Purpose Trusts
Additions	
Investment Income	$ 1,536
Gifts and Contributions	6,165
Total Additions	7,701
Deductions	
Scholarships and Awards	18,008
Change in Net Position	(10,307)
Net Position, Beginning of Year	260,832
Net Position, End of Year	$ 250,525

The Accompanying Notes are an Integral Part of These Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City School District of the City of Rome, New York (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the School District are described below:

Reporting Entity

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

The reporting entity of the School District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the 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 following is a brief description of certain entities included in the School District's reporting entity.

Extraclassroom Activity Funds

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. The School District accounts for assets held as an agent for various student organizations in an agency fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's business office.

Joint Venture

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

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

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

Financial statements for the BOCES' are available from the Madison-Oneida BOCES' administrative office.

Basis of Presentation

(a) District-wide 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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Net Position presents the financial position of the School District at fiscal year-end. 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, principally employee benefits and depreciation, are allocated to functional areas in proportion to payroll or total expenditures expended for those areas, respectively. 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.

(b) Fund Financial Statements

The fund 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 fund financial statements is on major governmental funds, each displayed in a separate column. All funds of the School District are displayed as major funds. The School District reports the following major governmental funds:

General Fund – This is the School District's primary operating fund and is used to account for and report all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds:

Special Aid Fund – This fund accounts for and reports the proceeds of specific revenue sources, such as federal and state grants that are legally restricted for specific educational programs.

School Lunch Fund – This fund is used to account for and report transactions of the School District's food service operations.

Debt Service Fund – This Fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

Capital Projects Fund – This fund is used to account for and report the financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

(c) Fiduciary Funds

Fiduciary funds are used to account for and report fiduciary activities. 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. There are two classes of fiduciary funds:

Private Purpose Trust Funds - These funds are used to account for and report trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other postemployment benefits, 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows or resources, 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, other postemployment benefits (OPEB), potential contingent liabilities, and useful lives of long-lived assets.

Property Taxes

Real property taxes are levied annually by the Board and become a lien no later than September 1. Taxes are collected in two equal installments due October 1 and April 1. Uncollected real property taxes are enforced by the City of Rome, New York, and the County of Oneida. An amount representing uncollected real property taxes must be transmitted by the City and the County within two years from the return of unpaid taxes to the City with the exception of real property taxes due on State and County lands. Real property taxes receivable expected to be collected within 90 days subsequent to June 30 are considered to be available and recognized as revenues. Otherwise, a deferred inflow of resources offsets real property taxes receivable.

Restricted Resources

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

Interfund Transactions

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

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

A detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity is provided subsequently in these Notes to the Financial Statements.

Cash and Cash Equivalents

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.

Receivables

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Inventories

The inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market.

Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2003. For assets acquired prior to 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

The School District uses capitalization thresholds of $5,000, (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Lives	Depreciation Method
Land Improvements	20 Years	Straight Line
Buildings and Improvements	20-40 Years	Straight Line
Furniture and Equipment	5-20 Years	Straight Line
Licensed Vehicles	8-10 Years	Straight Line

Deferred Outflows/Inflows of Resources

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

In addition to liabilities in the Statement of Net Position, the School District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category in the Statement of Net Position. This item is related to pensions and it represents the effect of the net change in the School District's proportion of the collective net pension asset or liability and the difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

In addition to liabilities in the governmental funds balance sheet, the School District will also sometimes report a separate section for deferred inflows of resources. The School District has two types of items, which both arise only under the modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, these items, unavailable revenues for property taxes and grants, are reported only in the governmental funds balance sheet.

Short-Term Debt

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

Compensated Absences

Compensated absences consist of unpaid accumulated sick leave and vacation time.

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

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

Consistent with GASB, the sick leave liability has been calculated using the vesting method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

Other Benefits

Eligible 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 postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if School District employees are 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 postemployment benefits is shared between the School District and the retired employee. The School District recognizes the costs of providing health insurance by recording its share of insurance premiums as an expenditure. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 13).

Insurance

The School District insures against liability for most risks including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Accrued Liabilities and Long-Term Obligations

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

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Equity Classifications

(a) District-wide Statements

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

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

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

Unrestricted net position – reports the balance of the net position that does not meet the definition of the above classifications and are deemed to be available for general use by the School District.

(b) Fund Statements

In the fund financial statements, there are five classifications of fund balance:

Non-spendable

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the inventory recorded in the School Lunch Fund.

Restricted

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The School District has established the following restricted fund balances:

- ***Reserve for Tax Certiorari***

  The Tax Certiorari Reserve [Education Law §3651(1-a)] is used to accumulate funds to pay judgments and claims resulting from tax certiorari proceedings. Voter approval is not required provided that the monies held do not exceed the anticipated needs of the School District. If no voter approval is obtained, then any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

- ***Reserve for Employee Benefit Accrued Liability***

  Reserve for Employee Benefit Accrued Liability (GML §6-p) is used for the payment of any accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

- ***Debt Service Fund***

  This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.

- ***Capital Projects Fund***

  This fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.

- ***Reserve for Endowment and Scholarships Awards***

  The School District maintains funds restricted by donors for the benefit of the school and its students. This reserve is accounted for in a Fiduciary Fund.

Unrestricted Resources

Unrestricted fund balance includes the following classifications:

- ***Committed*** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2017.

- ***Assigned*** – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the School District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than Capital Fund, are classified as assigned fund balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General Fund is also classified as assigned fund balance in the General Fund.

- ***Unassigned*** – Includes all other fund net resources that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

(c) Order of Use of 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, and unassigned fund balance at the end of the fiscal year. For all funds, Nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the School

District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

New Accounting Standard

The School District adopted and implemented GASB Statement 77, *Tax Abatement Disclosures*, effective for the period ending June 30, 2017. This Statement required that the School District disclose details of any abatements (including PILOTs) that the School District, and those of other governments, have entered into that affect the District.

Future Changes in Accounting Standards

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for the period ending June 30, 2018. This Statement replaces the requirements of Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, as amended, and requires that the District recognize the full amount of the OPEB liability on the District-wide Statement of Net Position.

The school district will evaluate the impact this pronouncement will have on its financial statements and will implement it as applicable and when material.

2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

Total Fund Balances of Governmental Funds Compared To Net Position of Governmental Activities

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

Statement of Revenues, Expenditures and Changes in Fund Balance Compared To Statement of Activities

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

(a) Long-Term Revenue/Expenditure Differences

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

(b) Capital Related Differences

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

(c) Long-Term Debt Transaction Differences

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

(d) Pension Differences

Pension differences occur as a result of changes in the School District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

(e) Employee Benefit Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balances based on the requirements of New York State. These costs have been allocated in the Statement of Activities based on total salary for each function.

3. STEWARDSHIP AND COMPLIANCE

Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) 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 because of a need that exists which was not determined at the time the budget was adopted. In addition, the Superintendent is authorized to transfer certain budgeted amounts within departments. No supplemental appropriations occurred during the year.

The budget is 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.

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

Encumbrances

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

General Fund – Statutory Unassigned Fund Balance Limit

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

At June 30, 2017, the School District's unassigned fund balance was 4.3% of the 2017-2018 budget.

Statutory Debt Limit

At June 30, 2017, the School District was in compliance with the statutory debt limit.

NYS Real Property Tax Cap

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments (including school districts) can levy. The School District was in compliance with the tax cap for the year ended June 30, 2017.

4. CASH AND CASH EQUIVALENTS

Custodial 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. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

A. Uncollateralized,
B. Collateralized by securities held by the pledging financial institution, or
C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the School District's name.

The School District's aggregate bank balances of $28,271,432 were covered by depository insurance or pledged collateral held in a trust department in an account in the School District's name.

Restricted Cash and Cash Equivalents

- Restricted cash and cash equivalents of $1,727,606 in the General Fund represents the restricted reserves described in Note 14.

- Restricted cash and cash equivalents of $1,698,167 in the Debt Service Fund represents the funds required to be used to repay the corresponding liability. In addition, $254,314 due from other funds is also restricted for this purpose.

- Restricted cash and cash equivalents of $16,461,097 in the Capital Projects Fund represents funds held for use on current capital projects.

- Restricted cash and cash equivalents of $251,025 in the Fiduciary Funds represents funds gifted to the School District for scholarships to students. The funds are held in the Private Purpose Trust Fund. Of this amount, $64,599 is nonexpendable.

5. PARTICIPATION IN BOCES

During the year, the School District was billed $12,520,996 for BOCES' administrative and program costs.

The School District's share of BOCES' aid amounted to $6,388,346.

During the year ended June 30, 2017, the School District issued no debt on behalf of BOCES. However, during 2003, the BOCES issued $15,500,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds will be repaid by the component districts of the BOCES as a lease payment included in the administrative budget of the BOCES over the term of the bonds. During 2017, $725,000 in principal payments were made and the outstanding balance of the refunding bonds at June 30, 2017, was $4,880,000.

6. RECEIVABLES

The amount due from other governments in the General Fund at June 30, 2017, consisted of:

Excess Cost Aid – August	$ 1,421,817
BOCES Aid – September Aid	2,809,596
Due from Other School Districts for Summer Billings	124,996
	$ 4,356,409

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, is as follows:

	Beginning Balance	Additions	Ending Balance
Capital Assets Not Being Depreciated			
Land	$ 1,379,922	$	$ 1,379,922
Construction in Progress	8,238,069	7,431,895	15,669,964
Total	9,617,991	7,431,895	17,049,886
Capital Assets Being Depreciated			
Land Improvements	6,024,236		6,024,236
Buildings and Improvements	123,293,288		123,293,288
Furniture, Equipment and Vehicles	11,069,972	197,399	11,267,371
Total	140,387,496	197,399	140,584,895
Accumulated Depreciation			
Land Improvements	4,971,987	238,864	5,210,851
Buildings and Improvements	44,274,893	3,157,529	47,432,422
Furniture, Equipment and Vehicles	8,045,870	625,531	8,671,401
Total	57,292,750	4,021,924	61,314,674
Net Capital Assets Being Depreciated	83,094,746	(3,824,525)	79,270,221
Net Capital Assets	$ 92,712,737	$ 3,607,370	$ 96,320,107

Depreciation expense of $4,021,924 was allocated based on estimated usage by function as follows:

Function/ Program	
General Support	$ 794,115
Instruction	2,825,000
Pupil Transportation	294,614
Food Service Program	108,195
Total Depreciation	$ 4,021,924

8. SHORT-TERM NOTES PAYABLE

The School District had an outstanding Bond Anticipation Note (BAN) at June 30, 2017, as follows:

Payable From / Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
General Fund					
2016 Renewal BAN	08/16	$ 23,662,000	08/17	0.94%	$ 23,662,000

Changes in the School District's short-term notes payable for the year ended June 30, 2017, are as follows:

Description	Balance 07/01/16	Issued	Paid	Balance 06/30/17
Capital Project BAN 2015	$ 9,241,544	$	$ 9,241,544	$
Capital Project BAN 2016		23,662,000		23,662,000
Total	$ 9,241,544	$ 23,662,000	$ 9,241,544	$ 23,662,000

Interest on short-term debt for the year was computed as follows:

Interest Paid	$ 184,831
Plus: Interest Accrued in the Current Year	201,095
Less: Interest Accrued in the Prior Year	(166,861)
Total Interest Expense on Short-Term Debt	$ 219,065

9. NONCURRENT LIABILITIES

Noncurrent liability balances and activity are as follows:

Description	Beginning Balance	Issued	Paid	Ending Balance	Due Within One Year
Long Term Debt					
Bonds Payable	$ 45,625,000	$ 7,740,000	$ 7,060,000	$ 46,305,000	$7,365,000
Unamortized Bond Premiums	3,024,835	1,355,842	545,879	3,834,798	545,879
Energy Performance Contract	1,365,506		406,582	958,924	418,502
Total Long Term Debt	50,015,341	9,095,842	8,012,461	51,098,722	8,329,381
Other Liabilities					
Other Postemployment Benefits	126,267,566	21,044,538	7,651,880	139,660,224	
Compensated Absences	1,553,780		59,974	1,493,806	
Other Liabilities	153,001			153,001	
Total Other Liabilities	127,974,347	21,044,538	7,711,854	141,307,031	
Total Noncurrent Liabilities	$177,989,688	$ 30,140,380	$15,724,315	$192,405,753	$8,329,381

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make 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. These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements.

Details relating to general obligation (serial) bonds and the energy performance contract of the School District outstanding at June 30, 2017, are summarized as follows:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
General Fund					
Energy Performance (refinanced)	04/12	$ 2,988,544	07/19	2.90%	$ 958,924
Revenue Bond	06/08	$ 8,735,000	06/18	3.00-5.00%	750,000
General Construction	06/10	$ 17,955,000	06/25	3.00-5.00%	11,225,000
Ridge Mills Construction	06/11	$ 5,900,000	08/26	3.00-5.00%	4,085,000
Refunding Bonds	03/13	$ 5,450,000	06/20	2.00-3.00%	2,470,000
Refunding Bonds	03/15	$ 12,620,000	06/19	3.00-4.00%	6,555,000
Reconstruction and Additions	06/15	$ 6,870,000	06/28	3.00-5.00%	6,450,000
Reconstruction	08/15	$ 4,876,281	06/27	2.38-3.00%	4,390,000
Refunding Bonds	05/16	$ 2,655,000	06/23	2.00-5.00%	2,640,000
Reconstruction	06/17	$ 7,740,000	06/32	3.00-5.00%	7,740,000
Total					$ 47,263,924

Principal and interest payments due on the serial bonds are as follows:

Fiscal Year Ending June 30,	Serial Bonds Principal	Interest	Total
2018	$ 7,365,000	$ 2,111,310	$ 8,991,281
2019	7,995,000	1,706,244	8,926,144
2020	4,075,000	1,406,994	4,704,194
2021	3,630,000	1,235,081	4,089,281
2022	3,745,000	1,068,506	4,813,506
2023-2027	15,175,000	2,869,700	18,044,700
2028-2032	4,320,000	593,250	4,913,250
Total	$ 46,305,000	$ 10,991,085	$ 54,482,356

Other Debt – Energy Performance Contract

The School District entered into an energy performance contract during the year ended June 30, 2004. This contract was subsequently renegotiated in April 2012 at a lower interest rate. The contract is defined in a Section 9-102(4) of the New York State Energy Law as: "an agreement for the provision of energy services, including but not limited to electricity, heating, ventilation, cooling, steam, or hot water, in which a person agrees to install, maintain, or mange energy systems or equipment to improve the energy efficiency of, or produce energy in connection with a building or facility in exchange for a portion of the energy savings or revenues." The contract is accounted for as a capital lease.

Principal and interest payments due on the energy performance contract are as follows:

Fiscal Year Ending June 30,	Energy Performance Contract Principal	Interest	Total
2018	$ 418,502	$ 23,285	$ 441,787
2019	430,771	11,016	441,787
2020	109,651	795	110,446
Total	$ 958,924	$ 35,096	$ 994,020

Interest expense on the District-wide financial statements is calculated as follows:

Interest Paid on Long-Term Debt	$ 1,960,786
Interest Paid on BAN	219,065
Amortized Deferred Loss on Refunding	139,950
Amortized Serial Bond Premiums	(545,879)
Plus: Interest Accrued in the Current Year	122,493
Less: Interest Accrued in the Prior Year	(144,682)
Total Interest Expense	$ 1,751,733

10. ADVANCE REFUNDING – PRIOR YEARS

The School District at various times entered into advance refunding transactions related to certain issues of its bonded debt. A portion of the proceeds of the refunding bond issues were placed in an irrevocable trust and used to purchase securities to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2017, the principal balance on refunded bond issues is as follows:

Bond Issue	Principal Balance
2004 Serial Bonds	$ 580,000
2005 Serial Bonds	1,250,000
2006 Serial Bonds	665,000
2006 Serial Bonds	6,885,000
2008 Serial Bonds	2,650,000
Total	$ 12,030,000

11. DEFERRED OUTFLOWS OF RESOURCES

Past advance refunding transactions have resulted in $1,472,475 in deferred losses due to the reacquisition prices exceeding the carrying value of the refunded bonds. This amount is classified as a deferred outflow of resources on the District-wide financial statements in accordance with Governmental Accounting Standards (GASB Statement) No. 63 and GASB Statement No. 65. The deferred losses are being amortized as interest expense over the life of the refunding bond. The remaining unamortized balance of these costs at June 30, 2017 is $449,005.

The amortization charged to interest expense for the year ended June 30, 2017, was $139,950.

12. PENSION PLANS

New York State and Local Employees' Retirement System (ERS)

(a) Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The 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 maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. 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.

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010, but prior to April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2017, were paid.

The required contributions for the current year and two preceding years were:

	Amount
2015	$ 1,533,747
2016	$ 1,272,983
2017	$ 1,288,893

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

At June 30, 2017, the School District reported a liability of $2,770,404 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in a report provided to the School District.

At June 30, 2017 and 2016, the School District's proportion was .0294842 and .0292212, respectively.

For the year ended June 30, 2017, the School District recognized pension expense of $1,661,371. At June 30, 2017, the School District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 69,424	$ 420,702
Change of assumptions	946,471	
Net difference between projected and actual earnings on Pension plan investments	553,362	
Changes in proportion and differences between contributions and proportionate share of contributions	218,853	21,838
Contributions subsequent to the measurement date	326,266	
Total	$ 2,114,376	$ 442,540

At June 30, 2017, $326,266 was reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension asset/liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount
2018	$ 598,801
2019	$ 598,801
2020	$ 492,942
2021	$ (344,974)

(d) Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following significant actuarial assumptions:

Investment rate of return (net of investment expense, including inflation)	7.0%
Cost of Living Adjustments	1.3%
Salary scale	3.8%
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long term expected 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 the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36%	4.55%
International equity	14%	6.35%
Private equity	10%	7.75%
Real estate	10%	5.80%
Absolute return strategies	2%	4.00%
Opportunistic portfolio	3%	5.89%
Real assets	3%	5.54%
Bonds and mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-indexed bonds	4%	1.50%
	100%	

(e) Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's 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.

(f) 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 pension liability calculated using the discount rate of 7.0 percent, 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Proportionate share of the net pension (asset)/liability	$ 8,848,121	$ 2,770,404	$ (2,368,295)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of $326,266 at June 30, 2017. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2017-2018 billing cycle and has been accrued as an expenditure in the current year.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, 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 Retirement and Social Security Law. 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.

The required employer contributions for the current year and two preceding years were:

	Amount
2015	$ 6,177,740
2016	$ 4,887,420
2017	$ 4,494,262

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

At June 30, 2017, the School District reported a liability of $2,558,281 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS System in reports provided to the School District.

At June 30, 2017 and 2016, the School District's proportion was .238859% and .234606 percent, respectively.

For the year ended June 30, 2017, the School District recognized pension expense of $4,249,076. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$ 831,073
Changes of Assumptions	14,573,599	
Net difference between projected and actual earnings on Pension plan investments	5,752,361	
Changes in proportion and differences between contributions and proportionate share of contributions	426,980	249,633
Contributions subsequent to the measurement date	4,494,262	
Total	$ 25,247,202	$ 1,080,706

At June 30, 2017, $4,494,262 was reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension asset/liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount
2017	$ 1,796,774
2018	$ 1,796,774
2019	$ 6,264,217
2020	$ 4,874,266
2021	$ 2,244,917
Thereafter	$ 2,695,286

(d) *Actuarial Assumptions*

The total pension liability at June 30, 2016 measurement date was determined by using an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. The actuarial valuation used the following significant actuarial assumptions.

Investment Rate of Return	7.5 % compounded annually, net of pension plan investment expense, including inflation.
Salary scale	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.5% compounded annually.
Inflation rate	2.5%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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 expected 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 arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	37.0%	6.1%
International equity	18.0%	7.3%
Real estate	10.0%	5.4%
Alternative investments	7.0%	9.2%
Domestic fixed income securities	17.0%	1.0%
Global fixed income securities	2.0%	0.8%
Mortagages	8.0%	3.1%
Short-term	1.0%	0.1%
	100.0%	

** Real rates of return are net of the long-term inflation assumption of 2.1% for 2015.*

(e) Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's 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.

(f) 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 pension liability calculated using the discount rate of 7.5 percent, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension (asset)/liability	$ 33,378,594	$ 2,558,281	$ (23,292,181)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS in amount of $4,494,262 in the General Fund at June 30, 2017. This amount represents the contribution for the 2016-2017 fiscal year that will be made in 2017-2018 and has been accrued as an expenditure in the current year.

13. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(a) Plan Description

Currently there are approximately 1,752 current and former employees participating in the School District's OPEB plan. Benefits are acquired through an insurance arrangement with Madison-Oneida-Herkimer Consortium. Benefit provisions are established and amended through negotiations between the School District and the respective unions. The following is a brief description of the plan:

Plan Types	The School District provides medical, dental, vision and life benefits to retirees and their eligible dependents.
Eligibility	Employees are required to reach age 55 and have 0-10 years of service to qualify for OPEB, depending on bargaining unit.
Benefit Cost Sharing	The School District pays 90% to 100% of employees and retiree's contributions for medical, dental, and vision benefits. The School District reimburses for the entire cost of Medicare Part B.
Spouse Benefit	The School District pays 65% to 80% of the retiree's qualified dependents contributions for medical, dental, and vision benefits. The School District reimburses for the entire cost of Medicare Part B if the employee retired before June 30, 1996.
Surviving Spouse Benefit	The surviving spouse is required to pay 100% of the cost of the benefits.

The plan does not issue a stand-alone publicly available financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

(b) Funding Policy

Contribution requirements of the plan members and the District are established pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement.

(c) Annual OPEB Cost and Net OPEB Obligation

The School District's annual other post-employment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The School District currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The cost of administering the Plan is paid by the School District.

The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the School District's net OPEB obligation.

	Total
Annual Required Contribution (ARC)	$ 23,510,477
Interest on Net OPEB Obligation	3,788,027
Adjustment to ARC	(6,253,966)
Annual OPEB Cost (Expense)	21,044,538
Contributions Made	(7,651,880)
Change in Net OPEB Obligation	13,392,658
Net OPEB Obligation at the Beginning of the Year	126,267,566
Net OPEB Obligation at the End of the Year	$ 139,660,224

(d) Trend Information

Fiscal Year Ending	Annual Net OPEB Expense	OPEB Expense Contributed	% of Expense Contributed	Net OPEB Obligation
June 30, 2017	$ 21,044,538	$ 7,651,880	36.4%	$ 139,660,224
June 30, 2016	$ 19,281,888	$ 7,279,997	37.8%	$ 126,267,566
June 30, 2015	$ 20,038,125	$ 7,597,019	37.9%	$ 102,623,592

(e) Funding Status

	Total
Actuarial Accrued Liability (AAL)	$ 266,344,072
Actuarial Value of Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 266,344,072
Funded Ratio	0%
Annual Covered Payroll	$ 43,422,807
UAAL as a Percentage of Covered Payroll	613.4%

(f) Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. For this reason, the results in this report should be viewed as estimates. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and Plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and Plan members in the future. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial measurement date was July 1, 2015.

(g) Additional Information

Actuarial Cost Method	Projected Unit Credit
Amortization Period	30 years open
Amortization Method	Level Dollar
Amortization Period Remaining (Years)	21
Amortization Discount	3.0%
Method Used to Determine Actuarial Value of Assets	N/A
Projected Salary Increase	N/A
Healthcare Cost Trend Rate	8.0% initial; 5.0% ultimate
Fiscal Year Ultimate Medical Cost Rate Reached	2021

14. FUND BALANCES

(a) The following is a summary of the change in General Fund restricted reserve funds during the year ended June 30, 2017:

Restricted Reserve	Beginning Balance	Increases (Decreases)	Ending Balance
Tax Certiorari	$ 337,720	$	$ 337,720
Employee Benefit Accrued Liability	1,389,886		1,389,886
Total General Fund Restricted	$ 1,727,606	$	$ 1,727,606

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet:

	General	School Lunch	Special Aid	Debt Service	Capital	Total
Nonspendable						
School Lunch Inventory	$	$ 76,570	$	$	$	$ 76,570
Restricted						
Tax Certiorari Reserve	337,720					337,720
Employee Benefit Accrued Liability	1,389,886					1,389,886
Debt Service Fund				1,952,481		1,952,481
Capital Fund					3,597,905	3,597,905
Total Restricted	1,727,606			1,952,481	3,597,905	7,277,992
Assigned						
Encumbrances	1,134,255					1,134,255
Appropriated for Subsequent Year's Budge	6,556,103					6,556,103
Food Service Program		865,712				865,712
Total Assigned	7,690,358	865,712				8,556,070
Unassigned (Deficit)	4,920,796		(1,500,000)		(11,021,441)	(7,600,645)
Total Fund Equity (Deficit)	$ 14,338,760	$ 942,282	$ (1,500,000)	$ 1,952,481	$ (7,423,536)	$ 8,309,987

15. INTERFUND TRANSACTIONS

Fund	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General	$ 5,920,779	$ 1,315,603	$ 3,885	$ 1,313,355
School Lunch	688,863		12,106	
Special Aid		3,778,875	1,201,249	
Debt Service	254,314			
Capital Projects	572,613	795,246	100,000	3,885
Expendable Trust		500		
Trust and Agency	54,127	1,600,472		
Total	$ 7,490,696	$ 7,490,696	$ 1,317,240	$ 1,317,240

- The School District typically transfers from the General Fund to the Special Aid Fund, as a required local match for federal and state grants.
- The School District transferred $100,000 from the General Fund to the Capital Projects Fund to cover the local share of the 2017 capital project.

16. RISK MANAGEMENT

Shared-Risk Pool Health Insurance

The School District participates, with 17 other governmental entities, in the Madison-Oneida-Herkimer Health Insurance Consortium for their health insurance coverage. Entities joining the plan must remain members for a minimum of one year; a member may withdraw from the plans after that time by submitting a notice of withdrawal 30 days prior to the plan's year end. 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. The Consortium is a shared-risk public entity risk pool whereby each entity pays monthly premiums based on the type of coverage selected. The Health Consortium is a minimum premium insured plan through an insurance carrier. Premiums paid to the Health Consortium totaled $17,664,431 for the year ended June 30, 2017. Paid claims are accounted for in the aggregate with individual entity activity not being tracked separately.

Self-Insured Workers' Compensation Insurance

The School District is self-insured for workers' compensation insurance. For the School District's workers' compensation plan, the School District had aggregate and specific loss insurance. The School District currently reports its risk management activities in the fund in which the liability is incurred. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The following is a summary of incurred and paid claims over the last five years:

	Incurred Claims	Claims Payments
2016-2017	$ 600,409	$ 600,409
2015-2016	$ 608,282	$ 608,282
2014-2015	$ 778,771	$ 778,771
2013-2014	$ 440,467	$ 440,467
2012-2013	$ 566,644	$ 566,644

17. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The School District had various open capital projects during the year ended June 30, 2017, with a total authorization of $80,356,295.

At June 30, 2017, the School District has expended $59,823,060 of the authorizations, which are contingent on performance of contractors. If any contract should exceed the original contract, then the excess will be financed from the remaining bond proceeds or current appropriations as approved by the voters. The outstanding construction commitments at June 30, 2017 totaled $14,826,490.

Operating Lease Commitment

Effective July 1, 2016, the School District entered into a 27 month operating lease for rental of a school building to allow students to attend school during the reconstruction project at Lyndon H. Strough Middle School. After that, the School District has the option to renew the lease on a month to month basis. Rental expense for the year ended June 30, 2017 is $456,000. Future minimum operating lease commitments are as follows:

Year ending June 30,	
2018	$ 456,000
2019	114,000
Total	$ 570,000

Potential Grantor Liability

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Potential Tax Certiorari Liabilities

The School District has potential liabilities for an estimated maximum amount of approximately $432,000 for various real property tax liabilities due to various tax certiorari proceedings. The matters are expected to be settled for less than the above amount. The School District has a tax certiorari reserve to cover a portion of this amount.

18. FUND DEFICITS

Special Aid Fund

The School District deferred recognition of $1,500,000 in revenues during 2017 since the funds did not meet the availability criteria. The deferral is the reason for a fund deficit in the Special Aid Fund at the end of the year. The deficit will be eliminated when the revenues become available.

Capital Fund

The Capital Fund had an unassigned fund deficit of $11,021,441 at June 30, 2017. This deficit is due to the funds expended for current capital projects with funds temporarily borrowed through a bond anticipation note or not yet financed. Once the liability is paid with permanent obligations, the respective revenue will be recognized in the fund. The recognition of the revenue will eliminate the deficit.

19. NET POSITION DEFICIT – DISTRICT-WIDE

The District-wide Net Position had an unrestricted deficit at June 30, 2017 of $109,406,402 and a total net position deficit of $63,881,556. The deficit is primarily the result of the implementation of GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which required the recognition of an unfunded liability of $139,660,224 at June 30, 2017. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

20. TAX ABATEMENTS

During the year ended June 30, 2017 the School District was subject to tax abatements due to payment in lieu of tax agreements that are granted by the Oneida County Industrial Development Agency (OCIDA) and the City of Rome.

The agreements entered through the City of Rome are to assist in the construction and renovation of low income housing projects under Section 125 and 577 of the Private Housing Finance Law. A recipient will pay reduced taxes by receiving a lower assessed value on their property which will result in lower the tax levy for the property.

The School District is currently effected by two tax abatement programs under the OCIDA, one of which is to encourage the development of rental property that will house multiple tenants. The other is to promote the construction and improvement of industrial and non-industrial manufacturing projects and commercial projects. Article 18-A of the New York State Municipal Law, "New York State Industrial Development Agency Act" was enacted to provide for the creation of Industrial Development Agencies (IDA's) to facilitate economic development in specific localities, and delineate their powers and status as public benefit corporations. The legislation establishes the power of New York IDA's, including the authority to grant tax abatements and enter into agreements to require payments in lieu of taxes. Each IDA must adopt and follow a tax exemption policy with input from the effected taxing jurisdictions, however once created the IDA can independently grant abatements in conformity with their policy.

Property abatements may be partially offset by an agreement that requires payments in lieu of taxes. These agreements specify the annual amount to be remitted by the property owner and are allocated to the effected jurisdiction based on the proportion of taxes abated. The District has chosen to disclose information about its tax abatement by purpose. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

Abatement agreements of OCIDA and the City of Rome resulted in a revenue impact to the District for the year ended June 30, 2017 as follows:

Purpose	Gross Tax Reduction	Payments in Lieu of Taxes	Net Revenue Reduction
Development of Rental Property	$ 93,569	$ 19,405	$ 74,164
Economic Growth and Development	2,842,480	$ 687,470	$ 2,155,010
Low Income Housing Projects	487,014	$ 66,093	$ 420,921
Total	$ 3,423,063	$ 772,968	$ 2,650,095

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
Revenues					
Local Sources					
Real Property Taxes	$ 25,995,807	$ 26,068,138	$ 25,884,754		$ (183,384)
Other Real Property Tax Items	8,237,813	8,165,482	8,170,305		4,823
Charges for Services	360,000	360,000	502,518		142,518
Use of Money and Property	183,000	183,000	95,611		(87,389)
Sale of Property and Compensation for Loss			5,872		5,872
Miscellaneous	1,235,000	1,235,000	2,682,978		1,447,978
State Aid	70,080,634	70,080,634	69,394,634		(686,000)
Federal Aid	300,000	300,000	317,798		17,798
Total Revenues	106,392,254	106,392,254	107,054,470		662,216
Other Financing Sources					
Transfers from Other Funds	763,621	763,621	3,885		(759,736)
Appropriated Fund Balance	7,220,112	7,220,112			(7,220,112)
Total Revenues and Other Financing Sources	$ 114,375,987	$ 114,375,987	107,058,355		$ (7,317,632)

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
Expenditures					
General Support					
Board of Education	$ 25,664	$ 41,805	39,017	$ 638	$ 2,150
Central Administration	267,529	267,871	241,737		26,134
Finance	877,086	823,030	780,684		42,346
Staff	774,397	800,860	785,865	4,828	10,167
Central Services	8,675,995	8,717,210	7,587,556	182,243	947,411
Special Items	1,379,976	1,379,976	1,359,210		20,766
Total General Support	12,000,647	12,030,752	10,794,069	187,709	1,048,974
Instruction					
Instruction, Administration, and Improvement	3,880,100	4,110,151	3,819,903	1,895	288,353
Teaching - Regular School	28,173,082	26,987,860	25,854,002	170,079	963,779
Programs for Children With Special Needs	13,526,775	13,088,466	12,254,834	3,007	830,625
Occupational Education	2,642,588	2,649,859	2,640,247		9,612
Teaching - Special School	3,254,434	3,236,345	3,094,112		142,233
Instructional Media	1,975,258	3,520,436	2,623,726	769,337	127,373
Pupil Services	3,397,327	3,435,386	3,170,381	1,821	263,184
Total Instruction	56,849,564	57,028,503	53,457,205	946,139	2,625,159
Pupil Transportation	6,777,990	6,787,534	6,192,818	407	594,309
Employee Benefits	28,660,842	27,346,061	26,435,769		910,292
Debt Service - Principal	7,541,126	7,546,126	7,546,126		
Debt Service - Interest	2,345,818	2,319,712	2,179,851		139,861
Total Expenditures	114,175,987	113,058,688	106,605,838	1,134,255	5,318,595
Other Financing Uses					
Transfers to Other Funds	200,000	1,317,299	1,313,355		3,944
Total Expenditures and Other Financing Uses	$ 114,375,987	$ 114,375,987	107,919,193	$ 1,134,255	$ 5,322,539
Net Change in Fund Balance			(860,838)		
Fund Balance - Beginning of Year			15,199,598		
Fund Balance - End of Year			$ 14,338,760		

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval for the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
SCHEDULE OF FUNDING PROGRESS OF OTHER POSTEMPLOYMENT BENEFITS
For the Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability-Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	[(b)-(a)]/(c)
July 01, 2015	$ 0	$ 266,344,072	$ 266,344,072	0%	$ 43,422,807	613.37%
July 01, 2013	$ 0	$ 242,339,941	$ 242,339,941	0%	$ 40,150,958	603.57%
July 01, 2011	$ 0	$ 233,787,854	$ 233,787,854	0%	$ 37,873,105	617.29%

See Independent Auditor's Report.

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS
For the Year Ended June 30, 2017

ERS Pension Plan

	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 1,288,893	$ 1,272,983	$ 1,533,747	$ 1,649,566	$ 1,436,404	$ 1,180,376	$ 884,961
Contributions in Relation to the Contractually Required Contribution	1,288,893	1,272,983	1,533,747	1,649,566	1,436,404	1,180,376	884,961
Contribution Deficiency (Excess)	$	$	$	$	$	$	$
School District's Covered-ERS Employee Payroll	$ 8,576,353	$ 7,832,608	$ 8,181,849	$ 8,408,841	$ 7,556,529	$ 7,371,401	$ 5,581,757
Contributions as a Percentage of Covered-Employee Payroll	15.03%	16.25%	18.75%	19.62%	19.01%	16.01%	15.85%

TRS Pension Plan

	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 4,494,262	$ 4,887,420	$ 6,177,740	$ 5,998,323	$ 4,358,016	$ 3,916,809	$ 3,733,228
Contributions in Relation to the Contractually Required Contribution	4,494,262	4,887,420	6,177,740	5,998,323	4,358,016	3,916,809	3,733,228
Contribution Deficiency (Excess)	$	$	$	$	$	$	$
School District's Covered-TRS Employee Payroll	$ 38,346,945	$ 36,858,371	$ 35,240,958	$ 36,912,758	$ 36,807,576	$ 35,254,806	$ 43,308,910
Contributions as a Percentage of Covered-Employee Payroll	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%

Information is presented only for the years available.

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2017

ERS Pension Plan

	2017	2016	2015	2014
District's proportion of the net pension asset or liability	0.0294842%	0.0292212%	0.0305776%	0.0305776%
District's proportionate share of the net pension asset (liability)	$ (2,770,404)	$ (4,690,090)	$ (1,032,986)	$ (1,381,759)
District's covered-employee payroll	$ 8,576,353	$ 7,832,608	$ 8,181,849	$ 1,649,566
District's proportionate share of the net pension asset or liability as a percentage of its covered-employee payroll	32.30%	59.88%	12.63%	83.77%
Plan fiduciary net position as a percentage of total pension asset or liability	94.70%	90.70%	97.90%	97.20%

TRS Pension Plan

	2016	2015	2014	2013
District's Proportion of the net pension asset or liability	0.238859%	0.234606%	0.249891%	0.251307%
District's proportionate share of the net pension asset (liability)	$ (2,558,281)	$ 24,368,056	$ 27,836,274	$ 1,654,235
District's covered-employee payroll	$ 36,858,371	$ 35,240,958	$ 36,912,758	$ 36,807,576
District's proportionate share of the net pension asset or liability as a percentage of its covered-employee payroll	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of total pension asset or liability	99.01%	110.46%	111.48%	100.70%

Information is presented only for the years available.

Change from Adopted Budget to Revised Budget

Adopted Budget	$ 113,711,979
Add: Prior Year's Encumbrances	664,008
Original Budget	114,375,987
Final Budget	$ 114,375,987

Section 1318 of Real Property Tax Law Limit Calculation

2017-18 voter-approved expenditure budget		$ 115,320,834
Maximum allowed (4% of 2017-18 budget)		$ 4,612,833
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Unrestricted fund balance:		
Assigned fund balance	7,690,358	
Unassigned fund balance	4,920,796	
Total unrestricted fund balance	12,611,154	
Less:		
Appropriated fund balance	6,556,103	
Encumbrances included in committed and assigned fund balance	1,134,255	
Total adjustments	7,690,358	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 4,920,796
Actual Percentage		4.27%

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL FUND
For the Year Ended June 30, 2017

			Expenditures				Methods of Financing				Fund
PROJECT TITLE	Original Authorization	Revised Authorization	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Federal and State Aid	Local Sources	Total	Balance (Deficit) June 30, 2017
2001 Phase II ($25.813 Million Authorization)											
STALEY - RENOVATIONS	$ 2,250,000	$ 2,442,833	$ 2,442,833	$	$ 2,442,833	$	$ 2,622,991	$	$ 1,250	$ 2,624,241	$ 181,408
RFA ASBESTOS ABATEMENT	1,959,000	3,360,703	3,360,703		3,360,703		2,299,073			2,299,073	(1,061,630)
STROUGH - RENOVATIONS	7,500,000	6,849,105	6,686,063		6,686,063	163,042	7,500,000			7,500,000	813,937
Total Phase II	11,709,000	12,652,641	12,489,599		12,489,599	163,042	12,422,064		1,250	12,423,314	(66,285)
2008 Capital Projects ($5.1 Million Authorization)											
STOKES RECONSTRUCTION	5,100,000	5,100,000	5,084,009		5,084,009	15,991	5,100,000	183,600		5,283,600	199,591
2008 Phase III ($36.8 Million Authorization)											
BELLAMY RENOVATION/ADDITION	11,760,000	11,760,000	10,686,792		10,686,792	1,073,208	7,844,366	2,917,628		10,761,994	75,202
DENTI ELEMENTARY	3,900,000	3,900,000	2,207,071		2,207,071	1,692,929	3,818,100	81,900		3,900,000	1,692,929
JOY ELEMENTARY	7,020,000	9,326,295	8,202,533	1,033,941	9,236,474	89,821	7,740,000		1,341,544	9,081,544	(154,930)
JOY PLAYGROUND			30,746		30,746	(30,746)					(30,746)
Total Phase III	22,680,000	24,986,295	21,127,142	1,033,941	22,161,083	2,825,212	19,402,466	2,999,528	1,341,544	23,743,538	1,582,455
2010 Capital Projects ($30 Million Authorization)											
RIDGE MILLS	5,900,000	5,900,000	5,959,707		5,959,707	(59,707)	5,900,000			5,900,000	(59,707)
CLOUGH	1,700,000	1,700,000	2,432,073		2,432,073	(732,073)	1,201,888		1,700,000	2,901,888	469,815
GANSEVOORT	6,600,000	6,600,000	7,394,862		7,394,862	(794,862)	3,674,393	194,018	1,861,620	5,730,031	(1,664,831)
DENTI	9,800,000	9,800,000	8,146,318		8,146,318	1,653,682	7,818,000		351,818	8,169,818	23,500
Total 2010 Capital Projects	24,000,000	24,000,000	23,932,960		23,932,960	67,040	18,594,281	194,018	3,913,438	22,701,737	(1,231,223)
2011 Capital Projects ($25.4 Million Authorization)											
STROUGH	25,400,000	25,400,000	1,467,653	6,581,884	8,049,537	17,350,463					(8,049,537)
2014 Capital Projects											
RFA EMERGENCY PROJECT	360,000	420,000	407,842		407,842	12,158			420,000	420,000	12,158
RFA RENOVATIONS	100,000	100,000	91,454		91,454	8,546			100,000	100,000	8,546
Total 2014 Capital Projects	460,000	520,000	499,296		499,296	20,704			520,000	520,000	20,704
2016 Capital Project											
Security and Safety Improvements Project	150,000	150,000				150,000			20,819	20,819	20,819
Staley Renovations	100,000	100,000	96,115	60	96,175	3,825			96,115	96,115	(60)
Total 2016 Capital Projects	250,000	250,000	96,115	60	96,175	153,825			116,934	116,934	20,759
2017 Capital Project											
Staley Reconstruction	100,000	100,000				100,000			100,000	100,000	100,000
Totals	$ 89,699,000	$ 93,008,936	$ 64,696,774	$ 7,615,885	$ 72,312,659	$ 20,696,277	$ 55,518,811	$ 3,377,146	$ 5,993,166	$ 64,889,123	$ (7,423,536)

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
June 30, 2017

Capital Assets, Net	$ 96,320,107
Add:	
Unamortized Loss from Refunding of Debt	449,005
Capital Fund Unspent Bond Proceeds	17,033,710
Total Additions	17,482,715
Deduct:	
Bond Anticipation Notes	23,662,000
Serial Bonds Payable and Energy Performance Contract	47,263,924
Serial Bond Premiums	3,834,798
Capital Fund Liabilities	795,246
Total Deductions	75,555,968
Net Investment in Capital Assets	$ 38,246,854

See Independent Auditor's Report.

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Independent Auditor's 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
City School District of the City of Rome, 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 City School District of the City of Rome, New York, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City School District of the City of Rome, New York's basic financial statements, and have issued our report thereon dated October 5, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a 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 City School District of the City of Rome, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

D'Arcangelo + Co., LLP

October 5, 2017

Rome, New York

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Certified Public Accountants & Consultants

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Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education
City School District of the City of Rome, New York

Report on Compliance for Each Major Federal Program

We have audited the City School District of the City of Rome, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City School District of the City of Rome, New York's major federal programs for the year ended June 30, 2017. The City School District of the City of Rome, New York's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the City School District of the City of Rome, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

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

D'Arcangelo + Co., LLP

October 5, 2017

Rome, New York

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
United States Department of Agriculture			
Passed Through New York State Department of Education:			
Child Nutrition Cluster			
Non-Cash Assistance (food distribution)			
National School Lunch Program	10.555	N/A	$ 198,066
Cash Assistance			
School Breakfast Program	10.553	N/A	501,978
National School Lunch Program	10.555	N/A	1,441,694
Summer Food Service Program for Children	10.559	N/A	131,518
Total Child Nutrition Cluster			2,273,256
Child Nutrition Discretionary Grants Limited Availability	10.579	0005170043	14,657
Total Department of Agriculture			2,287,913
United States Department of Education			
Passed Through New York State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	0021162040	66,713
Title I Grants to Local Educational Agencies	84.010	0021172040	1,725,978
School Improvement Grants	84.010	0011162112	6,000
School Improvement Grants	84.010	0011172252	241,896
Total			2,040,587
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	0032170625	1,235,781
Special Education - Preschool Grants	84.173	0033160625	(5,478)
Special Education - Preschool Grants	84.173	0033170625	55,814
Total Special Education Cluster (IDEA)			1,286,117
English Language Acquisition Grant	84.365	0293162040	946
English Language Acquisition Grant	84.365	0153172040	884
Total			1,830
Improving Teacher Quality State Grants	84.367	0147162040	104,348
Improving Teacher Quality State Grants	84.367	0147172040	302,087
Total			406,435
Total Department of Education			3,734,969
Total Federal Awards Expended			$ 6,022,882

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City School District of the City of Rome, New York under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the 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).

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Use of Subrecipients

There were no awards passed through to subrecipients.

De Minimis Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the food commodities received. At June 30, 2017, the School District had food commodities totaling $33,007 in inventory.

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CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2017

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516 (a).	No
(d)(1)(vii)	Major Programs (list):	U.S. Department of Education Special Education Cluster CFDA #84.027 Special Education – Grants to States CFDA #84.173 Special Education – Preschool Grants
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Findings – Financial Statement Audit

None noted.

Findings and Questioned Costs – Major Federal Award Program Audit

None noted.

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2017

Findings – Financial Statement Audit

None noted.

Findings and Questioned Costs – Major Federal Award Program Audit

None noted.

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Extraclassroom Activity Funds
Communication With Those Charged With Governance

To the Board of Education
City School District of the City of Rome, New York

We have audited the financial statements of the Extraclassroom Activity Funds of the City School District of the City of Rome, New York (the Funds) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 14, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Extraclassroom Activity Funds of the City School District of the City of Rome, New York are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

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Certified Public Accountants & Consultants

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 5, 2017.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Education, administration of the Extraclassroom Activity Funds of the City School District of the City of Rome, New York, and the New York State Education department and is not intended to be, and should not be, used by anyone other than these specified parties.

D'Arcangelo + Co., LLP

October 5, 2017

Rome, New York

D'Arcangelo & Co., LLP
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Extraclassroom Activity Funds
Required Communication of Areas in Need of Improvement

Board of Education
City School District of the City of Rome, New York

In planning and performing our audit of the financial statements of the Extraclassroom Activity Funds of the City School District of the City of Rome, New York as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Extraclassroom Activity Funds of the City School District of the City of Rome, New York's (the Funds) internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed in the attached schedule, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in the Funds' internal control presented in the attached schedule to be a material weakness.

This communication is intended solely for the use of management, the Board of Education, the New York State Education Department, and the New York State Comptroller's Office and is not intended to be and should not be used by anyone other than these specified parties.

D'Arcangelo + Co., LLP

October 5, 2017

Rome, New York

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
EXTRACLASSROOM ACTIVITY FUND
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2017

1. Material Weakness

A. Extraclassroom Student Ledgers

Not all student treasurers maintain ledgers for their clubs. As a result, there is insufficient record of cash receipts being timely reported to the Central Treasurer. In addition, the ledgers should be reconciled at least twice a year.

Two separate and independent sets of records of receipts and disbursements should be maintained, one by the central treasurer and one by the student activity treasurer for each active club.

See also the status of prior year audit findings and recommendations.

CITY SCHOOL DISTRICT OF THE CITY OF ROME, NEW YORK
EXTRACLASSROOM ACTIVITY FUND
STATUS OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2017

I. Material Weakness

A. Extraclassroom Cash Receipts

As noted in the prior year, our audit of the Extraclassroom accounts in the Trust and Agency Fund determined that insufficient accounting controls are exercised over cash receipts at the point of collection to the time of submission to the Central Treasurer.

Accordingly, it was impractical to extend our audit of cash receipts beyond the amounts recorded.

In addition, during our process of understanding of internal controls, we noted that profit and loss statements or similar budgeting controls are not always completed for fundraising events.

We recommend profit and loss statements be required for all fundraising events and that they be reviewed after completion. Periodic profit and loss statements not only constitute good accounting procedures but also afford excellent instructional opportunities.

Status: Still noted in the current year.

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FORM OF OPINION OF BOND COUNSEL

August 2, 2018

City School District of the City of Rome
409 Bell Road
Rome, New York 13440

Re: City School District of the City of Rome, Oneida County, New York
$24,925,000 Bond Anticipation Notes, 2018 (Renewals)

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $24,925,000 Bond Anticipation Notes, 2018 (Renewals) (the "Notes"), of the City School District of the City of Rome, County of Oneida, State of New York (the "District"). The Notes are dated August 2, 2018 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, resolutions of the District adopted on November 18, 2009 and October 19, 2011 and a Certificate of Determination dated on or before August 2, 2018 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

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

Certain agreements, requirements and procedures contained or referred to in the Arbitrage and Use of Proceeds Certificate and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Note or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

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

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

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

Very truly yours,

Trespasz & Marquardt, LLP