

**PRELIMINARY OFFICIAL STATEMENT**

**NEW/RENEWAL ISSUES**

**BOND ANTICIPATION NOTES**

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

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

**\$10,559,000**

**OWEGO APALACHIN CENTRAL SCHOOL DISTRICT  
TIOGA COUNTY, NEW YORK**



**GENERAL OBLIGATIONS**

**CUSIP BASE: 690632**

**\$2,059,000 Bond Anticipation Notes, 2020 Series A**

(referred to herein as the "Series A Notes")

**Dated: August 20, 2020**

**Due: August 20, 2021**

**&**

**\$8,500,000 Bond Anticipation Notes, 2020 Series B**

(referred to herein as the "Series B Notes")

**Dated: August 20, 2020**

**Due: July 22, 2021**

(collectively referred to herein as the "Notes")

The Notes will constitute general obligations of the Owego Apalachin Central School District, Tioga County, New York (the "District"), and will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes and will be payable from ad valorem taxes, which may be levied upon all the taxable real property within the District, subject to the applicable statutory limitations imposed by Chapter 97 of the Laws of 2011. See "TAX LEVY LIMITATION LAW" herein. The Notes will not be subject to redemption prior to maturity.

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

Alternatively, if the Notes are issued as registered book-entry notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), Jersey City, New Jersey, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination on the Series A Notes which is or includes \$9,000, as may be determined by such successful bidder(s). If the Notes are issued as registered book-entry notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon by the purchaser(s), on or about August 20, 2020.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com), on August 13, 2020 by no later than 11:30 A.M. Prevailing Time. 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.**

August 12, 2020

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX - C, MATERIAL EVENT NOTICES" HEREIN.

# OWEGO APALACHIN CENTRAL SCHOOL DISTRICT TIOGA COUNTY, NEW YORK

## SCHOOL DISTRICT OFFICIALS

### 2020-2021 BOARD OF EDUCATION

GENE CVIK  
President



LINDA GRETZ  
Vice President

JASON LUKE  
STACEY RIEGEL  
KATHIE ROLLISON  
MICHAEL PHELPS  
DAN WHIPPO

\* \* \* \* \*

## ADMINISTRATION

COREY GREEN  
Superintendent of Schools

ROBERT FARRELL  
Assistant Superintendent



School District Attorney



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor

  
orrick  
ORRICK, HERRINGTON & SUTCLIFFE, LLP  
Bond Counsel

No person has been authorized by Owego Apalachin Central School District 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 Owego Apalachin Central School District.

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
**of the**  
**OWEGO APALACHIN CENTRAL SCHOOL DISTRICT**  
**TIOGA COUNTY, NEW YORK**

**Relating To**  
**\$2,059,000 Bond Anticipation Notes, 2020 Series A**  
**&**  
**\$8,500,000 Bond Anticipation Notes, 2020 Series B**

This Official Statement, which includes the cover page, has been prepared by the Owego Apalachin Central School District, Tioga County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$2,059,000 principal amount of Bond Anticipation Notes, 2020 Series A (The "Series A Notes") and of \$8,500,000 principal amount of Bond Anticipation Notes, 2020 Series B (The "Series B Notes") (collectively, 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 principal amount of the Notes and interest thereon without limitation as to rate or amount. See "Nature of Obligation" and "TAX LEVY LIMITATION LAW," herein.

The Series A Notes are dated August 20, 2020 and will mature on August 20, 2021 without the option of prior redemption. The Series B Notes are dated August 20, 2020 and will mature on July 22, 2021 without the option of prior redemption. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) registered to the purchaser, in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination on the Series A Notes which is or includes \$9,000, with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State, as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), registered in the name of Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"), which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

**No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

## Purpose of Issue – Series A Notes

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to bond resolutions duly adopted by the Board of Education as follows:

Purpose	Authorization Date	Amount Outstanding	Principal Payment	New Money	Notes to be Issued
Purchase of Buses	7/23/2015	\$ 99,000	\$ 99,000	\$ -	-
Purchase of Buses	7/7/2016	210,000	105,000	-	105,000
Purchase of Buses	7/13/2017	294,000	98,000	-	196,000
Purchase of Buses	7/12/2018	536,000	134,000	-	402,000
Purchase of Buses	7/25/2019	720,000	144,000	-	576,000
Purchase of Buses	8/10/2020	-	-	780,000	780,000
	Totals:	\$ 1,859,000	\$ 580,000	\$ 780,000	\$ 2,059,000

The proceeds of the Series A Notes, along with \$580,000 available funds, will partially redeem and partially renew the \$1,859,000 bond anticipation notes maturing August 21, 2020, and will provide \$780,000 in new monies against for the aforementioned purpose.

## Purpose of Issue – Series B Notes

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution of the District dated August 10, 2020 authorizing the issuance of up to \$22,475,784 serial bonds and the expenditure of \$2,000,000 capital reserve fund monies for the construction of improvements to and reconstruction of various District buildings in and for the District.

The proceeds of the Series B Notes will provide \$8,500,000 new monies for this purpose.

## Nature of Obligation

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

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, without limitation as to rate or amount.

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

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

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

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

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

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

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

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

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

### **BOOK-ENTRY-ONLY SYSTEM**

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

DTC, a “banking organization” within the meaning of the New York Banking Law, is a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

### **Certificated Notes in Certain Circumstances**

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

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof except for one necessary odd denomination on the Series A Notes which is or includes \$9,000. 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 SCHOOL DISTRICT**

### **General Information**

The District is located in the southern tier of the State in the County of Tioga. It is approximately 20 miles west of the City of Binghamton and approximately 30 miles east of the City of Elmira. The District encompasses the towns of Owego, Nichols, Candor, Newark Valley, and Tioga. The land area of the District is approximately 99 square miles.

Major highways within and in close proximity to the District include U.S. Route 11, Interstate 81, which extends north to Canada and south to Tennessee, Interstate 88, which runs northeast to Albany, Route 86 ("The Southern Tier Expressway"), which runs east-west and connects with Interstate 87 north of New York City and Interstate 90 near Erie, Pennsylvania, and New York State Routes 7, 12 and 26. Bus service is provided to and from the area within the District by Trailways, and the Short Line – Coach USA.

Air transportation is provided via the Binghamton Regional Airport which is serviced by Delta Air Line. Emery Air Freight and Federal Express also operate from the airport. The District is also served by the Tri-Cities Airport, located in nearby Endicott, New York. Railroads providing freight service to the area include Conrail, the Delaware and Hudson Railroad and the Delaware and Otsego Railroad.

Banking services are provided to the residents of the District by branch offices of Manufacturers & Traders Trust Company, N.A., NBT Bank, N.A., Community Bank, N.A., Chemung Canal Trust Company, Visions Federal Credit Union and Tioga State Bank.

Electric utility and natural gas services are provided by the New York State Electric and Gas Corporation ("NYSEG"), police protection is provided by the Village of Owego (the "Village"), the County and State agencies and fire protection is provided by the Village's volunteer fire department. Water and sewer facilities are provided by Suez water.



## *Recent Developments*

Several businesses have announced new plans for operations and others have recently opened within the community.

- Lockheed Martin has announced a new expansion that will allow for additional manufacturing space in which it will work on electronics for flight systems. Projections are 130 new jobs and a \$19.2 million investment.
- At the end of January 2016, Federal Express (“FedEx”) opened a \$12.9 million facility and created approximately 70 new jobs.
- On September 20, 2016, Lockheed Martin opened a new bioenergy facility in Owego. The system, which is up and operational. This system uses Concord Blue’s advanced technology that will convert waste into clean, renewable energy.
- Owego Gardens completed construction on 62 units of housing for people over 55 years of age in December 2016. Tenants moved into the building in 2017, and the facility is currently at maximum capacity. An expansion for this project is currently under development which will more than double the current size.
- In December 2016, Upstate Shredding completed a \$7.5 million project to expand its metal recycling operations that added 25 jobs. The 20,000 square foot expansion to house new metal processing technology was aided with a \$1 million grant from Empire State Development and included an upgrade to the existing shredder and the ability to separate media.
- In 2017, Crown Holdings, Inc., a global leader in metal packaging technology, has officially opened its Tioga County manufacturing operations in the company's first newly constructed U.S. facility in more than two decades. The facility, with a 375,000 in square feet of manufacturing space and 150,000 square feet of warehouse space, is located in the Town of Nichols and makes beverage containers. Crown is the third producer of beverage cans in the world and invested over \$150 million to build the facility. By 2018 it created 164 new jobs and is currently employing 213 people.
- Tioga Downs Casino is a full-fledged gaming facility, with the addition of table games. Two new restaurants within the Casino, and a new 161-room hotel are now complete. Additionally, the Casino has purchased and renovated the Tioga Country Club. Employment has risen from 310 to over 700 employees, with the changes and additions. The facility is located in an adjacent school district but employs many local people.
- Sanmina closed its plant in Owego on July 10 2018. This resulted in the loss of approximately 230 jobs. The local IDA is reporting that it has significant interest in the facility from other firms.
- In 2018, the Tioga County Industrial Development Agency announced the Voigt and Schweitzer plans to construct a steel galvanization plant which will employ 34 people initially with plans to increase that number to 60 or more.
- There has been an influx of Amish farms to the area. There is a group relocating here from Ohio and another group from Pennsylvania. This started in 2017 with a significant influx in 2018 and has continued into 2019.
- The Gateway Building on Front Street in Owego was completed during the first quarter of 2019. All apartments and retail spaces have been leased.
- The Village of Owego was recently awarded \$10 million in funding by the State as the Southern Tier winner of the third round of the Downtown Revitalization Initiative. The funds will be used for improvements to the Briggs and Awad buildings on Mains Street, along with other improvements for mixed uses.

Note: The impact of the COVID-19 pandemic on these projects cannot be predicted at this time.

Source: District officials.

## **Population**

The current estimated population of the District is 13,976. (Source: 2018 U.S. Census Bureau estimate.)

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## Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>
Towns of:						
Candor	\$ 16,967	\$ 22,957	\$ 26,420	\$ 43,186	\$ 58,333	\$ 68,936
Newark Valley	17,577	21,623	36,650	45,321	54,148	78,345
Nichols	15,728	20,216	27,017	38,558	53,933	74,844
Owego	21,996	29,083	36,410	53,735	67,301	89,676
Tioga	17,813	20,524	33,216	46,650	56,523	70,915
County of:						
Tioga	18,673	24,596	31,330	46,509	59,907	75,333
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

Note: 2015-2019 American Community Survey data is not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2014-2018 5-Year American Community Survey data.

## Larger Employers

The following are the five larger employers located within or in close proximity to the District.

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Lockheed Martin	Tactical Systems	2,700
Tioga Downs	Racing	705
Owego-Apalachin Central School District	Education	472
Upstate Shredding	Recycling	360
ENSCO Avionics	Manufacturer/Processor	246

Note: The list and figures above have not been updated since the outbreak of the COVID-19 pandemic.

Source: District officials.

## Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest areas for which such statistics are available (which include the District) is the County of Tioga. The information set forth below with respect to the County and State of New York is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the County or the State are necessarily representative of the District, or vice versa.

	<u>Annual Averages</u>						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Tioga County	7.1%	6.1%	5.5%	5.1%	5.1%	4.4%	4.1%
New York State	7.7	6.3	5.3	4.9	4.7	4.1	4.0

	<u>2020 Monthly Figures</u>							
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>
Tioga County	5.2%	5.0%	5.1%	14.8%	10.2%	10.3%	N/A	N/A
New York State	4.1	3.9	4.2	15.0	14.2	15.6	N/A	N/A

Note: Unemployment rates for July and August 2020 are unavailable as of the date of this Official Statement. Unemployment rates for the foreseeable future are expected to increase substantially over prior periods as a result of the COVID-19 pandemic.

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

## **Form of School Government**

The Board of Education (the “Board”), is the policy-making body of the District, and consists of seven members, all of whom are qualified voters of the District, each with overlapping three-year terms so that as nearly an equal number of members as possible is elected to the Board each year. The Board President (the Chief Financial Officer of the District) and the Vice President are selected from among the Board members. The School Superintendent and Assistant Superintendent of the District run the day-to-day operations of the District.

## **Investment Policy**

Pursuant to the statutes of the State, the District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposit in a bank or trust company located and authorized to do business in the State; (2) obligations of the United States of America; (3) obligations of 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; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments for the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State; 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 of 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 of America, 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.

The District policy does not permit the District to enter into reverse repurchase agreements or make other derivative type investments.

## **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 third 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 2019-20 fiscal year was defeated by the qualified voters on May 21, 2019 by a vote of 479 to 597. The District's proposed budget for 2019-20 fiscal year called for a total tax levy increase of 3.83%, which was equal to the Tax Cap imposed by Chapter 97 of the Laws of 2011. The District presented a revised budget to voters on June 18, 2019. The revised budget was approved by a vote of 1,318 to 815, and called for a total tax levy increase of 2.83%, which was below the District's tax levy limit of 3.83%.

The proposed budget for the 2020-21 fiscal year was approved by voters on June 16, 2020 by a vote of 1,754 to 640. The District's adopted budget for the 2020-21 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 1.82%, which is equal to the District tax levy limit of 1.82%.

For further details regarding the District's budgets, see "APPENDIX – A2, GENERAL FUND – Revenues, Expenditures and Changes in Fund Balance – Budget and Actual", attached hereto.

## **State Aid**

The District receives financial assistance from the State. In its proposed budget for the 2020-2021 fiscal year, approximately 48.85% 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.

## *COVID-19*

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

## *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 2020-2021 Budget continues to allow 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 was reduced by \$850 million or more, the New York State Director of the Budget would 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. See "State Aid" herein for a discussion of this provision set forth in the 2020-2021 Enacted Budget.

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

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

### *Building Aid*

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2020-2021 preliminary building aid ratios, the District State Building aid of approximately 86.1% for debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

### *State Aid History*

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

*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 was not a part of the Community Schools Grant Initiative (CSGI) and has not received any 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 \$13,294,025. 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 2017-2018 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 2017-2018 and 2018-2019 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

*School district fiscal year (2018-2019):* The State's 2018-2019 Enacted Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately \$859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at \$26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of \$618 million in Foundation Aid for school districts. Foundation Aid totaled nearly \$17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. \$50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served 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 2018-2019.

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

*School District Fiscal Year (2020-21):* The 2020-21 Enacted Budget includes a year-to-year funding increase for State aid of \$95.0 million of .035%. Foundation Aid to school districts is frozen at the same level as the 2019-2020 fiscal year; while other aids, calculated according to formulas in current law, are responsible for the increase. The State's 2020-2021 Enacted Budget includes \$10 million in new funding for grants to school districts for student mental health services. It should be noted that there was an actual year-to-year decrease of State aid implemented through a reduction of each school district's State aid allocation from the 2019-2020 fiscal year. The reduction is being referred to as a "Pandemic Adjustment." However, the decrease in State aid is expected to be fully offset by an allocation received by the State of funds from the recently approved federal stimulus bill. Absent the federal stimulus funds, there would have been a \$1.127 billion decrease in State aid from the 2019-2020 fiscal year. In addition, the State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% of estimates or if actual disbursements exceed 101% of estimates.

### *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 *Campaign for Fiscal Equity* case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein.

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

## State Aid Revenues

The following table illustrates the percentage of total revenues of the District for the below fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2015-2016	\$ 41,939,495	\$ 20,411,425	48.67%
2016-2017	43,751,370	21,703,464	49.61
2017-2018	44,752,903	22,291,857	49.81
2018-2019	45,322,464	22,809,218	50.33
2019-2020 (Budgeted)	47,761,210 <sup>(1)</sup>	22,911,465	47.97
2019-2020 (Unaudited)	45,779,036	23,123,602	50.51
2020-2021 (Proposed)	47,717,978	23,310,865	48.85

<sup>(1)</sup> Includes appropriated fund balance of \$1,700,000, appropriated reserves of \$671,000 and interfund transfers of \$253,655.

Source: Audited Financial Statement for the 2015-2016 fiscal year through and including the 2018-2019 fiscal year, unaudited results and the adopted budget for the 2019-20 fiscal year, and the proposed budget for 2020-2021 fiscal year. This table is not audited.

Note: These projections are based upon certain current assumptions and estimates, and the 2019-2020 audited results may vary therefrom.

## District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Apalachin Elementary School	UPK-5	650	1966
Owego Elementary School <sup>(1)</sup>	UPK-5	721	2016
Owego-Apalachin Middle School	6-8	845	2005
Owego Free Academy	9-12	900	1972

<sup>(1)</sup> This building was demolished due to severe storm damage. A new replacement building has been constructed.

## Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2015-2016	2,085	2020-2021	2,001
2016-2017	2,076	2021-2022	2,001
2017-2018	2,050	2022-2023	2,001
2018-2019	2,019	2023-2024	2,001
2019-2020	2,001	2024-2025	2,001

Note: Figures include enrollment for Universal Prekindergarten (UPK).

## Employees

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

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
196	Owego-Apalachin Teachers' Association	June 30, 2022
168	Owego-Apalachin Employees' Association	June 30, 2021
10	Owego-Apalachin Administrators' & Supervisors' Association	June 30, 2022
81 <sup>(1)</sup>	Substitutes United in Broome County	June 30, 2020 <sup>(2)</sup>
1	Superintendent	June 30, 2023

<sup>(1)</sup> Figure does not represent full-time employees.

<sup>(2)</sup> Currently under negotiation.

Note: The District currently has a group of 10 Confidential Employees not represented by a bargaining unit.

## 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 years and the budgeted figures for the 2020-2021 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2015-2016	\$ 556,035	\$ 1,793,393
2016-2017	618,051	1,659,500
2017-2018	596,383	1,414,616
2018-2019	580,890	1,514,491
2019-2020	559,175	1,258,548
2020-2021 (Budgeted)	630,000	1,439,923

Source: District officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. Retirement incentives are built into the collective bargaining agreements between the District and the represented employees. The District currently does not have any additional early retirement incentive programs for its employees.

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

A chart of average ERS and TRS rates as a percent of payroll (2017 to 2021) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2016-17	15.5%	11.72%
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53 <sup>(1)</sup>

<sup>(1)</sup> Estimated.

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

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

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

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

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

The 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.

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

## **Other Post Employee Benefits**

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

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

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

**GASB 75.** In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The District implemented GASB 75 for the fiscal year ended June 30, 2017. The implementation of this statement requires districts to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net other postemployment benefit obligation. However, under GASB 45, school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires school districts to report the entire OPEB liability on the statement of net position.

The District contracted with Questar III BOCES to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the fiscal years ending June 30, 2018 and June 30, 2019, by source.

Fiscal Year Ending June 30:	<u>2018</u>	<u>2019</u>
Balance Beginning of Fiscal Year:	\$ <u>111,129,258</u>	\$ <u>116,266,224</u>
<u>Changes for the year:</u>		
Service cost	\$ 4,750,102	\$ 4,892,605
Interest	3,431,779	3,586,598
Differences between expected and actual experience	(49,315)	0
Changes of benefit terms	0	0
Changes in assumptions	0	(9,322,333)
Benefit payments	<u>(2,995,600)</u>	<u>(3,235,074)</u>
Net Changes	<u>5,136,966</u>	<u>(4,078,204)</u>
Balance at End of Fiscal Year:	\$ 116,266,224	\$ 112,188,020

Note: The above table is not audited. For additional information see “APPENDIX – F” attached hereto.

Source: Audited financial statements.

The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the District’s audited financial statements for the fiscal years ending June 30, 2018 and June 30, 2019

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

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

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

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

## Other Information

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

The District will comply 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 upon lapsing of the current Governor Executive Order relating thereto.

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

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

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

## Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2019 and is attached hereto as “APPENDIX – F”. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

Insero & Co. CPAs, LLP, the independent auditor for the District, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Insero & Co. CPAs, LLP also has not performed any procedures relating to this Official Statement.

### Unaudited Results for Fiscal Year Ended June 30, 2020

The District concluded the fiscal year ended June 30, 2020 with an unappropriated unreserved fund balance of approximately \$1,835,887. Summary unaudited information for the General Fund for the period ended June 30, 2020 is as follows:

Projected Revenues:	\$ <u>45,779,036</u>
Projected Expenditures:	<u>45,711,046</u>
Projected Excess (Deficit) Revenues Over Expenditures:	\$ <u>67,990</u>
Total General Fund Balance at June 30, 2019:	\$ <u>6,354,488</u>
Total Projected General Fund Balance at June 30, 2020:	\$ <u>6,422,478</u>

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

## New York State Comptroller Report of Examination

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

The Office of the State Comptroller is currently conducting an audit of the District. It is anticipated that the report will be published to the Office of the State Comptroller website upon completion.

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

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

## The State Comptroller’s Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2019	No Designation	3.3
2018	No Designation	13.3
2017	No Designation	3.3

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

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

## TAX INFORMATION

### Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Towns of:					
Owego	\$ 516,873,691	\$ 516,930,040	\$ 518,144,532	\$ 518,392,106	\$ 523,854,745
Nichols	8,805,800	8,635,959	8,603,421	8,513,949	8,494,539
Candor	5,718,046	5,721,861	5,752,089	5,746,347	5,886,295
Newark Valley	1,047,035	1,047,880	1,051,009	1,051,941	1,053,947
Tioga	5,535,037	5,562,659	5,562,466	5,560,684	5,553,701
Total Assessed Values	<u>\$ 537,979,609</u>	<u>\$ 537,898,399</u>	<u>\$ 539,113,517</u>	<u>\$ 539,265,027</u>	<u>\$ 544,843,227</u>

### State Equalization Rates

Towns of:					
Owego	77.00%	75.90%	75.90%	74.90%	72.50%
Nichols	23.00%	23.50%	24.00%	24.50%	26.00%
Candor	98.50%	100.00%	98.00%	96.00%	97.00%
Newark Valley	66.50%	70.00%	70.00%	68.00%	68.00%
Tioga	6.80%	7.00%	6.60%	6.60%	6.40%
Total Taxable Full Valuation	<u>\$ 798,327,835</u>	<u>\$ 804,501,398</u>	<u>\$ 810,165,663</u>	<u>\$ 818,648,641</u>	<u>\$ 849,624,418</u>

### Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Towns of:					
Owego	\$ 20.75	\$ 27.17	\$ 27.27	\$ 27.88	\$ 28.54
Nichols	89.57	87.77	86.24	85.24	79.59
Candor	20.91	20.62	21.12	21.75	21.33
Newark Valley	30.98	29.46	29.57	30.71	30.43
Tioga	302.96	294.67	313.59	316.43	323.32

## Tax Collection Procedure

Tax payments are due September 1<sup>st</sup>. There is no penalty charge from September 1<sup>st</sup> to September 30<sup>th</sup>, but a 2% penalty is charged on all uncollected taxes from October 1<sup>st</sup> to October 31<sup>st</sup>. After October 31<sup>st</sup>, uncollected taxes plus penalties are returned to the County for collection. The District receives these amounts from the County prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

## Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Tax Levy	\$ 16,446,676	\$ 16,594,707	\$ 16,768,512	\$ 17,097,053	\$ 17,580,900
Amount Uncollected <sup>(1)</sup>	1,006,527	1,075,981	1,460,537	1,047,833	1,044,440
% Uncollected	6.12%	7.69%	8.71%	6.13%	5.94%

<sup>(1)</sup> The District receives 100% of its tax levy each year. See "Tax Collection Procedure" herein.

## Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below fiscal years comprised of Real Property Taxes.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Property Tax Levy</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2015-2016	\$ 41,939,498	\$ 16,446,676	37.38%
2016-2017	43,751,370	16,594,707	37.93
2017-2018	44,752,903	16,678,512	37.47
2018-2019	45,322,464	17,097,053	37.72
2019-2020 (Budgeted)	47,761,210 <sup>(1)</sup>	17,580,900	36.81
2019-2020 (Unaudited)	45,779,036	15,044,770	32.86
2020-2021 (Proposed)	47,717,978	17,900,212	37.51

<sup>(1)</sup> Includes appropriated fund balance of \$1,700,000, appropriated reserves of \$671,000 and interfund transfers of \$253,655.

Source: Audited Financial Statement for the 2015-2016 fiscal year through and including the 2018-2019 fiscal year, unaudited results and the adopted budget for the 2019-2020 fiscal year, and the proposed budget for 2020-2021 fiscal year. This table is not audited.

Note: These projections are based upon certain current assumptions and estimates, and the 2019-2020 audited results may vary therefrom.

## Larger Taxpayers 2019 for the 2019-20 Tax Roll

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Valuation</u>
Loral Federal Systems	Commercial	\$45,629,470
NYSEG	Utility	26,428,066
Millennium Pipeline	Commercial	16,214,187
Southern Tier Hotel	Hotel	7,118,621
Sanmina Corp	Commercial	7,033,793
Norfolk Southern Railway	Railway	5,209,002
United Water Owego Inc	Utility	4,818,723
Owego RE Holdings LLC	Commercial	4,194,483
Upstate Shredding, LLC	Commercial	3,642,759
Inergy Pipeline East, LLC	Utility	3,111,497
CNYOG Co., LLC	Utility	3,069,956
Riverview 510 Holding LLC	Commercial	2,752,690

The larger taxpayers listed above have an estimated taxable assessed valuation total of \$129,223,247, which represents 23.72% of the total assessed valuation of the District for the 2019-2020 fiscal year.

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris that are known or believed could have a material impact on the finances of 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 individual retirement annuities (“STAR Adjusted Gross Income”) of \$88,050 or less in 2019-20, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$68,700 for the 2019-20 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2020-21 State Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and lowers the income limit for the exemption to \$200,000, compared with a \$500,000 limit for the credit.

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

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Candor	\$ 67,710	\$ 29,100	4/10/2020
Newark Valley	47,460	20,400	4/10/2020
Nichols	18,150	7,800	4/10/2020
Owego	50,610	21,750	4/10/2020
Tioga	4,470	1,920	4/10/2020

\$2,536,130 of the District’s \$17,580,900 school tax levy for the 2019-2020 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2020.

Approximately \$2,536,130 of the District’s \$17,900,212 proposed school tax levy for the 2020-2021 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State in January 2021.

## Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-40%; Commercial-35%; and Agricultural-25%.

The estimated total annual property tax bill of a \$75,000 market value residential property located in the District is approximately \$2,358 including County, Village, and respective Town and School District taxes.

## TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 (the “Tax Levy Limit Law” or “TLLL”) was enacted. The Tax Levy Limit Law expires on June 16, 2020 unless extended. The Tax Levy Limit Law imposes a tax levy limitation on the School District for any fiscal year each commencing after January 1, 2012 without providing an express exclusion for real property taxes levied for payment of principal of and interest on general obligations issued by the School District under the Local Finance Law. Accordingly, the power of the School District to levy real property taxes on all taxable real property within the School District without limitation as to rate or amount in furtherance of the pledge of its faith and credit as required in the New York Constitution is subject to statutory limitations pursuant to formulae set forth in the Tax Levy Limit Law.

The Tax Levy Limit Law restricts the increase in the amount of the succeeding year’s tax levy to no more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. The TLLL also provides for certain adjustments for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. The 2% limit can be increased and overridden annually through a local law enacted by a 60% supermajority vote of the qualified electors of the School District adopting the annual budget. Computation of the tax levy limit by the school district must be submitted to the Office of the State Comptroller for review. Express exclusions from the 2% limit of TLLL include (i) funds needed to pay judgments in excess of 5% of the prior year’s tax levy, (ii) retirement systems growth in the average actuarial contribution rate in excess of 2% and (iii) voter approved capital expenditures, defined as 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. Certain values related to growth of value of the real property tax base in the School District, as computed by the commissioner of taxation and finance, may result in an increase adjustment in the real property tax levy notwithstanding the 2% limit in the TLLL. The School District is also permitted to carry forward a certain portion of its unused levy limitation from a prior year. The 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. Nonetheless, the TLLL does not provide an express exclusion from the tax levy limitation for payment of principal and interest on general obligations authorized and issued by a School District under the Local Finance Law.

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". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

## STATUS OF INDEBTEDNESS

### Constitutional Requirements

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations in summary form, and as generally applicable to the District and the Notes, 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 corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of the 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. 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 school district purpose authorized by the legislature of the State; provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

There is no constitutional limitation on the amount of real property taxes which may be levied in any fiscal year to pay the principal of and interest on the Notes. Further, the New York Constitution prohibits the State Legislature from restricting the power of the District to levy real estate taxes for the payment of principal of and interest on indebtedness authorized and issued under the Local Finance Law. However, Chapter 97 of the Laws of 2011 imposes a statutory limit on the District's power to increase its annual real property tax levy, including such taxes to pay the principal of and interest on the Notes. See "LEGAL MATTERS" herein.



## Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds.

**Debt Limit.** The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the equalization rate which such assessed valuation bears to the full valuation; such rate is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such rate shall be determined.

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 within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

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

The Board of Education, as the finance board of the 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

<u>Fiscal Years Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$ 27,590,000	\$ 25,345,000	\$ 22,905,000	\$ 20,380,000	\$ 17,755,000
Bond Anticipation Notes	883,000	1,197,000	1,391,000	1,667,000	1,859,000
Revenue Anticipation Notes	18,827,173	16,418,429	20,228,429	6,955,000	2,700,000
Other Debt <sup>(1)</sup>	<u>310,000</u>	<u>295,000</u>	<u>275,000</u>	<u>255,000</u>	<u>235,000</u>
Total Debt Outstanding	\$ 47,610,173	\$ 43,345,429	\$ 44,799,429	\$ 29,257,000	\$ 22,549,000

- <sup>(1)</sup> Represents an Energy Performance Contract Lease purchase obligation (EPC). EPCs are not general obligation indebtedness, but are counted against the District's debt limit. See "Other Obligations" herein.

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of August 12, 2020:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount Outstanding</u>
<u>Bonds</u>	2021-2044	\$ 17,755,000
<u>Bond Anticipation Notes</u>		
Bus Purchase	August 21, 2020	1,859,000 <sup>(1)</sup>
<u>Revenue Anticipation Notes</u>		
Anticipation of FEMA Funds – Owego High School Bldg.	June 25, 2021	<u>2,700,000</u>
	Total Indebtedness	\$ 22,314,000

<sup>(1)</sup> To be redeemed and/or renewed at maturity with the proceeds the Series A Notes and available funds of the District.

Note: The District is currently in the process of refunding its \$8,098,038 School District (Serial) Bonds, 2013 issue, of which \$3,670,000 is currently outstanding and included in the Bonds total above.

## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of August 12, 2020:

Full Valuation of Taxable Real Property .....	\$ 849,624,418
Debt Limit – 10% thereof .....	84,962,442

### Inclusions:

Bonds .....	\$ 17,755,000
Bond Anticipation Notes .....	0
Principal of these Issues .....	<u>10,559,000</u>

Total Inclusions ..... \$ 28,314,000

### Exclusions:

State Building Aid <sup>(1)</sup> .....	\$ 0
Total Exclusions .....	<u>\$ 0</u>

Total Net Indebtedness <sup>(2)</sup> ..... \$ 28,314,000

Net Debt-Contracting Margin ..... \$ 56,648,442

The percent of debt contracting power exhausted is ..... 33.33%

<sup>(1)</sup> Based on preliminary 2020-2021 building aid estimates, the District anticipates State Building aid of 86.1% 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.

<sup>(2)</sup> Does not include lease purchase financings which, while not general obligation indebtedness, do count toward the District's debt limit. See "Other Obligations" herein.

Note: 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. Additionally, outstanding Energy Performance Contracts (EPCs) of the District are not included in the calculations above. EPCs are not general obligation indebtedness, but are counted against the District's debt limit. See "Other Obligations" herein.

## Bonded Debt Service

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

## Cash Flow Borrowings

The District has not issued tax anticipation notes in the past. The District has issued revenue anticipation notes in anticipation of the receipt of financial assistance from the U.S. Federal Emergency Management Agency ("FEMA") and other third-party sources for demolition and repair of school buildings and facilities occasioned by severe storm damage. See "Capital Project Plans" herein.

Below is a chart of the District's revenue anticipation note borrowing history for the past five completed fiscal years:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Issue Date</u>	<u>Due Date</u>
2014-2015	\$11,000,000	2/28/2014	2/27/2015
2015-2016	16,500,000	2/27/2015	2/26/2016
2015-2016	4,500,000	10/29/2015	10/28/2016
2015-2016	4,100,000	2/25/2016	10/28/2016
2015-2016	14,727,173	2/25/2016	2/25/2017
2016-2017	2,500,000	10/28/2016	10/27/2017
2016-2017	3,475,000	10/28/2016	10/27/2017
2016-2017	10,443,429	2/23/2017	2/22/2018
2017-2018	2,830,000	10/27/2017	10/26/2018 <sup>(1)</sup>
2017-2018	4,455,000	10/27/2017	10/26/2018
2017-2018	10,443,429	2/23/2017	2/22/2018
2017-2018	10,443,429	2/21/2018	6/28/2018
2017-2018	10,443,429	6/27/2018	6/27/2019
2017-2018	2,500,000	6/27/2018	6/27/2019
2018-2019	4,455,000	10/25/2018	10/25/2019
2018-2019	2,500,000	6/26/2019	6/26/2020
2019-2020	2,700,000	6/25/2020	6/25/2021

<sup>(1)</sup> The District elected to call and pay in full these revenue anticipation notes on March 9, 2018.

Although the degree of the impact of COVID-19 on the operations and finances of the District is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, the District may consider the issuance of additional obligations in the coming fiscal year to address cash flow needs.

Source: District records.

## Capital Project Plans

The District has completed a capital project to replace and reconstruct three school buildings. In 2011, three of the District's buildings were damaged beyond repair by severe flooding. They include the Owego Elementary School building, the District administration building, and a maintenance storage building. The District is working with the U.S. Federal Emergency Management Agency ("FEMA") on the funding for the replacement/reconstruction of these buildings. The District has received assurances from FEMA to provide reimbursement for the costs of replacement/reconstruction of approximately 85% of the Owego Elementary School building. The District has also been awarded a 428 Grant form with FEMA to provide 100% of the costs of replacement/reconstruction of the administration building and the maintenance/storage building. The District expects to be responsible for approximately \$11 million (i.e., 15%) of the Owego Elementary School building. General obligation bonds authorized and issued by the District for the foregoing purpose is expected to receive approximately 86% of State building aid. The District issued long-term general obligation serial bonds through the Dormitory Authority of the State of New York (DASNY) in June 2016 and withdrew funds from a capital reserve for replacement/reconstruction costs not expected to be paid for from FEMA financial assistance.

The District has also completed a "dry flood proof" section of the Owego Free Academy that was damaged by the floods. The project involves installing new flood-proof doors, reinforcing the walls, and moving the heating/ventilation units to the roof, rather than at their current floor level in each room. These unit ventilators, and the doorways, were the path of ingress by the flood waters. This project will seal off that section of the building. The project is expected to be funded with FEMA/NYSOEM funds.

The District is currently using funds that remain in the 428 FEMA grant to renovate some of the District's athletic facilities which was represented by the \$2,700,000 Revenue Anticipation Notes, 2020 that is currently outstanding and maturing on June 25, 2021.

With respect to the administration building and maintenance storage building, the District has received State Education Department approval and has received a FEMA commitment to fund the construction of the new buildings at an estimated cost of slightly more than \$20 million. Construction is completed. The District is in the process of closing out the projects and submitting to FEMA for final reimbursement.

The District anticipates issuing revenue anticipation notes to address any cash flow concerns for the costs that FEMA will reimburse the District. (See “Cash Flow Borrowings”, herein.)

On January 22, 2019, the voters of the District approved a capital project for the construction of improvements and reconstruction to District buildings at a maximum cost of \$24,475,784, and the expenditure of \$2,000,000 from the District’s Capital Reserve Fund. The project will be at a no additional tax impact and an additional \$1,753,478 will be allocated and funded through the New York State’s Smart School Bond Act. Design plans are to be submitted to New York State Education Department (SED), and upon approval construction work will begin in the summer of 2020. The issuance of the Series B notes will represent the first borrowing against this authorization.

On May 21, 2019, the voters of the District approved a proposition for \$720,000 for the purchase of five (5) seventy-passenger school buses. The District currently has \$1,859,000 bond anticipation notes outstanding which mature on August 21, 2020 for the purchase of buses. The proceeds of the Series A Notes, along with available funds of the District, will redeem and renew the outstanding bond anticipation notes, and will provide nee money for this purpose.

The District is currently in the process of refunding its \$8,098,038 School District (Serial) Bonds, 2013 issue, of which \$3,670,000 is currently outstanding. The refunded serial bonds will be called and redeemed as of their August 28, 2020 call date.

Other than as stated above there are currently no other capital projects authorized at this time by the District.

#### Other Obligations

On April 28, 2015, the District entered into a lease purchase obligation to finance an Energy Performance Contract (EPC) in the amount of \$323,375 at an interest rate of 2.99%. The last principal payment is expected to be made on April 15, 2030. EPC lease purchase obligations are counted against the District’s debt limit, but do not constitute general obligation debt of the District. The energy savings along with the anticipated building aid are expected to offset the lease payments.

The following is a schedule of future minimum lease payments:

<u>Fiscal Year Ending June 30<sup>th</sup>:</u>	<u>Amount</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 20,000	\$ 7,027	\$ 27,027
2022	20,000	6,428	26,428
2023	20,000	5,831	25,831
2024	20,000	5,232	25,232
2025-2029	125,000	16,698	141,698
2030	<u>30,000</u>	<u>897</u>	<u>30,897</u>
Totals:	\$ 235,000	\$ 42,113	\$ 277,113

Source: 2019 Audited Financial Statements of the District, attached hereto as “APPENDIX – F”.

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## Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Tioga	12/31/2018	\$ 12,280,000	\$ -	\$ 12,280,000	31.08%	\$ 3,816,624
Towns of:						
Candor	12/31/2018	1,050,000	-	1,050,000	2.20%	23,100
Newark Valley	12/31/2018	97,200	-	97,200	0.90%	875
Nichols	12/31/2018	-	-	-	23.92%	-
Owego	12/31/2018	-	-	-	60.55%	-
Tioga	12/31/2018	-	-	-	34.51%	-
Village of:						
Owego	5/31/2019	-	-	-	100.00%	-
Total:						<u>\$ 3,840,599</u>

- (1) Bonds and bond anticipation notes are as of the close of the fiscal year, and were not adjusted to include subsequent bond or note 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 2018 and 2019.

## Debt Ratios

The following table sets forth certain ratios relating to the District's Net Indebtedness as of August 12, 2020:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 28,314,000	\$ 2,025.90	3.33%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	32,154,599	2,300.70	3.78

- (a) The 2018 estimated population of the District is 13,976. (See "THE SCHOOL DISTRICT – Population" herein.)
- (b) The District's full value of taxable real estate for the 2019-2020 fiscal year is \$849,624,418. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
- (c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
- (d) The District's applicable share of Net Overlapping Indebtedness is estimated to be \$3,840,599. (See "Estimated Overlapping Indebtedness" herein.)

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

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such bonds of the school district found to be in default and the amount of principal and interest thereon past due.

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

**General Municipal Law Contract Creditors' Provision.** Each Note when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

**Execution/Attachment of Municipal Property.** As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the School District may not be enforced by levy and execution against property owned by the School District.

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

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

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

**Default Litigation.** In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

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

## MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial condition of the School District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the School District's control. There can be no assurance that adverse events in the State or in other jurisdictions 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 School District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The School District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the School District. In several recent years, the School District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (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 School District could have an impact upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

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.

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

COVID-19. The outbreak of COVID-19 has affected education, travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. Pursuant to Executive Order, the District suspended on-site instruction effective March 16, 2020, which suspension was extended for the balance of the academic year. Plans for the next academic year are in the planning stage.

The amount of State aid to the District is dependent in part upon the financial condition of the State. With no assurance of direct Federal aid and in awareness that collections from taxes and other receipts are likely to fall materially below the level needed to fund authorized disbursements, the State's current Enacted Budget grants the Budget Director the authority to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by the New York State Division of the Budget. In addition, the Budget Director is authorized to withhold and reduce specific local aid payments during the fiscal year. (See "State Aid" herein.)

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

The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" and "State Aid History" herein).

## **TAX MATTERS**

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

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

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

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

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

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the respective approving legal opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver opinions at the time of issuance of the Notes substantially in the forms set forth in “APPENDIX – D” & “APPENDIX – E”, respectively attached hereto.

## **LITIGATION**

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

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



## **MUNICIPAL ADVISOR**

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

## **CUSIP IDENTIFICATION NUMBERS**

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

## **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 Material Event Notices, the form of which is attached hereto as "APPENDIX – C".

## **Historical Compliance**

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

## **RATING**

The Notes are not rated. Pending the approval of the District, the purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, including any fees to be incurred by the District, as such rating action may result in a material event notification to be posted to EMMA, and/or the provision of a supplement to the final Official Statement.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P Global") has assigned its underlying rating of "A+ (stable outlook)" to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating. Any desired explanation of the significance of such rating should be obtained from S&P Global, Public Finance Ratings, 55 Water Street, 38<sup>th</sup> Floor, New York, New York 10041, Phone: (212) 438-2118.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds or 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 this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

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

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

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

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

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

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

The District contact information is as follows: Robert Farrell, Assistant Superintendent, Owego Apalachin Central School District, 5 Sheldon Guile Boulevard, Owego, New York 13827, Phone: (607) 687-6218, Fax: (607) 687-6313, Email: [farrellb@oacsd.org](mailto:farrellb@oacsd.org).

Additional copies of the Notices of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at [www.fiscaladvisors.com](http://www.fiscaladvisors.com) or [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com).

**OWEGO APALACHIN CENTRAL SCHOOL DISTRICT**

**Dated: August 12, 2020**

**GENE CVIK  
PRESIDENT OF THE BOARD OF EDUCATION AND  
CHIEF FISCAL OFFICER**

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending June 30:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b><u>ASSETS</u></b>					
Unrestricted Cash	\$ 4,985,546	\$ 4,704,033	\$ 2,962,622	\$ 3,594,959	\$ 1,704,846
Restricted Cash	3,970,471	4,592,431	4,318,506	4,749,961	3,026,031
Investments - Unrestricted	-	-	-	-	2,000,720
Investments - Restricted	-	-	-	-	-
Taxes Receivable	-	-	20,733	-	-
Due from Other Funds	141,475	284,314	1,018,964	793,113	396,501
Due from Fiduciary Funds	144,655	-	-	-	-
State and Federal Aid Receivable	428,268	695,343	462,571	623,481	479,879
Due from Other Governments	904,342	946,155	1,244,609	1,007,226	1,284,333
Other Receivables	99,616	94,972	101,909	153,625	155,596
Prepaid Items	-	-	9,056	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 10,674,373</u></b>	<b><u>\$ 11,317,248</u></b>	<b><u>\$ 10,138,970</u></b>	<b><u>\$ 10,922,365</u></b>	<b><u>\$ 9,047,906</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Accounts Payable	\$ 327,618	\$ 796,513	\$ 129,174	\$ 588,115	\$ 808,292
Accrued Liabilities	16,006	125,107	33,336	28,907	64,622
Due to Other Funds	-	-	1,100	459,514	15,795
Due to Fiduciary Funds	-	-	-	-	-
Due to Other Governments	-	-	38,763	-	29
Due to Teachers' Retirement System	2,447,275	1,922,814	1,817,109	1,537,918	1,647,928
Due to Employees' Retirement System	190,758	156,469	154,114	160,703	156,749
Unearned Revenues	-	-	3	3	3
<b>TOTAL LIABILITIES</b>	<b><u>2,981,657</u></b>	<b><u>3,000,903</u></b>	<b><u>2,173,599</u></b>	<b><u>2,775,160</u></b>	<b><u>2,693,418</u></b>
<b><u>FUND EQUITY</u></b>					
Nonspendable	\$ -	\$ -	\$ 9,056	\$ -	\$ -
Restricted	3,970,471	4,482,420	4,235,390	4,661,784	2,995,734
Assigned	2,058,826	2,109,887	1,912,907	1,781,341	1,760,653
Unassigned	1,663,419	1,724,038	1,808,018	1,704,080	1,598,101
<b>TOTAL FUND EQUITY</b>	<b><u>7,692,716</u></b>	<b><u>8,316,345</u></b>	<b><u>7,965,371</u></b>	<b><u>8,147,205</u></b>	<b><u>6,354,488</u></b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 10,674,373</u></b>	<b><u>\$ 11,317,248</u></b>	<b><u>\$ 10,138,970</u></b>	<b><u>\$ 10,922,365</u></b>	<b><u>\$ 9,047,906</u></b>

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:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>REVENUES</b>					
Real Property Taxes	\$ 13,117,988	\$ 13,151,960	\$ 13,710,864	\$ 13,863,693	\$ 14,072,450
Real Property Tax Items	6,204,081	6,277,629	5,827,449	5,955,394	6,269,000
Charges for Services	56,001	51,181	21,663	9,340	1,598
Use of Money & Property	40,892	11,592	20,936	47,246	78,613
Sale of Property and					
Compensation for Loss	6,704	31,568	26,891	274,771	71,412
Miscellaneous	1,854,063	1,665,039	1,548,655	1,419,380	1,623,607
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	17,832,590	18,932,596	20,411,425	21,703,465	22,291,857
Revenues from Federal Sources	34,294	34,845	55,229	38,650	62,278
Total Revenues	<u>\$ 39,146,613</u>	<u>\$ 40,156,410</u>	<u>\$ 41,623,112</u>	<u>\$ 43,311,939</u>	<u>\$ 44,470,815</u>
Other Sources:					
Interfund Transfers	-	110,000	316,383	439,433	282,088
Reserve for Debt	-	-	-	-	-
Retirement System Credit	52,500	-	-	-	-
Total Revenues and Other Sources	<u>39,199,113</u>	<u>40,266,410</u>	<u>41,939,495</u>	<u>43,751,372</u>	<u>44,752,903</u>
<b>EXPENDITURES</b>					
General Support	\$ 4,498,849	\$ 4,690,270	\$ 5,227,521	\$ 6,006,661	\$ 5,922,454
Instruction	18,507,485	18,183,364	19,006,921	20,265,011	20,368,297
Pupil Transportation	2,007,150	1,883,245	1,793,689	2,106,381	1,861,252
Community Services	36,068	43,321	47,422	45,724	47,673
Employee Benefits	11,701,042	12,058,134	11,227,068	11,367,048	11,980,660
Debt Service	3,842,697	3,422,553	3,894,251	4,290,629	4,247,693
Total Expenditures	<u>\$ 40,593,291</u>	<u>\$ 40,280,887</u>	<u>\$ 41,196,872</u>	<u>\$ 44,081,454</u>	<u>\$ 44,428,029</u>
Other Uses:					
Interfund Transfers	1,658,751	110,923	118,995	20,892	143,040
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
Total Expenditures and Other Uses	<u>42,252,042</u>	<u>40,391,810</u>	<u>41,315,867</u>	<u>44,102,346</u>	<u>44,571,069</u>
Excess (Deficit) Revenues Over Expenditures	<u>(3,052,929)</u>	<u>(125,400)</u>	<u>623,628</u>	<u>(350,974)</u>	<u>181,834</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	10,871,046	7,818,117	7,692,717	8,316,345	7,965,371
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 7,818,117</u>	<u>\$ 7,692,717</u>	<u>\$ 8,316,345</u>	<u>\$ 7,965,371</u>	<u>\$ 8,147,205</u>

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

**GENERAL FUND**

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

Fiscal Years Ending June 30:	<b>2019</b>			<b>2020 <sup>(1)</sup></b>	<b>2021</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
<b>REVENUES</b>					
Real Property Taxes	\$ 17,097,053	\$ 14,460,049	\$ 14,435,742	\$ 17,580,900	\$ 17,900,212
Real Property Tax Items	3,626,919	6,263,923	6,391,347	3,729,912	3,914,318
Charges for Services	22,000	22,000	8,480	3,500	-
Use of Money & Property	63,500	63,500	222,748	138,778	-
Sale of Property and					
Compensation for Loss	-	-	12,895	-	-
Miscellaneous	692,500	692,500	1,191,549	712,000	992,583
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	22,626,522	22,626,522	22,809,218	22,911,465	23,310,865
Revenues from Federal Sources	35,000	35,000	78,818	60,000	-
Total Revenues	<u>\$ 44,163,494</u>	<u>\$ 44,163,494</u>	<u>\$ 45,150,797</u>	<u>\$ 45,136,555</u>	<u>\$ 46,117,978</u>
<b>Other Sources:</b>					
Interfund Transfers	171,667	171,667	171,667	253,655	-
Appropriated Fund Balance	1,700,000	1,700,000	-	1,700,000	1,600,000
Appropriated Reserves	668,000	2,668,000	-	671,000	-
Designated Fund Balance & Encumbrances					
Carried Forward from Prior Year	81,341	81,341	-	-	-
Total Revenues and Other Sources	<u>46,784,502</u>	<u>48,784,502</u>	<u>45,322,464</u>	<u>47,761,210</u>	<u>47,717,978</u>
<b>EXPENDITURES</b>					
General Support	\$ 5,505,562	\$ 5,701,155	\$ 5,381,856	\$ 5,494,564	\$ 5,226,776
Instruction	21,829,962	21,900,617	21,196,893	22,123,842	22,743,294
Pupil Transportation	2,115,053	2,107,788	1,887,560	2,162,973	2,079,170
Community Services	49,000	50,697	48,440	52,000	35,000
Employee Benefits	13,009,429	12,730,249	12,311,186	13,512,125	13,304,676
Debt Service	4,141,996	4,141,995	4,141,995	4,274,706	4,187,062
Total Expenditures	<u>\$ 46,651,002</u>	<u>\$ 46,632,501</u>	<u>\$ 44,967,930</u>	<u>\$ 47,620,210</u>	<u>\$ 47,575,978</u>
<b>Other Uses:</b>					
Interfund Transfers	133,500	2,152,001	2,147,251	141,000	142,000
Total Expenditures and Other Uses	<u>46,784,502</u>	<u>48,784,502</u>	<u>47,115,181</u>	<u>47,761,210</u>	<u>47,717,978</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(1,792,717)</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	-	-	8,147,205	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,354,488</u>	<u>\$ -</u>	<u>\$ -</u>

<sup>(1)</sup> The proposed budget for the 2019-20 fiscal year was defeated by the qualified voters on May 21, 2019. The District voters approved a revised budget on June 18, 2019.

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

**APPENDIX - B**  
**Owego Apalachin CSD**

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th	Principal	Interest	Total
2021	\$ 2,340,000	\$ 705,593.76	\$ 3,045,593.76
2022	2,435,000	605,968.76	3,040,968.76
2023	2,530,000	502,093.76	3,032,093.76
2024	1,090,000	392,018.76	1,482,018.76
2025	1,125,000	353,818.76	1,478,818.76
2026	365,000	314,318.76	679,318.76
2027	385,000	301,168.76	686,168.76
2028	400,000	284,718.76	684,718.76
2029	415,000	267,343.76	682,343.76
2030	435,000	249,312.50	684,312.50
2031	455,000	230,187.50	685,187.50
2032	475,000	210,150.00	685,150.00
2033	490,000	189,200.00	679,200.00
2034	515,000	167,100.00	682,100.00
2035	365,000	143,900.00	508,900.00
2036	380,000	125,650.00	505,650.00
2037	400,000	106,650.00	506,650.00
2038	410,000	94,650.00	504,650.00
2039	425,000	82,350.00	507,350.00
2040	435,000	69,600.00	504,600.00
2041	450,000	56,550.00	506,550.00
2042	465,000	43,050.00	508,050.00
2043	480,000	29,100.00	509,100.00
2044	490,000	14,700.00	504,700.00
<b>TOTALS</b>	<b>\$ 17,755,000</b>	<b>\$ 5,539,193.84</b>	<b>\$ 23,294,193.84</b>

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending June 30th	2012			2013		
	Refunding of 2004 A & B Serial Bonds			Various Capital Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,460,000	\$ 282,468.76	\$ 1,742,468.76	\$ 695,000	\$ 101,225.00	\$ 796,225.00
2022	1,525,000	209,468.76	1,734,468.76	715,000	83,850.00	798,850.00
2023	1,595,000	133,218.76	1,728,218.76	730,000	65,975.00	795,975.00
2024	120,000	53,468.76	173,468.76	755,000	45,900.00	800,900.00
2025	125,000	48,668.76	173,668.76	775,000	23,250.00	798,250.00
2026	130,000	43,668.76	173,668.76	-	-	-
2027	140,000	39,768.76	179,768.76	-	-	-
2028	140,000	35,568.76	175,568.76	-	-	-
2029	145,000	31,193.76	176,193.76	-	-	-
2030	150,000	26,662.50	176,662.50	-	-	-
2031	155,000	21,787.50	176,787.50	-	-	-
2032	160,000	16,750.00	176,750.00	-	-	-
2033	160,000	11,550.00	171,550.00	-	-	-
2034	170,000	5,950.00	175,950.00	-	-	-
TOTALS	\$ 6,175,000	\$ 960,193.84	\$ 7,135,193.84	\$ 3,670,000	\$ 320,200.00	\$ 3,990,200.00

Fiscal Year Ending June 30th	2016		
	Various Capital Improvements (Issued through DASNY)		
	Principal	Interest	Total
2021	\$ 185,000	\$ 321,900.00	\$ 506,900.00
2022	195,000	312,650.00	507,650.00
2023	205,000	302,900.00	507,900.00
2024	215,000	292,650.00	507,650.00
2025	225,000	281,900.00	506,900.00
2026	235,000	270,650.00	505,650.00
2027	245,000	261,400.00	506,400.00
2028	260,000	249,150.00	509,150.00
2029	270,000	236,150.00	506,150.00
2030	285,000	222,650.00	507,650.00
2031	300,000	208,400.00	508,400.00
2032	315,000	193,400.00	508,400.00
2033	330,000	177,650.00	507,650.00
2034	345,000	161,150.00	506,150.00
2035	365,000	143,900.00	508,900.00
2036	380,000	125,650.00	505,650.00
2037	400,000	106,650.00	506,650.00
2038	410,000	94,650.00	504,650.00
2039	425,000	82,350.00	507,350.00
2040	435,000	69,600.00	504,600.00
2041	450,000	56,550.00	506,550.00
2042	465,000	43,050.00	508,050.00
2043	480,000	29,100.00	509,100.00
2044	490,000	14,700.00	504,700.00
TOTALS	\$ 7,910,000	\$ 4,258,800.00	\$ 12,168,800.00

## MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the 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:

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

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

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

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



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

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

The District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the District no longer remains an obligated person with respect to the 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.

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

All documents provided to the EMMA system shall be accompanied by identifying information as prescribed by the MSRB. There is no obligated person under the Rule other than the District.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

**FORM OF BOND COUNSEL’S OPINION – SERIES A NOTES**

August 20, 2020

Owego Apalachin Central School District  
Tioga County  
State of New York

Re: Owego Apalachin Central School District, Tioga County, New York  
\$2,059,000 Bond Anticipation Notes, 2020 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$2,059,000 Bond Anticipation Notes, 2020 Series A (the “Obligation”), of the Owego Apalachin Central School District, Tioga County, New York (the “Obligor”), dated August 20, 2020, numbered 1, of the denomination of \$2,059,000, bearing interest at the rate of \_\_\_\_% per annum, payable at maturity, and maturing August 20, 2021.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the “Code”);
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the “Arbitrage Certificate”); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

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

- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

**FORM OF BOND COUNSEL’S OPINION – SERIES B NOTES**

August 20, 2020

Owego Apalachin Central School District  
Tioga County  
State of New York

Re: Owego Apalachin Central School District, Tioga County, New York  
\$8,500,000 Bond Anticipation Notes, 2020 Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$8,500,000 Bond Anticipation Notes, 2020 Series B (the “Obligation”), of the Owego Apalachin Central School District, Tioga County, New York (the “Obligor”), dated August 20, 2020, numbered 1, of the denomination of \$8,500,000, bearing interest at the rate of \_\_\_% per annum, payable at maturity, and maturing July 22, 2021.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the “Code”);
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the “Arbitrage Certificate”); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any

applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

**OWEGO APALACHIN CENTRAL SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS**

**For the Fiscal Year Ended**

**June 30, 2019**

**The Audited Financial Statements, including opinion, 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.**

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

Owego, New York

## FINANCIAL REPORT

For the Year Ended  
June 30, 2019



# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Owego-Apalachin Central School District  
Owego, 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 Owego-Apalachin Central School District (the School District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School 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 School 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.

INSERO & Co. CPAs, LLP

Rochester | Ithaca | Corning | Cortland | Watkins Glen | (800) 232-9547 | [www.inserocpa.com](http://www.inserocpa.com)

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of School District's Contributions - NYSLRS and NYSTRS Pension Plans, the Schedule of the School District's Proportionate Share of the Net Pension Asset/Liability, and related notes on pages 4-4i and 47-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures - Capital Projects Fund, Schedule of Net Investment in Capital Assets, Combining Balance Sheet - Non-Major Governmental Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds (supplementary information) on pages 56-60 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

Respectfully Submitted,

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

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
September 30, 2019

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019**

The following is a discussion and analysis of Owego-Apalachin Central School District's (the School District) financial performance for the fiscal year ended June 30, 2019. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and Governmental Fund financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

### **FINANCIAL HIGHLIGHTS**

- Total revenues exceeded expenditures by \$9,158,611 in 2019, compared to expenditures exceeding revenues by \$5,006,127 in 2018.
- Capital assets decreased \$1,683,761 in 2019, as depreciation expense exceeded capital outlay.
- Outstanding debt of the School District, in the amount of \$31,388,873, was down 29.24% from 2018. This was a result of a large decrease in revenue anticipation notes due to the receipt of FEMA funds.
- Governmental funds experienced an increase in total fund balance of \$11,639,102, which was due to the receipt of FEMA funds noted above.
- General Fund budgetary expenditures were underspent by \$1,608,668.
- Total fund balance in the General Fund, including reserves, was \$6,354,488 at June 30, 2019. Restricted fund balance of \$2,995,734 consisted of General Fund restricted reserves; assigned fund balance of \$1,760,653 consisted of encumbrances and appropriations to support the 2019-2020 budget of \$1,700,000; leaving \$1,598,101 in unassigned fund balance, which is below the maximum limit (4% of 2019-2020 appropriations) permitted under New York State Real Property Tax Law.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year and a Schedule of Changes in the District's Total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for postemployment benefits, and information related to the School District's pension obligations.

### **District-wide Statements**

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the School District's net position and how it changed.

Net position - the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

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

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

### **Governmental Fund Financial Statements**

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

- **Governmental Funds:** Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the Governmental Funds financial statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information following the Governmental Funds financial statements explains the relationship (or differences) between them.

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019**

- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund and the Student Activities Funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

*Figure 1*

<b>Condensed Statement of Net Position</b>	<b>Governmental Activities and Total School District</b>		<b>Total Dollar Change</b>
	<b>2018</b>	<b>2019</b>	<b>2018 - 2019</b>
<i>Current Assets</i>	\$ 9,386,270	\$ 14,202,773	\$ 4,816,503
<i>Noncurrent Assets</i>	8,769,953	5,903,378	(2,866,575)
<i>Capital Assets, Net</i>	140,984,916	139,301,155	(1,683,761)
<b>Total Assets</b>	<b>159,141,139</b>	<b>159,407,306</b>	<b>266,167</b>
<i>Pensions</i>	10,590,588	9,263,529	(1,327,059)
<b>Total Deferred Outflows of Resources</b>	<b>10,590,588</b>	<b>9,263,529</b>	<b>(1,327,059)</b>
<i>Current Liabilities</i>	24,893,792	14,367,856	(10,525,936)
<i>Noncurrent Liabilities</i>	140,425,813	134,089,416	(6,336,397)
<b>Total Liabilities</b>	<b>165,319,605</b>	<b>148,457,272</b>	<b>(16,862,333)</b>
<i>Economic Gain of Defeased Debt</i>	942,929	883,995	(58,934)
<i>Pensions</i>	3,714,927	2,534,651	(1,180,276)
<i>Other Postemployment Benefits</i>	43,227	7,925,267	7,882,040
<b>Total Deferred Inflows of Resources</b>	<b>4,701,083</b>	<b>11,343,913</b>	<b>6,642,830</b>
<i>Net Investment in Capital Assets</i>	95,684,455	107,028,287	11,343,832
<i>Restricted</i>	6,818,272	5,082,667	(1,735,605)
<i>Unrestricted</i>	(102,791,688)	(103,241,304)	(449,616)
<b>Total Net Position (Deficit)</b>	<b>\$ (288,961)</b>	<b>\$ 8,869,650</b>	<b>\$ 9,158,611</b>

Total assets remained consistent with prior year, increasing only 0.17%. Changes in current and noncurrent assets are the result of Board approved appropriations of \$2,000,000 in capital reserve funds. The change in capital assets, net is the result of depreciation expense exceeding capital outlay.

Total deferred outflows of resources decreased 12.53% and total deferred inflows of resources increased 141.30%. These changes stem from changes in actuarial assumptions related to the NYSLRS and NYSTRS pension plans, as well as the School Districts other postemployment benefits (OPEB) plan.

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019**

Total liabilities decreased 10.20%. This change is based on large decrease in revenue anticipation notes due to large receipts of FEMA funds.

Total net position increased 3,169.5%. This change stems from revenues exceeding expenses, primarily due to the receipt of FEMA funds during the year. The change in net investment in capital assets is a result of the large decrease in revenue anticipation notes.

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

**Figure 2**

<b>Condensed Statement of Activities</b>	<b>Governmental Activities and Total School District</b>		<b>Total Dollar Change</b>
	<b>2018</b>	<b>2019</b>	<b>2018 - 2019</b>
<b>REVENUES</b>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 420,066	\$ 476,383	\$ 56,317
<i>Operating Grants and Contributions</i>	3,009,557	2,762,547	(247,010)
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	14,072,450	14,435,742	363,292
<i>Real Property Tax Items</i>	6,269,000	6,391,347	122,347
<i>State Sources</i>	21,811,908	22,752,068	940,160
<i>Federal Sources</i>	769,610	12,958,941	12,189,331
<i>Use of Money and Property</i>	90,948	421,516	330,568
<i>Other General Revenues</i>	1,665,128	1,193,358	(471,770)
<b>Total Revenues</b>	<b>\$ 48,108,667</b>	<b>\$ 61,391,902</b>	<b>\$ 13,283,235</b>
<b>PROGRAM EXPENSES</b>			
<i>General Support</i>	\$ 7,565,640	\$ 6,790,146	\$ (775,494)
<i>Instruction</i>	39,330,723	39,425,318	94,595
<i>Pupil Transportation</i>	3,510,842	3,285,065	(225,777)
<i>Community Service</i>	89,170	87,360	(1,810)
<i>School Lunch Program</i>	1,490,632	1,480,269	(10,363)
<i>Interest on Debt</i>	1,127,787	1,165,133	37,346
<b>Total Expenses</b>	<b>\$ 53,114,794</b>	<b>\$ 52,233,291</b>	<b>\$ (881,503)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (5,006,127)</b>	<b>\$ 9,158,611</b>	<b>\$ 14,164,738</b>

Total revenues increased 27.61%, while total expenses decreased 1.66%. The change in total revenue stems from a large increase in federal sources, primarily receipts from FEMA. The change in total expenses is primarily due to a net decrease in OPEB expense in comparison to the expense recorded in the prior year.

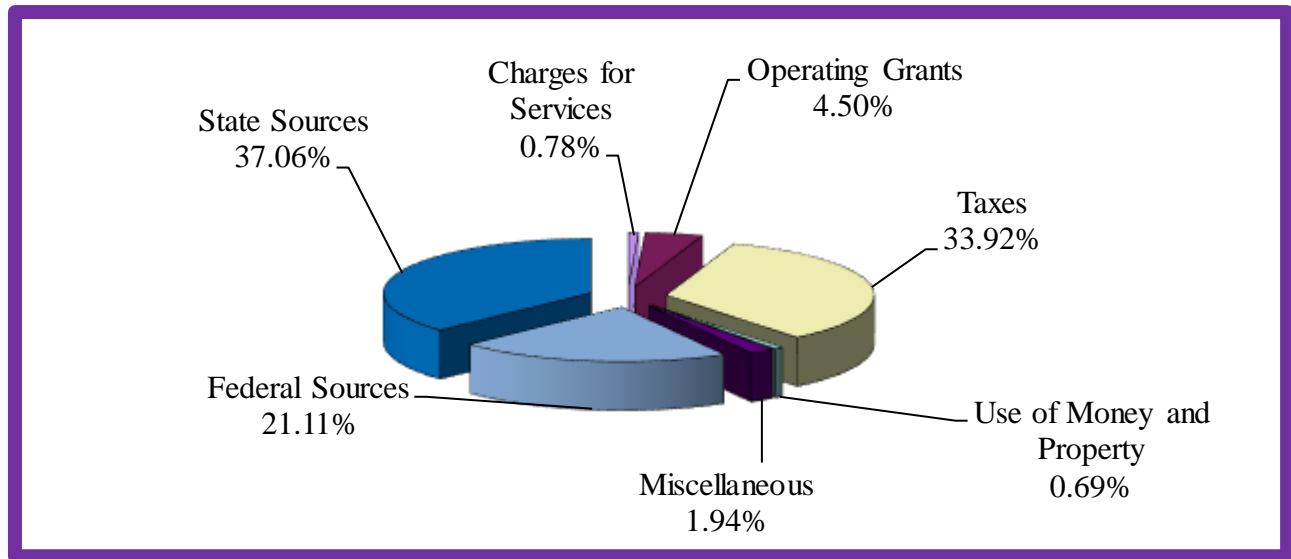


# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

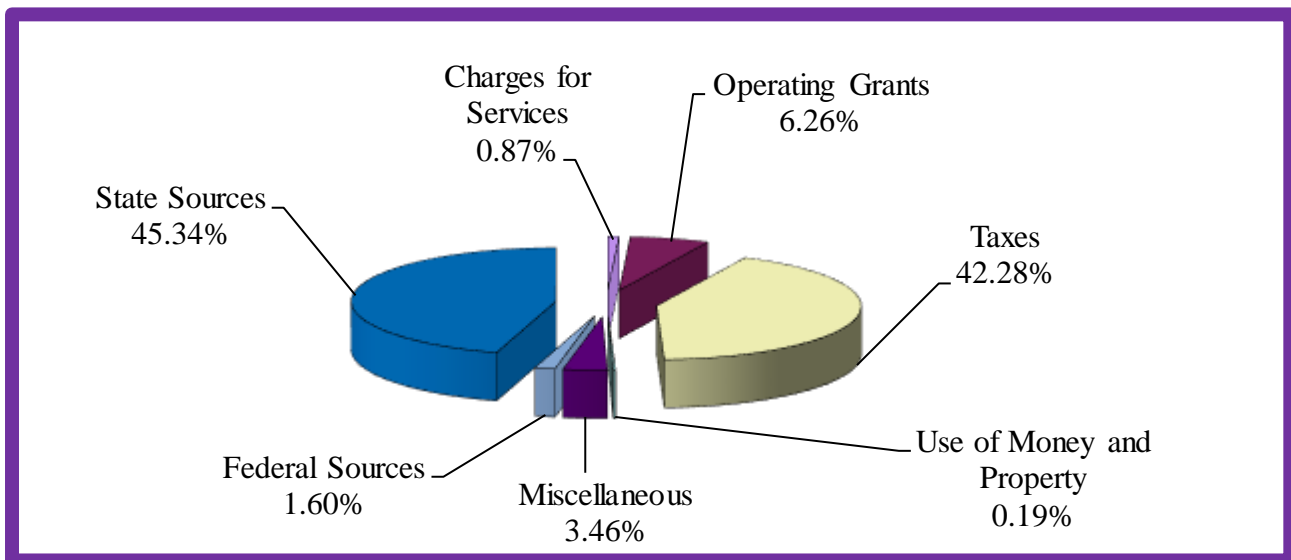
## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019**

Figures 3 and 4 show the sources of revenue for 2019 and 2018.

**Figure 3  
Sources of Revenue for 2019**



**Figure 4  
Sources of Revenue for 2018**

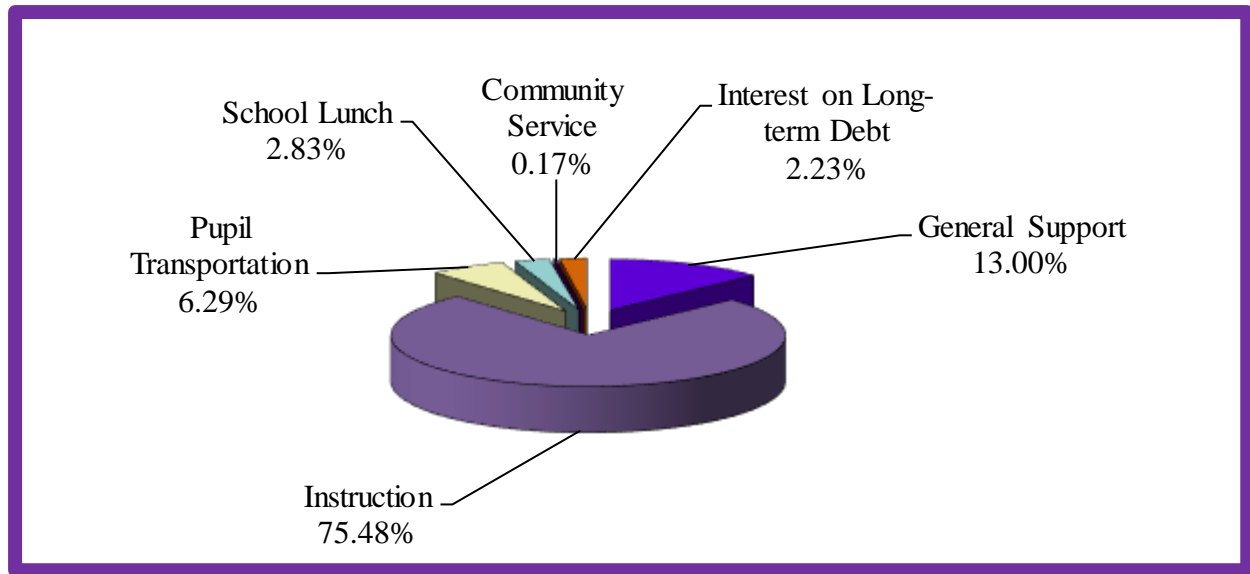


# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

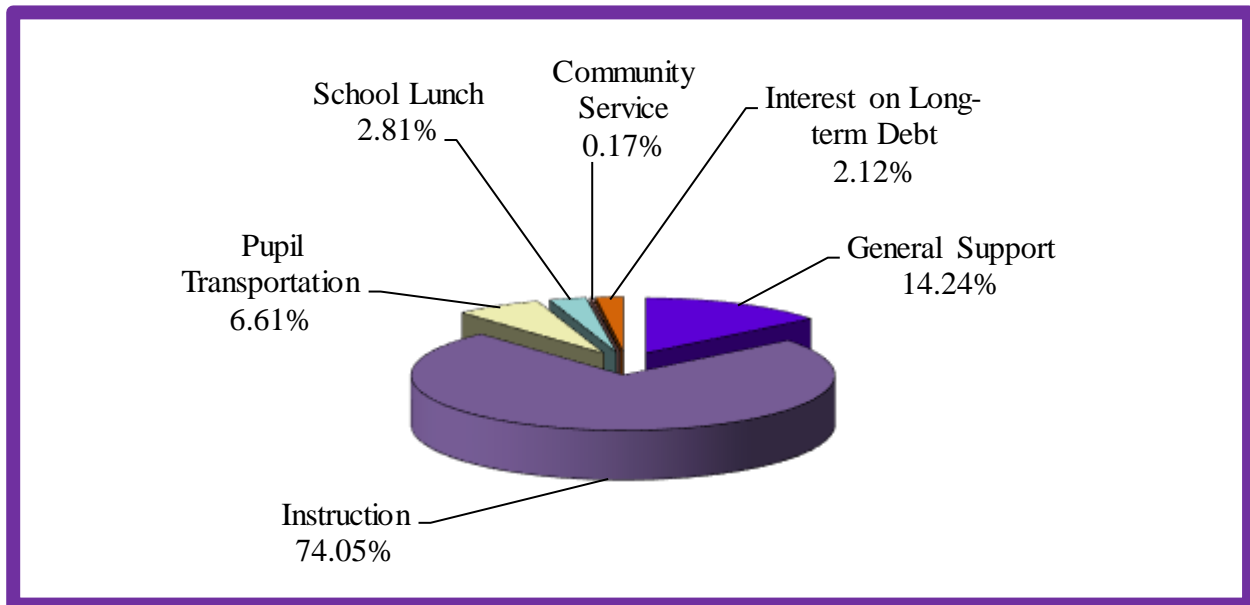
## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019**

Figures 5 and 6 present the cost of each of the School District's programs for 2019 and 2018.

***Figure 5  
Cost of Programs for 2019***



***Figure 6  
Cost of Programs for 2018***



# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019**

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

Figure 7 shows the changes in fund balance for the year for the School District's major and aggregate non-major Funds. Total fund balances increased by 200.33% from the prior year. This increase is primarily attributable to the excess of revenue and other financing sources over expenditures in the Capital Projects Fund - Construction.

*Figure 7*

<i>Governmental Fund Balances</i>	<i>2018</i>	<i>2019</i>	<i>Total Dollar Change 2018-2019</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 8,147,205	\$ 6,354,488	\$ (1,792,717)
<i>Capital Projects Fund - Construction</i>	(14,757,812)	(984,676)	13,773,136
<i>Capital Projects Fund - Buses</i>	(1,391,000)	(1,667,000)	(276,000)
<i>Debt Service Fund</i>	2,083,987	1,933,257	(150,730)
<i>Non-Major Funds</i>	107,675	193,088	85,413
<b><i>Total Governmental Funds</i></b>	<b>\$ (5,809,945)</b>	<b>\$ 5,829,157</b>	<b>\$ 11,639,102</b>

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Board approves budgetary transfers of \$10,000 or more that revise the School District budget line items.

In addition, the budget was amended during the fiscal year. Budget amendments included use of reserves, which increased the budget by \$2,000,000. Even with these adjustments, actual charges to appropriations (expenditures), including carry-over encumbrances, were below the final budget by \$1,608,668.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ending June 30, 2019.

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

*Figure 8*

<i>Condensed Budgetary Comparison General Fund - 2019</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
<i>REVENUES</i>				
<i>Real Property Taxes</i>	\$ 17,097,053	\$ 14,460,049	\$ 14,435,742	\$ (24,307)
<i>Other Tax Items</i>	3,626,919	6,263,923	6,391,347	127,424
<i>State Sources</i>	22,626,522	22,626,522	22,809,218	182,696
<i>Federal Sources</i>	35,000	35,000	78,818	43,818
<i>Other, Including Financing Sources</i>	949,667	949,667	1,607,339	657,672
<b><i>Total Revenues and Other Financing Sources</i></b>	<b>\$ 44,335,161</b>	<b>\$ 44,335,161</b>	<b>\$ 45,322,464</b>	<b>\$ 987,303</b>
<b><i>Appropriated Fund Balances</i></b>	<b>\$ 2,449,341</b>	<b>\$ 4,449,341</b>		
<i>EXPENDITURES</i>				
<i>General Support</i>	\$ 5,505,562	5,701,155	\$ 5,412,445	\$ 288,710
<i>Instruction</i>	21,829,962	21,900,617	21,215,787	684,830
<i>Pupil Transportation</i>	2,115,053	2,107,788	1,895,730	212,058
<i>Community Service</i>	49,000	50,697	48,440	2,257
<i>Employee Benefits</i>	13,009,429	12,730,249	12,314,186	416,063
<i>Debt Service</i>	4,141,996	4,141,995	4,141,995	-
<i>Other Financing Uses</i>	133,500	2,152,001	2,147,251	4,750
<b><i>Total Expenditures and Other Financing (Uses)</i></b>	<b>\$ 46,784,502</b>	<b>\$ 48,784,502</b>	<b>\$ 47,175,834</b>	<b>\$ 1,608,668</b>

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of June 30, 2019, the School District had invested in a broad range of capital assets totaling \$176,839,470; offset by accumulated depreciation of \$37,538,315. *Figure 9* shows the changes in the School District's capital assets.

*Figure 9*

<i>Changes in Capital Assets</i>	<i>2018</i>	<i>2019</i>	<i>Total Dollar Change 2018-2019</i>
<i>Land</i>	\$ 627,326	\$ 627,326	\$ -
<i>Construction in Progress</i>	39,848,018	41,033,823	1,185,805
<i>Buildings, Net</i>	97,295,016	94,323,596	(2,971,420)
<i>Equipment, Net</i>	3,214,556	3,316,410	101,854
<b><i>Total</i></b>	<b>\$ 140,984,916</b>	<b>\$ 139,301,155</b>	<b>\$ (1,683,761)</b>

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019**

Capital asset activity for the year ended June 30, 2019 included the following:

Construction in Progress	\$ 1,285,805
Buses	643,945
Equipment	134,199
Total Additions	<u>2,063,949</u>
Less Loss on Disposal	(11,086)
Less Depreciation Expense	<u>(3,736,624)</u>
<b>Net Decrease in Capital Assets</b>	<b><u>\$ (1,683,761)</u></b>

### **Debt Administration**

Figure 10 shows the changes in the School District's outstanding debt. Total outstanding indebtedness of the School District represented 35.7% of its statutory debt limit, exclusive of building aid estimates.

*Figure 10*

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change 2018-2019</i>
	<i>2018</i>	<i>2019</i>	
<i>Bond Anticipation Notes</i>	\$ 1,391,000	\$ 1,667,000	\$ 276,000
<i>Revenue Anticipation Notes</i>	17,398,429	6,955,000	(10,443,429)
<i>Serial Bonds</i>	25,293,103	22,511,873	(2,781,230)
<i>Installment Purchase Debt</i>	275,000	255,000	(20,000)
<b><i>Total</i></b>	<b>\$ 44,357,532</b>	<b>\$ 31,388,873</b>	<b>\$ (12,968,659)</b>

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

The School District's bond rating is A+, which did not change from the prior year.

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019**

### **FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

- At the end of 2014, the School District concluded high-level negotiations with FEMA surrounding funding for a new administration building and a new maintenance/storage/shop facility. The Memorandum of Understanding with FEMA commits \$23.3 million for these purposes, plus additional reconstruction efforts. Construction of the new administration building was completed in July of 2016. Construction of the new maintenance facility was completed in June 2017. Neither of these projects will have any impact on local school taxes.
- Our 2018-19 budget showed a relatively constant level of expenditures. We again saw some relief from large increases in pension and health care costs, compared to previous years. Many other areas of the budget were held flat or decreased.
- For 2019-20 our voters approved a property tax levy increase of 2.83%, which was the maximum allowed under Property Tax Cap legislation. For the past ten years, the School District has had an average property tax levy increase of only 1.61% per year. We've been able to keep the tax rate increase low, but this is dependent on state aid received by the School District, which is difficult to predict from year to year.
- Negotiations with the ASA are on-going. All other contracts are settled.
- Our bus purchase proposition was approved by the voters and we will be able to purchase five new buses. This continues our long-term bus replacement strategy and maintains stability in that portion of our budget and operation. This strategy is very effective in reducing maintenance costs, increasing fuel efficiency, lowering operating costs, and assuring the safety of children riding our buses. Bus purchases are aided by NYSED at approximately 85 cents on the dollar.

### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Owego-Apalachin Central 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, please feel free to contact the District Office of the Owego-Apalachin Central School District, 5 Sheldon Guile Blvd., Owego, New York.

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF NET POSITION JUNE 30, 2019**

### **ASSETS**

#### **Current Assets**

Cash - Unrestricted	\$ 7,783,353
Cash - Restricted	81,045
Investments - Unrestricted	2,049,967
Investments - Restricted	1,932,775
Receivables:	
State and Federal Aid	864,698
Due from Other Governments	1,284,333
Other	167,190
Inventories	38,082
Prepaid items	1,330
<b>Total Current Assets</b>	<b>14,202,773</b>

#### **Noncurrent Assets**

Restricted Cash	3,026,031
Federal Aid Receivable, Net	1,273,698
Net Pension Asset - Proportionate Share	1,603,649
Capital Assets, Net:	
Nondepreciable Capital Assets	41,661,149
Depreciable Capital Assets, Net	97,640,006
<b>Total Noncurrent Assets</b>	<b>145,204,533</b>
<b>Total Assets</b>	<b>159,407,306</b>

### **DEFERRED OUTFLOWS OF RESOURCES**

Pensions	9,263,529
<b>Total Deferred Outflows of Resources</b>	<b>9,263,529</b>

### **LIABILITIES**

#### **Current Liabilities**

##### **Payables:**

Accounts Payable	875,692
Accrued Liabilities	64,622
Due to Other Governments	354
Bond Interest and Matured Bonds	158,927
Revenue Anticipation Notes Payable	6,955,000
Bond Anticipation Notes Payable	1,667,000
Unearned Revenues	32,302
Due to Teachers' Retirement System	1,647,928
Due to Employees' Retirement System	156,749
Current Portion of Noncurrent Liabilities:	
Bonds and Other Debt Payable	2,789,282
Installment Purchase Debt Payable	20,000
<b>Total Current Liabilities</b>	<b>14,367,856</b>

*See Notes to Basic Financial Statements*

**STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2019**

**Noncurrent Liabilities**

Bonds and Other Debt Payable	\$ 19,722,591
Installment Purchase Debt Payable	<u>235,000</u>
Compensated Absences Payable	<u>888,777</u>
Other Postemployment Benefits Liability	<u>112,188,020</u>
Net Pension Liability - Proportionate Share	<u>1,055,028</u>
<b>Total Noncurrent Liabilities</b>	<u><u>134,089,416</u></u>

<b>Total Liabilities</b>	<u><u>148,457,272</u></u>
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**DEFERRED INFLOWS OF RESOURCES**

Pensions	<u>2,534,651</u>
Other Postemployment Benefits	<u>7,925,267</u>
Economic Gain of Defeased Debt	<u>883,995</u>

<b>Total Deferred Inflows of Resources</b>	<u><u>11,343,913</u></u>
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**NET POSITION**

Net Investment in Capital Assets	<u>107,028,287</u>
Restricted	<u>5,082,667</u>
Unrestricted (Deficit)	<u>(103,241,304)</u>

<b>Total Net Position</b>	<u><u><u>\$ 8,869,650</u></u></u>
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# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
General Support	\$ 6,790,146	\$	\$	\$	\$ (6,790,146)
Instruction	39,425,318	87,298	1,676,065		(37,661,955)
Pupil Transportation	3,285,065				(3,285,065)
Community Services	87,360				(87,360)
School Lunch Program	1,480,269	389,085	1,086,482		(4,702)
Interest on Debt	1,165,133				(1,165,133)
<b>Total Functions and Programs</b>	<b>\$ 52,233,291</b>	<b>\$ 476,383</b>	<b>\$ 2,762,547</b>	<b>\$ -</b>	<b>(48,994,361)</b>
<b>GENERAL REVENUES</b>					
Real Property Taxes					14,435,742
Real Property Tax Items					6,391,347
Use of Money and Property					421,516
State Sources					22,752,068
Federal Sources					12,958,941
Sale of Property and Compensation for Loss					1,809
Miscellaneous					1,191,549
<b>Total General Revenues</b>					<b>58,152,972</b>
Change in Net Position					9,158,611
Total Net (Deficit) - Beginning of Year					(288,961)
<b>Total Net Position - End of Year</b>					<b>\$ 8,869,650</b>

*See Notes to Basic Financial Statements*

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2019

	Major Funds	
	General Fund	Capital Projects Fund - Construction
<b>ASSETS</b>		
Cash - Unrestricted	\$ 1,704,846	\$ 6,033,224
Cash - Restricted	3,026,031	482
Investments - Unrestricted	2,000,720	
Investments - Restricted		
Due from Other Funds	396,501	
State and Federal Aid	479,879	
Due from Other Governments	1,284,333	
Other Receivables	155,596	
Inventories		
Prepaid items		
<b>Total Assets</b>	<b>\$ 9,047,906</b>	<b>\$ 6,033,706</b>
<b>LIABILITIES</b>		
Payables:		
Accounts Payable	\$ 808,292	\$ 62,900
Accrued Liabilities	64,622	
Due to Other Funds	15,795	482
Due to Other Governments	29	
Revenue Anticipation Notes Payable		6,955,000
Bond Anticipation Notes Payable		
Unearned Revenues	3	
Due to Teachers' Retirement System	1,647,928	
Due to Employees' Retirement System	156,749	
<b>Total Liabilities</b>	<b>2,693,418</b>	<b>7,018,382</b>
<b>FUND BALANCES</b>		
Nonspendable		
Restricted	2,995,734	
Assigned	1,760,653	
Unassigned	1,598,101	(984,676)
<b>Total Fund Balances (Deficit)</b>	<b>6,354,488</b>	<b>(984,676)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,047,906</b>	<b>\$ 6,033,706</b>

*See Notes to Basic Financial Statements*

<b>Major Funds</b>			
<b>Capital Projects Fund - Buses</b>	<b>Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$	\$ 33,909	\$ 11,374	\$ 7,783,353
		80,563	3,107,076
	49,247		2,049,967
	1,932,775		1,932,775
	482	15,795	412,778
		384,819	864,698
			1,284,333
		11,594	167,190
		38,082	38,082
		1,330	1,330
<b>\$ -</b>	<b>\$ 2,016,413</b>	<b>\$ 543,557</b>	<b>\$17,641,582</b>
\$	\$	\$ 4,500	\$ 875,692
			64,622
	83,156	313,345	412,778
		325	354
			6,955,000
1,667,000			1,667,000
		32,299	32,302
			1,647,928
			156,749
1,667,000	83,156	350,469	11,812,425
		39,412	39,412
	1,933,257	153,676	5,082,667
			1,760,653
(1,667,000)			(1,053,575)
(1,667,000)	1,933,257	193,088	5,829,157
<b>\$ -</b>	<b>\$ 2,016,413</b>	<b>\$ 543,557</b>	<b>\$17,641,582</b>

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2019

**Fund Balances (Deficit) - Total Governmental Funds** **\$ 5,829,157**

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

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 176,839,470	
Less Accumulated Depreciation	<u>(37,538,315)</u>	139,301,155

The School District's proportionate share of the Employee Retirement Systems' collective net pension asset/liability is not reported in the funds.

TRS Net Pension Asset - Proportionate Share	\$ 1,603,649	
ERS Net Pension Liability - Proportionate Share	<u>(1,055,028)</u>	548,621

Deferred outflows of resources, including pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including economic gain on defeased debt, pensions, and other postemployment benefits represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

ERS Deferred Outflows of Resources - Pension	\$ 675,329	
TRS Deferred Outflows of Resources - Pension	8,588,200	
ERS Deferred Inflows of Resources - Pension	(391,960)	
TRS Deferred Inflows of Resources - Pension	(2,142,691)	
Other Postemployment Benefits Deferred Inflows of Resources	(7,925,267)	
Economic Gain on Defeased Debt	<u>(883,995)</u>	(2,080,384)

Certain long-term assets are not receivable or due and payable in the current period and, therefore, are not reported in the funds.

Federal Receivable - FEMA		1,273,698
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Proceeds of debt are reported as revenue in the Governmental Funds, but issuance of debt increases the balance of obligations payable in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bonds Payable	\$ (20,380,000)	
Unamortized Bond Premium	(2,131,873)	
Installment Purchase Debt	<u>(255,000)</u>	(22,766,873)

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Compensated Absences	\$ (888,777)	
Other Postemployment Benefits Liability	(112,188,020)	
Accrued Interest on Long-Term Debt	<u>(158,927)</u>	<u>(113,235,724)</u>

**Net Position of Governmental Activities** **\$ 8,869,650**

*See Notes to Basic Financial Statements*

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	<b>Major Funds</b>	
	<b>General Fund</b>	<b>Capital Projects Fund - Construction</b>
<b>REVENUES</b>		
Real Property Taxes	\$ 14,435,742	\$
Real Property Tax Items	6,391,347	
Charges for Services	8,480	
Use of Money and Property	222,748	
Sale of Property and Compensation for Loss	12,895	
Miscellaneous	1,191,549	
State Sources	22,809,218	
Medicaid Reimbursement	78,818	
Federal Sources		12,958,941
Sales - School Lunch		
<b>Total Revenues</b>	<b>45,150,797</b>	<b>12,958,941</b>
<b>EXPENDITURES</b>		
General Support	5,381,856	
Instruction	21,196,893	
Pupil Transportation	1,887,560	
Community Services	48,440	
Employee Benefits	12,311,186	
Debt Service:		
Principal	2,797,787	
Interest	1,344,208	
Cost of Sales		
Capital Outlay		1,285,805
<b>Total Expenditures</b>	<b>44,967,930</b>	<b>1,285,805</b>
<b>Excess of Revenues Over (Expenditures)</b>	<b>182,867</b>	<b>11,673,136</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>		
Redeemed from Appropriations		
Premium on Obligations		
Operating Transfers In	171,667	2,100,000
Operating Transfers (Out)	(2,147,251)	
<b>Total Other Sources (Uses)</b>	<b>(1,975,584)</b>	<b>2,100,000</b>
Net Change in Fund Balances	(1,792,717)	13,773,136
Fund Balances (Deficit) - Beginning of Year	8,147,205	(14,757,812)
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 6,354,488</b>	<b>\$ (984,676)</b>

*See Notes to Basic Financial Statements*

<b>Major Funds</b>			
<b>Capital Projects Fund - Buses</b>	<b>Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$	\$	\$	\$ 14,435,742
			6,391,347
			8,480
	198,754	14	421,516
			12,895
		57,708	1,249,257
		618,122	23,427,340
			78,818
		2,029,567	14,988,508
		389,085	389,085
-	198,754	3,094,496	61,402,988
			5,381,856
		2,120,012	23,316,905
		20,598	1,908,158
			48,440
		327,053	12,638,239
	233,156		3,030,943
			1,344,208
		580,169	580,169
643,945			1,929,750
643,945	233,156	3,047,832	50,178,668
(643,945)	(34,402)	46,664	11,224,320
394,000			394,000
	20,782		20,782
	34,557	38,749	2,344,973
(26,055)	(171,667)		(2,344,973)
367,945	(116,328)	38,749	414,782
(276,000)	(150,730)	85,413	11,639,102
(1,391,000)	2,083,987	107,675	(5,809,945)
<b>\$ (1,667,000)</b>	<b>\$ 1,933,257</b>	<b>\$ 193,088</b>	<b>\$ 5,829,157</b>

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

**Net Change in Fund Balances - Total Governmental Funds** **\$ 11,639,102**

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

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

Capital Outlay	\$ 2,063,949	
Net Book Value of Disposed Assets	(11,086)	
Depreciation Expense	<u>(3,736,624)</u>	(1,683,761)

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

ERS	\$ (58,563)	
TRS	<u>269,229</u>	210,666

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal repayments.

Principal Payments		2,636,943
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Long-term liabilities, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in a decrease or increase in these long-term liabilities are not reflected in the Governmental Fund financial statements. This is the decrease or increase in the amount reported in the Statement of Activities.

Change in Compensated Absences	\$ 1,204	
Change in Other Postemployment Benefits Liability	<u>(3,803,836)</u>	(3,802,632)

The issuance of refunding bonds resulted in an economic gain of defeased debt. The economic gain is amortized annually.

58,934

Premiums received on obligations are recorded as revenues in the Governmental Funds when received, but are deferred and amortized in the Governmental Activities. This is the amortization of premiums received in previous years.

Amortization of Bond Premium		164,287
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Some expenses or revenues reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures or revenues in Governmental Funds.

Change in Accrued Interest Payable		<u>(64,928)</u>
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**Net Change in Net Position of Governmental Activities** **\$ 9,158,611**

*See Notes to Basic Financial Statements*

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2019**

	<b>Private Purpose Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash - Unrestricted	\$	\$ 190,012
Cash - Restricted	139,636	
Investments - Restricted	2,743,475	
Accounts Receivable		40,391
<b>Total Assets</b>	<b>2,883,111</b>	<b>\$ 230,403</b>
 <b>LIABILITIES</b>		
Extraclassroom Activity Funds Balances		\$ 70,698
Other Liabilities		159,705
<b>Total Liabilities</b>		<b>\$ 230,403</b>
 <b>NET POSITION</b>		
<b>Reserved for Scholarships</b>	<b>\$ 2,883,111</b>	

*See Notes to Basic Financial Statements*



# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Private Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Gifts and Contributions	\$ 10,955
Investment Earnings	59,419
<b>Total Additions</b>	<b>70,374</b>
 <b>DEDUCTIONS</b>	
Scholarships and Awards	60,350
Change in Net Position	10,024
Net Position - Beginning of Year	2,873,087
<b>Net Position - End of Year</b>	<b>\$ 2,883,111</b>

*See Notes to Basic Financial Statements*

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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

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

**Reporting Entity**

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

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

- The primary government, which is the School District;
- Organizations for which the primary government is financially accountable, and;
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

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

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

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at 5 Sheldon Guile Boulebard, Owego, NY 13827.

**Joint Venture**

The School District is one of 15 component school districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **Joint Venture - Continued**

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

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

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

#### **Basis of Presentation - District-wide Financial Statements**

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

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

#### **Basis of Presentation - Governmental Fund Financial Statements**

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

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **Basis of Presentation - Governmental Fund Financial Statements - Continued**

The School District reports the following Governmental Funds:

#### **Major Funds**

- General Fund: The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Capital Projects Fund - Construction: Accounts for the financial resources used for the construction of the School District's educational complexes.
- Capital Projects Fund - Buses: Accounts for the financial resources used for the purchase of buses.
- Debt Service Fund: Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.

#### **Non-Major Funds**

- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
  - Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for special educational programs.
  - School Lunch Fund: Accounts for revenues and expenditures in connection with the School District's food service program.

Fiduciary Activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District, and are not available to be used.

The School District reports the following Fiduciary Funds:

- Private-Purpose Trust Fund: Accounts for Scholarship Funds awarded to individual students. These activities, and those of the Agency Funds described below, 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.
- Agency Funds: Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the School District as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **Measurement Focus and Basis of Accounting**

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

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

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

#### **Cash and Investments**

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

#### **Accounts Receivable**

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

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **State and Federal Aid Receivables**

In the Balance Sheet - Governmental Funds, state and federal aid receivable includes August and September state aid in the General Fund and grant receivables in the Special Aid and School Lunch Funds. These receivables are reported as current assets in the Statement of Net Position. Also recorded in the Statement of Net Position is a long-term receivable associated with Federal Emergency Management Assistance (FEMA). The FEMA receivable is based upon a current analysis of amounts expected to be received after the School District's availability period of one year. This analysis takes into consideration FEMA construction expenditures incurred and submitted for reimbursement as of June 30, 2019. An allowance for uncollectible accounts has been established based on management's judgment and past experience with FEMA reimbursements.

#### **Due To/From Other Funds**

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

#### **Inventories and Prepaid Items**

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures and is reported as non-spendable fund balance in the governmental fund financial statements.

#### **Capital Assets**

Capital assets are reported at actual cost for acquisitions subsequent to the adoption of GASB Statement No. 34. For assets acquired prior to the adoption of GASB Statement No. 34, estimated historical costs, based on appraisal and research of the School District's accounting records, were used. Donated assets are reported at estimated fair value at the time received. The School District uses the straight-line method of depreciation.

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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

#### **Capital Assets Continued**

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

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

#### **Vested Employee Benefits - Compensated Absences**

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts, the use of which is based on a last-in, first-out basis. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

#### **Postemployment Benefits**

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

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

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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

#### **Postemployment Benefits - Continued**

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

#### **Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports deferred outflows related to pensions in the District-wide Statement of Net Position. The types of deferred outflows related to pensions are described in Note 10.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows related to defeased debt, pensions, and OPEB plans, which are further described in Notes 8, 10, and 11.

#### **Unearned and Unavailable Revenues**

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

The Governmental Fund financial statements report a deferred inflow of resources when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflow of resources is removed, and revenues are recorded.

#### **Restricted Resources**

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



# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **Equity Classifications - District-wide Financial Statements**

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

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

#### **Equity Classifications - Governmental Fund Financial Statements**

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

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

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **Equity Classifications - Governmental Fund Financial Statements - Continued**

- Unassigned - Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has not adopted any resolutions to commit or assign fund balance. Currently fund balance is assigned by the Business Official for encumbrances and the Board of Education, by resolution, approves fund balance appropriations for next year's budget. 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.

#### **Legally Adopted Reserves**

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

- Unemployment Insurance Reserve - Used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **Legally Adopted Reserves - Continued**

- Mandatory Reserve for Debt Service - Used to account for interest and earnings on outstanding obligations and remaining bond proceeds not to be utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated. This reserve is accounted for in the Debt Service Fund.
- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- Retirement Contribution Reserve (GML §6-r) - Used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. This reserve is accounted for in the General Fund
- Capital Reserve (Education Law §3651) - Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.
- Repair Reserve (GML §6-d) - Used to pay the cost of repairs to capital improvements or equipment, of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.
- Reserve for Tax Reduction (GML §6-l) - Used to establish a reserve for the purpose of gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the School District is permitted to retain the proceeds of the sale for a period not to exceed ten years and to use them during that period for tax reduction.

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **Property Taxes - Calendar**

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 9, 2018. Taxes were collected during the period September 4, 2018 to October 31, 2018.

#### **Property Taxes - Enforcement**

Uncollected real property taxes are subsequently enforced by Tioga County (the County) in which the School District is located. An amount representing uncollected real property taxes must be transmitted by the county to the School District no later than the following April 1.

#### **Interfund Transfers**

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

#### **Use of Estimates**

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

#### **New Accounting Standards**

The School District has adopted and implemented the following (all) current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2019:

- GASB has issued Statement No. 83, "Certain Asset Retirement Obligations," effective for the year ended June 30, 2019.
- GASB has issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements," effective for the year ended June 30, 2019. This statement improves the information disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements.

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **Future Changes in Accounting Standards**

- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ending June 30, 2020. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 87, "Leases," effective for the year ending June 30, 2021.
- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," effective for the year ending June 30, 2021.
- GASB has issued Statement No. 90, "Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61," effective for the year ending June 30, 2020.

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

### ***Note 2*      Participation in BOCES**

During the year ended June 30, 2019, the School District's share of BOCES aid amounted to \$2,541,114. The School District was billed \$6,492,643 for BOCES administration and program costs. Financial statements for Broome-Tioga BOCES are available from the BOCES administrative office at 435 Glenwood Rd., Binghamton, NY 13760.

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

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

The School District's aggregate bank balances of \$13,649,393 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### **Note 3 Cash, and Cash Equivalents, and Investments - Custodial and Concentration of Credit Risk - Continued**

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

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The following investments are held by the School District:

	<b>Cost</b>	<b>Carrying Amount Fair Value</b>	<b>Type of Investment</b>	<b>Category</b>
General Fund	\$ 1,998,393	\$ 2,000,720	U.S. Treasury Bills	(1)
Debt Service Fund	1,977,902	1,982,022	U.S. Treasury Bills	(1)
Private Purpose Trust Fund	2,743,475	2,743,475	Certificate of Deposit	(2)
<b>Total</b>	<b>\$ 6,719,770</b>	<b>\$ 6,726,217</b>		

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

Restricted cash and investments at June 30, 2019 consisted of the following:

General Fund Reserves	\$     3,026,031
Restricted for School Lunch	80,563
Restricted for Debt	1,933,257
Subtotal	<u>5,039,851</u>
Private Purpose Trust Fund	<u>2,883,111</u>
<b>Total</b>	<b><u><u>\$     7,922,962</u></u></b>

**Note 4      State and Federal Aid Receivables**

State and federal aid receivables at June 30, 2019, primarily FEMA, consisted of the following:

	<u>Amount</u>
<b>Current Assets</b>	
Basic State and Federal Aid	\$     479,879
School Lunch Claims	63,006
Special Aid Claims	<u>321,813</u>
<b>Total Current Assets</b>	<b><u><u>\$     864,698</u></u></b>
<b>Noncurrent Assets</b>	
FEMA Receivable	\$     1,340,735
Less: Allowance for Uncollectible Accounts	<u>(67,037)</u>
<b>Federal Aid Receivable, Net</b>	<b><u><u>\$     1,273,698</u></u></b>

**Note 5      Interfund Balances and Activity**

Interfund balances at June 30, 2019, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$    396,501	\$     15,795	\$    171,667	\$    2,147,251
Capital Projects Fund - Construction		482	2,100,000	
Capital Projects Fund - Buses				26,055
Debt Service Fund	482	83,156	34,557	171,667
Non-Major Funds	<u>15,795</u>	<u>313,345</u>	<u>38,749</u>	
<b>Total</b>	<b><u><u>\$    412,778</u></u></b>	<b><u><u>\$    412,778</u></u></b>	<b><u><u>\$    2,344,973</u></u></b>	<b><u><u>\$    2,344,973</u></u></b>

Interfund receivables and payables are eliminated on the Statement of Net Position.

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### **Note 5      Interfund Balances and Activity - Continued**

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Funds, as needed, to fund capital projects.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

### **Note 6      Capital Assets**

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reclassifications and Disposals</b>	<b>Ending Balance</b>
Capital Assets That Are Not Depreciated:				
Land	\$ 627,326	\$	\$	\$ 627,326
Construction in Progress	39,848,018	1,285,805	(100,000)	41,033,823
Total Nondepreciable Historical Cost	<u>40,475,344</u>	<u>1,285,805</u>	<u>(100,000)</u>	<u>41,661,149</u>
Capital Assets That Are Depreciated:				
Buildings	126,046,951		100,000	126,146,951
Furniture and Equipment	9,024,079	778,144	(770,853)	9,031,370
Total Depreciable Historical Cost	<u>135,071,030</u>	<u>778,144</u>	<u>(670,853)</u>	<u>135,178,321</u>
Total Historical Cost	<u>175,546,374</u>	<u>2,063,949</u>	<u>(770,853)</u>	<u>176,839,470</u>
Less Accumulated Depreciation:				
Buildings	(28,751,935)	(3,071,420)		(31,823,355)
Furniture and Equipment	(5,809,523)	(665,204)	759,767	(5,714,960)
Total Accumulated Depreciation	<u>(34,561,458)</u>	<u>(3,736,624)</u>	<u>759,767</u>	<u>(37,538,315)</u>
<b>Total Historical Cost, Net</b>	<b><u>\$ 140,984,916</u></b>	<b><u>\$ (1,672,675)</u></b>	<b><u>\$ (11,086)</u></b>	<b><u>\$ 139,301,155</u></b>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 59,070
Instruction	3,184,809
Pupil Transportations	471,815
School Lunch Program	<u>20,930</u>
<b>Total Depreciation Expense</b>	<b><u>\$ 3,736,624</u></b>



# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### **Note 7 Short-term Debt**

The School District may issue revenue anticipation notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the Capital Fund, and were issued in anticipation of FEMA funds to be received.

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

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

<b>Description of Issue</b>	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Interest Rate</b>	<b>Outstanding June 30, 2019</b>
Bus BAN	08/23/2018	08/23/2019	2.8%	\$ 1,667,000
RAN	10/25/2018	10/15/2019	2.6%	4,455,000
RAN	06/26/2019	06/26/2020	2.0%	2,500,000
<b>Total</b>				<b>\$ 8,622,000</b>

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

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Refinanced/ Redeemed</b>	<b>Ending Balance</b>
BANs	\$ 1,391,000	\$ 1,667,000	\$ (1,391,000)	\$ 1,667,000
RANs	17,398,429	6,955,000	(17,398,429)	6,955,000
<b>Total</b>	<b>\$ 18,789,429</b>	<b>\$ 8,622,000</b>	<b>\$ (18,789,429)</b>	<b>\$ 8,622,000</b>

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

Interest Paid	\$ 404,087
(Less) Interest Accrued in the Prior Year	(49,172)
Plus Interest Accrued in the Current Year	120,720
(Less) Premiums on BANs and RANs	(20,782)
<b>Total</b>	<b>\$ 454,853</b>

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### **Note 8 Long-term Debt**

At June 30, 2019, the total outstanding indebtedness of the School District represented 35.7% of its statutory debt limit, exclusive of building aid estimates. Long-term debt is classified as follows:

- Serial Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.
- Installment Purchase Debt - The School District leases equipment with the intent to purchase.

The following is a summary of the School District's long-term debt for the year ended June 30, 2019:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2019</u>
Bonds:				
2012 Refunding Bond	08/09/2012	06/15/2034	3.00% - 5.00%	\$ 7,570,000
2010 Refunding Bond	09/15/2010	06/15/2020	2.50% - 4.00%	385,000
2013 Serial Bond	06/18/2013	06/15/2025	1.50% - 4.00%	4,340,000
2016 Revenue Bond	06/15/2016	06/15/2044	2.00% - 5.00%	8,085,000
Subtotal Bonds				<u>20,380,000</u>
Add: Unamortized Premium				2,131,873
Total Bonds				<u>22,511,873</u>
Installment Purchase Debt:				
Capital Lease	04/28/2015	04/28/2030	2.99%	255,000
<b>Total</b>				<b><u>\$ 22,766,873</u></b>

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

Interest Paid	\$ 940,121
(Less) Interest Accrued in the Prior Year	(44,827)
Plus Interest Accrued in the Current Year	38,207
(Less) Amortization of Bond Premium	(164,287)
(Less) Amortization of Economic Gain on Defeased Debt	<u>(58,934)</u>
<b>Total</b>	<b><u>\$ 710,280</u></b>

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

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

**Note 8 Long-term Debt - Continued**

Long-term liability balances and activity for the year ended June 30, 2019 are summarized below:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Bonds	\$ 22,996,943	\$	\$ (2,616,943)	\$ 20,380,000	\$ 2,625,000
Installment Purchase Debt	275,000		(20,000)	255,000	20,000
Subtotal	23,271,943		(2,636,943)	20,635,000	2,645,000
Add: Premium	2,296,160		(164,287)	2,131,873	164,282
<b>Total</b>	<b>\$ 25,568,103</b>	<b>\$ -</b>	<b>\$ (2,801,230)</b>	<b>\$ 22,766,873</b>	<b>\$ 2,809,282</b>

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

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 2,625,000	\$ 826,293	\$ 3,451,293
2021	2,340,000	705,593	3,045,593
2022	2,435,000	605,968	3,040,968
2023	2,530,000	502,093	3,032,093
2024	1,090,000	392,018	1,482,018
2025-2029	2,690,000	1,521,367	4,211,367
2030-2034	2,370,000	1,045,949	3,415,949
2035-2039	1,980,000	553,200	2,533,200
2040-2044	2,320,000	213,000	2,533,000
<b>Total</b>	<b>\$ 20,380,000</b>	<b>\$ 6,365,481</b>	<b>\$ 26,745,481</b>

**Installment Purchase Debt**

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

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 20,000	\$ 7,624	\$ 27,624
2021	20,000	7,027	27,027
2022	20,000	6,428	26,428
2023	20,000	5,831	25,831
2024	20,000	5,232	25,232
2025-2029	125,000	16,698	141,698
2030	30,000	897	30,897
<b>Total</b>	<b>\$ 255,000</b>	<b>\$ 49,737</b>	<b>\$ 304,737</b>

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### *Note 8*     **Long-term Debt - Continued**

#### **Installment Purchase Debt - Continued**

The following is a schedule of the cost of capital assets procured through capital leases and net book value:

	<b><u>General Governmental</u></b>
Cost	\$ 323,375
Accumulated Depreciation	<u>(75,454)</u>
<b>Net Book Value</b>	<b><u>\$ 247,921</u></b>

Unamortized economic gain of defeased debt related to the 2012 bond refunding is amortized over the life of the bonds. Balances and activity for the year are summarized below:

<b><u>Governmental Activities</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Issued</u></b>	<b><u>Redeemed</u></b>	<b><u>Ending Balance</u></b>	<b><u>Redeemable Within One Year</u></b>
Unamortized Economic Gain of Defeased Debt	\$ 942,929	\$	\$ (58,934)	\$ 883,995	\$ 58,934
<b>Total</b>	<b><u>\$ 942,929</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (58,934)</u></b>	<b><u>\$ 883,995</u></b>	<b><u>\$ 58,934</u></b>

### *Note 9*     **Compensated Absences**

Compensated absences: Represents unpaid accumulated sick and vacation leave. This liability is liquidated from the General and School Lunch Funds. See Note 1 for further information.

Compensated absences balance and activity are summarized below:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>
Compensated Absences	\$ 889,981	\$	\$ (1,204)	\$ 888,777
<b>Total</b>	<b><u>\$ 889,981</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (1,204)</u></b>	<b><u>\$ 888,777</u></b>

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **Teachers' Retirement System Plan Descriptions and Benefits Provided (TRS) (The System)**

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

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

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **Employees' Retirement System Plan Descriptions and Benefits Provided (ERS) (System)**

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. 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 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](http://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, New York 12244.

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

#### **Summary of Significant Accounting Policies**

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

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

#### **Contributions**

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

	<b>ERS</b>	<b>TRS</b>
<b>2019</b>	<b>\$ 600,671</b>	<b>\$ 1,441,793</b>
2018	631,972	1,722,571
2017	592,124	1,840,118

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

At June 30, 2019, the School District reported the following asset/liability for its proportionate share of the net pension asset/liability for each of the Systems. The net pension asset/liability was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension asset/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	<b>ERS</b>	<b>TRS</b>
Actuarial Valuation Date	04/01/2018	06/30/2017
Net Pension Asset/Liability	\$ 7,085,304,242	\$ (1,808,264,334)
School District's Proportionate Share of the Plan's Total Net Pension Asset/Liability	1,055,028	(1,603,649)
School District's Share of the Net Pension Asset/Liability	0.0148904%	0.088685%

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

For the year ended June 30, 2019, the School District recognized pension expense of \$670,875 for ERS and \$1,253,961 for TRS in the District-wide financial statements. At June 30, 2019 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	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 207,757	\$ 1,198,394	\$ 70,822	\$ 217,076
Changes of Assumptions	265,191	5,605,807		
Net Differences Between Projected and Actual Earnings on Pension Plan Investments			270,778	1,780,173
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	45,632	235,430	50,360	145,442
School District's Contributions Subsequent to the Measurement Date	156,749	1,548,569		
<b>Total</b>	<b>\$ 675,329</b>	<b>\$ 8,588,200</b>	<b>\$ 391,960</b>	<b>\$ 2,142,691</b>

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension asset/liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	<b>ERS</b>	<b>TRS</b>
2020	\$ 206,203	\$ 1,616,766
2021	(205,848)	1,100,700
2022	(15,048)	124,467
2023	141,313	1,096,922
2024		752,780
Thereafter		205,305



# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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

#### **Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2019	June 30, 2018
Actuarial Valuation Date	April 1, 2018	June 30, 2017
Investment Rate of Return	7.0%	7.3%
Salary Increases	4.2%	1.9% - 4.72%
Cost of Living Adjustments	1.3%	1.5%
Inflation Rate	2.5%	2.3%

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

For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

#### **Actuarial Assumptions - Continued**

For ERS, the long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to 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 the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Measurement Date	ERS	TRS
	March 31, 2019	June 30, 2018
<b>Asset Type</b>		
Domestic Equities	4.6%	5.8%
International Equities	6.4%	7.3%
Global Equities		6.7%
Real Estate	5.6%	4.9%
Private Equity	7.5%	8.9%
Absolute Return Strategies	3.8%	
Opportunistic Portfolio	5.7%	
Real Assets	5.3%	
Cash	(0.3)%	
Inflation-indexed Bonds	1.3%	
Domestic Fixed Income Securities		1.3%
Global Fixed Income Securities		0.9%
Private Debt		6.8%
Real Estate Debt		2.8%
High-yield Fixed Income Securities		3.5%
Mortgages and Bonds	1.3%	
Short-term		0.3%

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

#### **Discount Rate**

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

#### **Sensitivity of the Proportionate Share of the Net Pension Asset/Liability to the Discount Rate Assumption**

The following presents the School District's proportionate share of the net pension asset/liability calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the School District's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1-percentage point lower or higher than the current rate:

	<b>1% Decrease (6.0%)</b>	<b>Current Assumption (7.0%)</b>	<b>1% Increase (8.0%)</b>
<b>ERS</b>			
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 4,612,749	\$ 1,055,028	\$ (1,933,711)
	<b>1% Decrease (6.25%)</b>	<b>Current Assumption (7.25%)</b>	<b>1% Increase (8.25%)</b>
<b>TRS</b>			
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 11,017,334	\$ (1,603,649)	\$ (12,176,526)

#### **Pension Plan Fiduciary Net Position**

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

	<b>Dollars in Thousands</b>	
	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2019	June 30, 2018
Employers' Total Pension Asset/Liability	\$ 189,803,429	\$ 118,107,253
Plan Net Position	(182,718,124)	(119,915,518)
<b>Employers' Net Pension Asset/Liability</b>	<b>\$ 7,085,305</b>	<b>\$ (1,808,265)</b>
Ratio of Plan Net Position to the Employers' Total Pension Asset/Liability	96.3%	(101.5)%

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

#### **Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$156,749.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October, and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to \$1,647,928.

#### **Current Year Activity**

The following is a summary of current year activity:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
<b>ERS</b>			
Net Pension Liability	\$ 502,735	\$ 552,293	\$ 1,055,028
Deferred Outflows of Resources	(1,424,923)	749,594	(675,329)
Deferred Inflows of Resources	1,635,284	(1,243,324)	391,960
Subtotal	<u>713,096</u>	<u>58,563</u>	<u>771,659</u>
<b>TRS</b>			
Net Pension Asset	(693,907)	(909,742)	(1,603,649)
Deferred Outflows of Resources	(9,165,665)	577,465	(8,588,200)
Deferred Inflows of Resources	2,079,643	63,048	2,142,691
Subtotal	<u>(7,779,929)</u>	<u>(269,229)</u>	<u>(8,049,158)</u>
<b>Total</b>	<u><b>\$ (7,066,833)</b></u>	<u><b>\$ (210,666)</b></u>	<u><b>\$ (7,277,499)</b></u>

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### **Note 11 Postemployment Benefits Other Than Pensions (OPEB)**

#### **General Information about the OPEB Plan**

Plan Description - The Plan is a multi-employer, defined benefit healthcare plan administered by Excellus Blue Cross Blue Shield. The Plan provides medical and prescription drug benefits to eligible retirees and their spouses and dependents. Benefit provisions are established through negotiations between the School District and bargaining units and are renegotiated as each contract expires. The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

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

Employees Covered by Benefit Terms - At June 30, 2019, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	389
Inactive Employees Entitled to	
But Not Yet Receiving Benefit Payments	-
Active Employees	<u>382</u>
<b>Total</b>	<u><u>771</u></u>

#### **Total OPEB Liability**

The School District's total OPEB liability of \$112,188,020 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate	3.5%
Salary Increases Including Inflation	2.6%
Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	6.1% for 2019, Decreasing to an Ultimate Rate of 4.1% for Years After 2076

The long-term bond rate was based on a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

The actuarial assumptions used in the July 1, 2018 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### **Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

#### **Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2018</b>	<u>\$ 116,266,224</u>
<b>Changes for the Year</b>	
Service Cost	4,892,605
Interest Cost	3,586,598
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	(9,322,333)
Benefit Payments	<u>(3,235,074)</u>
Net Change	<u>(4,078,204)</u>
<b>Balance at June 30, 2019</b>	<u><u>\$ 112,188,020</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate - the following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (2.5)% or 1-percentage-point higher (4.5)% than the current discount rate:

	<b>1% Decrease (2.5%)</b>	<b>Discount Rate (3.5%)</b>	<b>1% Increase (4.5%)</b>
Total OPEB Liability	<u>\$ 131,993,053</u>	<u>\$ 112,188,020</u>	<u>\$ 96,442,715</u>

Changes of assumptions and other inputs reflect a change in the healthcare cost trend rate from 7.5% in 2018 to 6.1% in 2019, as well as the discount rate from 3.0% in 2018 to 3.5% in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (5.1% to 3.1%) or 1 percentage point higher (7.1% to 5.1%) than the current healthcare cost trend rate:

	<b>1% Decrease (5.1% to 3.1%)</b>	<b>Healthcare Cost Trend Rate (6.1% to 4.1%)</b>	<b>1% Increase (7.1% to 5.1%)</b>
Total OPEB Liability	<u>\$ 92,927,549</u>	<u>\$ 112,188,020</u>	<u>\$ 137,456,567</u>

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### **Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

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

For the year ended June 30, 2019 the School District recognized OPEB expense of \$7,038,910.

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$	\$ 37,139
Changes in Assumptions or Other Inputs	-	7,888,128
<b>Total</b>	<b>\$ -</b>	<b>\$ 7,925,267</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Amount</b>
2020	\$ (1,440,293)
2021	(1,440,293)
2022	(1,440,293)
2023	(1,440,293)
2024	(1,440,293)
Thereafter	(723,802)

#### **Current Year Activity**

The following summary of current year activity:

<b>Current Year Activity</b>	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
OPEB Liability	\$ 116,266,224	\$ (4,078,204)	\$ 112,188,020
Deferred Inflows of Resources	43,227	7,882,040	7,925,267
<b>Total</b>	<b>\$ 116,309,451</b>	<b>\$ 3,803,836</b>	<b>\$ 120,113,287</b>

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

### ***Note 12* Commitments and Contingencies**

#### **Risk Financing**

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

#### **Health Insurance**

The Owego-Apalachin Central School District incurs costs related to an employee health insurance plan (Plan) sponsored by the Broome-Tioga-Delaware health insurance consortium. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members include 16 districts and one BOCES, with the Owego-Apalachin Central School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Rd., Binghamton, NY 13760.

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

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2019, the School District incurred premiums or contribution expenditures totaling \$8,446,688.



# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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

#### **Workers' Compensation**

The School District incurs costs related to a workers' compensation insurance plan (Plan). The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members include 11 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Rd., Binghamton NY 13760.

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

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2019, the School District incurred premiums or contribution expenditures of \$310,924.

#### **Other Items**

The School District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial. In addition, state and federal aid receivables, primarily FEMA, will be subject to multiple close out audits at the federal level, and will be subject to adjustments and in-relation disallowances. This could pose significant changes in amounts received for the FEMA construction project.

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### **Note 13 Fund Balance Detail**

At June 30, 2019, nonspendable, restricted, and assigned fund balance in the governmental funds was as follows:

	<u>General Fund</u>	<u>Capital Projects Fund - Construction</u>	<u>Capital Projects Fund - Buses</u>	<u>Debt Service Fund</u>	<u>Non- Major Funds</u>
<b>Nonspendable</b>					
Inventory	\$	\$	\$	\$	\$ 38,082
Prepaid Expenses					1,330
<b>Total Nonspendable Fund Balance</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,412</u></u>
<b>Restricted</b>					
Unemployment					
Insurance Reserve	\$ 87,629	\$	\$	\$	\$
Reserve for Employees' Retirement Contributions	2,155,001				
Reserve for Teachers' Retirement Contributions	288,000				
Employee Benefit Accrued Liability Reserve	222,783				
Capital Reserve	28,838				
Repair Reserve	213,483				
School Lunch					153,676
Debt				1,933,257	
<b>Total Restricted Fund Balance</b>	<u><u>\$ 2,995,734</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,933,257</u></u>	<u><u>\$ 153,676</u></u>
<b>Assigned</b>					
Appropriated for Next Year's Budget	\$ 1,700,000	\$	\$	\$	\$
Encumbered for:					
General Support	30,589				
Instruction	18,894				
Pupil Transportation	8,170				
Employee Benefits	3,000				
<b>Total Assigned Fund Balance</b>	<u><u>\$ 1,760,653</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### **Note 14 Restricted Fund Balances**

Portions of restricted fund balance are reserved and not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity of the General Fund and Debt Service Fund reserves, for the year ended June 30, 2019, were as follows:

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Unemployment Insurance Reserve	\$ 86,529	\$	\$ 1,100	\$	\$ 87,629
Reserve Employees' Retirement Contributions	2,127,948		27,053		2,155,001
Reserve for Teachers' Retirement Contributions	-	288,000			288,000
Employee Benefit Accrued Liability Reserve	219,986		2,797		222,783
Capital Reserve	2,016,518		12,320	(2,000,000)	28,838
Repair Reserve	210,803		2,680		213,483
<b>Total</b>	<b>\$ 4,661,784</b>	<b>\$ 288,000</b>	<b>\$ 45,950</b>	<b>\$ (2,000,000)</b>	<b>\$ 2,995,734</b>
Reserve for Tax Reduction	<u>\$ 56,577</u>	<u>\$ -</u>	<u>\$ 720</u>	<u>\$ (27,000)</u>	<u>\$ 30,297</u>
<b>Debt Service Fund</b>	<b>\$ 2,083,987</b>	<b>\$ 55,339</b>	<b>\$ 198,754</b>	<b>\$ (404,823)</b>	<b>\$ 1,933,257</b>

### **Note 15 Stewardship, Compliance, and Accountability-Deficit Fund Balance**

The Capital Projects Fund - Buses had a deficit fund balance of \$1,667,000 at June 30, 2019. This deficit will be eliminated as short-term debt is redeemed or converted to permanent financing.

The Capital Projects Fund - Construction had a deficit fund balance of \$984,676 at June 30, 2019. This deficit will be eliminated as FEMA funding is received and other permanent financing is obtained.

#### **Deficit Net Position**

At June 30, 2018, the District-wide Statement of Net Position had an unrestricted deficit net position of \$103,241,304. This is a result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability. (See Note 11.) This deficit is not expected to be eliminated during the normal course of operations.

### **Note 16 Tax Abatements**

For the year ended June 30, 2019, the School District was subject to tax abatements negotiated by the Tioga County Industrial Development Agency (TCIDA).

TCIDA enters into various property tax abatement programs for the purpose of economic development. School District property tax revenue was reduced by \$2,086,108. The School District received payment in lieu of tax (PILOT) payment totaling \$3,719,575.

### **Note 17 Subsequent Event**

On July 25, 2019, the School District approved the issuance of serial bonds totaling \$720,000 to finance the purchase of school buses.

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
<b>Local Sources</b>				
Real Property Taxes	\$17,097,053	\$14,460,049	\$14,435,742	\$ (24,307)
Real Property Tax Items	3,626,919	6,263,923	6,391,347	127,424
Charges for Services	22,000	22,000	8,480	(13,520)
Use of Money and Property	63,500	63,500	222,748	159,248
Sale of Property and Compensation for Loss			12,895	12,895
Miscellaneous	692,500	692,500	1,191,549	499,049
<b>Total Local Sources</b>	<u>21,501,972</u>	<u>21,501,972</u>	<u>22,262,761</u>	<u>760,789</u>
State Sources	22,626,522	22,626,522	22,809,218	182,696
Medicaid Reimbursement	35,000	35,000	78,818	43,818
<b>Total Revenues</b>	<u>44,163,494</u>	<u>44,163,494</u>	<u>45,150,797</u>	<u>987,303</u>
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In	171,667	171,667	171,667	-
<b>Total Revenues and Other Financing Sources</b>	<u>44,335,161</u>	<u>44,335,161</u>	<u><b>\$45,322,464</b></u>	<u><b>\$ 987,303</b></u>
Appropriated Fund Balance	1,700,000	1,700,000		
Appropriated Reserves	668,000	2,668,000		
Designated Fund Balance and Encumbrances Carried Forward from Prior Year	81,341	81,341		
<b>Total Revenues, Appropriated Reserves, and Designated Fund Balance</b>	<u><b>\$46,784,502</b></u>	<u><b>\$48,784,502</b></u>		

*See Notes to Required Supplementary Information*

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>
<b>EXPENDITURES</b>		
<b>General Support</b>		
Board of Education	\$ 18,825	\$ 26,615
Central Administration	234,316	271,450
Finance	672,450	683,137
Staff	250,729	247,842
Central Services	3,714,179	3,851,203
Special Items	615,063	620,908
<b>Total General Support</b>	<b>5,505,562</b>	<b>5,701,155</b>
<b>Instruction</b>		
Instruction, Administration, and Improvement	1,319,161	1,385,836
Teaching - Regular School	11,816,659	12,087,134
Programs for Children with Handicapping Conditions	5,420,553	5,011,047
Occupational Education	867,993	856,671
Teaching - Special School	102,358	84,510
Instructional Media	388,626	393,557
Pupil Services	1,914,612	2,081,862
<b>Total Instruction</b>	<b>21,829,962</b>	<b>21,900,617</b>
Pupil Transportation	2,115,053	2,107,788
Community Service	49,000	50,697
Employee Benefits	13,009,429	12,730,249
<b>Debt Service</b>		
Principal	3,030,944	2,797,787
Interest	1,111,052	1,344,208
<b>Total Debt Service</b>	<b>4,141,996</b>	<b>4,141,995</b>
<b>Total Expenditures</b>	<b>46,651,002</b>	<b>46,632,501</b>
<b>OTHER FINANCING USES</b>		
Operating Transfers Out	133,500	2,152,001
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 46,784,502</b>	<b>\$48,784,502</b>
Net Change in Fund Balances		
Fund Balance - Beginning of Year		
<b>Fund Balance - End of Year</b>		

*See Notes to Required Supplementary Information*

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 25,289	\$ 53	\$ 1,273
269,982	206	1,262
675,095	922	7,120
200,074		47,768
3,594,162	29,408	227,633
617,254		3,654
5,381,856	30,589	288,710
1,326,334	4,865	54,637
12,009,341	7,617	70,176
4,711,432	2,500	297,115
856,671		-
74,646		9,864
263,463	1,954	128,140
1,955,006	1,958	124,898
21,196,893	18,894	684,830
1,887,560	8,170	212,058
48,440		2,257
12,311,186	3,000	416,063
2,797,787		-
1,344,208		-
4,141,995	-	-
44,967,930	60,653	1,603,918
2,147,251		4,750
47,115,181	<b>\$ 60,653</b>	<b>\$ 1,608,668</b>
(1,792,717)		
8,147,205		
<b>\$ 6,354,488</b>		

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Contractually Required Contribution	<b>\$ 600,671</b>	\$ 631,972	\$ 592,124
Contributions in Relation to the Contractually Required Contribution	<b>(600,671)</b>	(631,972)	(592,124)
Contribution Deficiency (Excess)	-	-	-
School District's Covered - Employee Payroll	<b>4,488,986</b>	4,477,555	4,163,741
Contributions as a Percentage of Covered - Employee Payroll	<b>13.4%</b>	14.1%	14.2%

## **SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Contractually Required Contribution	<b>\$1,548,569</b>	\$1,441,793	\$ 1,722,571
Contributions in Relation to the Contractually Required Contribution	<b>(1,548,569)</b>	(1,441,793)	(1,722,571)
Contribution Deficiency (Excess)	-	-	-
School District's Covered - Employee Payroll	<b>14,581,629</b>	14,712,173	14,697,705
Contributions as a Percentage of Covered - Employee Payroll	<b>10.6%</b>	9.8%	11.7%

*See Notes to Required Supplementary Information*

<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
\$ 634,166	\$ 783,171	\$ 735,103	\$ 715,441	\$ 634,245	\$ 477,657	\$ 303,541
(634,166)	(783,171)	(735,103)	(715,441)	(634,245)	(477,657)	(303,541)
-	-	-	-	-	-	-
4,098,909	4,219,442	4,056,994	4,027,148	4,080,850	4,170,201	4,115,619
15.5%	18.6%	18.1%	17.8%	15.5%	11.5%	7.4%

<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
\$ 1,840,118	\$ 2,357,520	\$ 2,217,060	\$ 1,564,960	\$ 1,464,413	\$ 1,178,500	\$ 833,169
(1,840,118)	(2,357,520)	(2,217,060)	(1,564,960)	(1,464,413)	(1,178,500)	(833,169)
-	-	-	-	-	-	-
13,877,210	13,448,488	13,643,446	13,217,568	13,181,035	13,671,694	13,459,919
13.3%	17.5%	16.3%	11.8%	11.1%	8.6%	6.2%



# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

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

	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
School District's Proportion of the Net Pension Asset/Liability	<b>0.0148904%</b>	0.0155769%	0.0152982%	0.0153614%	0.0168150%
School District's Proportionate Share of the Net Pension Asset/Liability	<b>\$ 1,055,028</b>	\$ 502,735	\$ 1,437,449	\$ 2,465,554	\$ 568,051
School District's Covered-Employee Payroll	<b>4,440,639</b>	4,404,901	4,088,956	3,995,139	4,294,210
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered-Employee Payroll	<b>23.8%</b>	11.4%	35.2%	61.7%	13.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	<b>96.3%</b>	98.2%	94.7%	90.7%	97.9%

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

	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
School District's Proportion of the Net Pension Asset/Liability	<b>0.088685%</b>	0.091292%	0.088484%	0.088484%	0.092363%
School District's Proportionate Share of the Net Pension Asset/Liability	<b>\$ (1,603,649)</b>	\$ (693,907)	\$ 951,804	\$ (9,190,636)	\$ (10,288,659)
School District's Covered-Employee Payroll	<b>14,712,173</b>	14,697,705	13,877,210	13,448,488	13,643,446
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered-Employee Payroll	<b>(10.9)%</b>	(4.7%)	6.9%	(68.3%)	(75.4%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	<b>(101.5)%</b>	(100.7%)	99.0%	(110.5%)	(111.5%)

*See Notes to Required Supplementary Information*

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Service Cost	\$ <b>4,892,605</b>	\$ 4,750,102	\$ *
Interest Cost	<b>3,586,598</b>	3,431,779	*
Changes of Benefit Terms			*
Differences Between Expected and Actual Experience		(49,315)	*
Changes in Assumptions or Other Inputs	<b>(9,322,333)</b>		*
Benefit Payments	<b>(3,235,074)</b>	(2,995,600)	*
	<b>(4,078,204)</b>	5,136,966	*
Total OPEB Liability - Beginning	<b>116,266,224</b>	111,129,258	*
<b>Total OPEB Liability - Ending</b>	<b>\$ 112,188,020</b>	<b>\$ 116,266,224</b>	<b>\$ 111,129,258</b>
Covered Employee Payroll	\$ <b>17,531,113</b>	\$ 17,531,113	\$ *
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>640%</b>	663%	*

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

*See Notes to Required Supplementary Information*

2016	2015	2014	2013	2012	2011	2010
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

### **Note 1 Budgetary Procedures and Budgetary Accounting**

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

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following appropriations occurred during the year:

Adopted Budget	\$ 46,703,161
Carryover Encumbrances	81,341
Original Budget	46,784,502
Additions - Transfers of Capital Reserve Funds	2,000,000
<b>Final Budget</b>	<b>\$ 48,784,502</b>

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. An annual legal budget is not adopted for the Special Grant and School Lunch funds, which are Special Revenue Funds.

### **Note 2 Reconciliation of the Budget Basis to GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2019.

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

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

2019 - 3.50%  
2018 - 3.00%

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

The Schedule of the School District's Proportionate Share of the Net Pension Asset/Liability, required supplementary information, presents five years of information. These schedules will present ten years of information as it becomes available.

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019**

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

#### **NYSLRS**

##### **Changes in Benefit Terms**

There were no significant legislative changes in benefits for the April 1, 2018 actuarial valuation.

##### **Changes of Assumptions**

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2018 actuarial valuation.

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

##### **Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2019. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	3.8% in ERS, indexed by service.
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019**

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

#### **NYSTRS**

##### **Changes in Benefit Terms**

Chapter 504 of the Laws of 2009 created a new tier of membership (Tier 5) for members with a date of membership on or after January 1, 2010. The Tier 5 benefit structure represents a reduction in benefits from those of prior tiers and an increase in the required employee contribution rate. The Tier 5 benefit changes were first included in the 2010 actuarial valuation. Chapter 18 of the Laws of 2012 created a new tier of membership (Tier 6) for members who join on or after April 1, 2012. The Tier 6 benefit formula is slightly less generous than that of Tier 5, and the required employee contribution rate was increased further. The Tier 6 benefit changes were first included in the 2012 actuarial valuation.

##### **Changes of Assumptions**

Actuarial assumptions are revised periodically to more closely reflect actual, as well as anticipated future experience. The actuarial assumptions used in the actuarial valuations prior to 2011 were adopted by the Retirement Board on October 26, 2006. Revised assumptions were adopted by the Retirement Board on October 27, 2011 and first used in the 2011 actuarial valuation. The actuarial assumptions were revised again in 2015. These assumptions were adopted by the Retirement Board on October 29, 2015 and first used in the 2015 actuarial valuation.

The System's valuation rate of interest of 7.5% is effective with the 2015 actuarial valuation. Prior to the 2015 actuarial valuation, the System's valuation rate of interest assumption was 8.0%.

Prior to the 2007 actuarial valuation, the asset valuation method used was a five-year market smoothing for equities, real estate, and alternative investments, based upon book values. The asset valuation method was changed effective with the 2007 actuarial valuation to use a five-year phased in deferred recognition, at a rate of 20% per year, of each year's realized and unrealized appreciation in excess of (or less than) an assumed inflationary gain of 3.0%. The asset valuation method was changed again effective with the 2015 actuarial valuation to recognize each year's net investment income/ loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 3.0% is recognized at a rate of 20% per year, until fully recognized after five years.

Prior to the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.75% annually. Effective with the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually. Effective with the 2015 actuarial valuation, COLAs are projected to increase at a rate of 1.50% annually.

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

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

#### **NYSTRS - Continued**

#### **Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates in the Schedule of School Districts' Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the School Districts' Contributions.

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
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Asset Valuation Method	5 year phased in deferred recognition of each year's actual gain or loss above (or below) an assumed inflationary gain of 7.5%. at a rate of 20.0% per year, until fully recognized after five years.
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Inflation	2.5%
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Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.
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<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment Rate of Return	7.25% compounded annually, net of investment expenses, including inflation.
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Projected Cost of Living Adjustments	1.5% compounded annually.
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# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2019**

### **CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$46,703,161
Prior Year's Encumbrances	<u>81,341</u>
Original Budget	46,784,502
Additions:	
Use of Reserves	<u>2,000,000</u>
Total Additions	<u>2,000,000</u>
Total Deductions	<u>-</u>
<b>Final Budget</b>	<b><u><u>\$48,784,502</u></u></b>

### **SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

<b>Next year's 2019-2020 voter approved budget</b>	<b><u><u>\$ 47,761,210</u></u></b>
<b>Maximum allowed (4% of 2019-2020 Budget)</b>	<b><u><u>\$ 1,910,448</u></u></b>
General Fund fund balance subject to §1318 of Real Property Tax Law:	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 1,760,653
Unassigned Fund Balance	<u>1,598,101</u>
Total Unrestricted Fund Balance	<u>3,358,754</u>
Less:	
Appropriated Fund Balance	\$ 1,700,000
Encumbrances Included in Committed and Assigned Fund Balance	60,653
Tax Reduction Reserve	<u>30,297</u>
Total Adjustments	<u>1,790,950</u>
<b>General Fund Fund Balance Subject to §1318 of Real Property Law</b>	<b><u><u>\$ 1,567,804</u></u></b>
Actual Percentage	3.28%



# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2019**

<b>PROJECT TITLE</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Expenditures</b>			<b>Total</b>
			<b>Prior Years</b>	<b>Current Year</b>	<b>Transfer to Debt Service</b>	
Buses 2018-2019	\$ 670,000	\$ 670,000	\$	\$ 643,945	\$ 26,055	\$ 670,000
Excel 0-014-001	1,250,000	13,631,250	12,676,825			12,676,825
Flood 0-014-001	2,505,000	64,602,279	106,612,037	1,136,120		107,748,157
\$100K Project	100,000	100,000		100,000		100,000
\$24M Project	24,475,784	24,475,784		49,685		49,685
Unredeemed RANs						-
Unredeemed BANs						-
<b>Total</b>	<b><u>\$29,000,784</u></b>	<b><u>\$103,479,313</u></b>	<b><u>\$119,288,862</u></b>	<b><u>\$1,929,750</u></b>	<b><u>\$ 26,055</u></b>	<b><u>\$121,244,667</u></b>

**\*Architectural and State Approved Budget Modifications for  
Reallocations not yet Finalized and Available at This Report Date**

Unexpended Balance	Methods of Financing					Fund Balance (Deficit) June 30, 2019
	Proceeds of Obligations	Federal Aid	State Aid	Local Sources	Total	
\$ -	\$ 276,000	\$	\$	\$ 394,000	\$ 670,000	\$ -
954,425	9,033,038			3,008,275	12,041,313	(635,512) *
(43,145,878)	15,582,000	89,988,455	722,638	6,110,585	112,403,678	4,655,521 *
-				100,000	100,000	-
24,426,099				2,000,000	2,000,000	1,950,315 *
-	(6,955,000)				(6,955,000)	(6,955,000)
-	(1,667,000)				(1,667,000)	(1,667,000)
<b><u>\$(17,765,354)</u></b>	<b><u>\$16,269,038</u></b>	<b><u>\$89,988,455</u></b>	<b><u>\$ 722,638</u></b>	<b><u>\$11,612,860</u></b>	<b><u>\$118,592,991</u></b>	<b><u>\$ (2,651,676)</u></b>

# ***OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT***

## **NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2019**

Capital Assets, Net	<u>\$ 139,301,155</u>
Deduct:	
Bond Anticipation Notes	<u>(1,667,000)</u>
Revenue Anticipation Notes	<u>(6,955,000)</u>
Premium on Bonds Payable	<u>(2,131,873)</u>
Short-term Portion of Bonds Payable	<u>(2,625,000)</u>
Long-term Portion of Bonds Payable	<u>(17,755,000)</u>
 Short-term Portion of Capital Leases	<u>(20,000)</u>
Long-term Portion of Capital Leases	<u>(235,000)</u>
Unamortized Economic Gain of Defeased Debt	<u>(883,995)</u>
 <b>Net Investment in Capital Assets</b>	 <b><u><u>\$ 107,028,287</u></u></b>

*See Notes to Basic Financial Statements*

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2019**

	<b>Special Revenue Funds</b>		<b>Total</b>
	<b>Special</b>	<b>School</b>	<b>Non-Major</b>
	<b>Aid</b>	<b>Lunch</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>
<b>ASSETS</b>			
Cash - Unrestricted	\$ 11,374	\$	\$ 11,374
Cash - Restricted		80,563	80,563
Due from Other Funds		15,795	15,795
State and Federal Aid	321,813	63,006	384,819
Other Receivables		11,594	11,594
Inventories		38,082	38,082
Prepaid items		1,330	1,330
<b>Total Assets</b>	<b>\$ 333,187</b>	<b>\$ 210,370</b>	<b>\$ 543,557</b>
<b>LIABILITIES</b>			
Payables:			
Accounts Payable	\$ 190	\$ 4,310	\$ 4,500
Due to Other Funds	313,345		313,345
Due to Other Governments		325	325
Unearned Revenues	19,652	12,647	32,299
<b>Total Liabilities</b>	<b>333,187</b>	<b>17,282</b>	<b>350,469</b>
<b>FUND BALANCES</b>			
Nonspendable		39,412	39,412
Restricted		153,676	153,676
<b>Total Fund Balances (Deficit)</b>	<b>-</b>	<b>193,088</b>	<b>193,088</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 333,187</b>	<b>\$ 210,370</b>	<b>\$ 543,557</b>

*See Notes to Basic Financial Statements*

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Special Revenue Funds</b>		<b>Total</b>
	<b>Special Aid Fund</b>	<b>School Lunch Fund</b>	<b>Non-Major Governmental Funds</b>
<b>REVENUES</b>			
Use of Money and Property	\$	\$ 14	\$ 14
Miscellaneous	57,708		57,708
State Sources	450,302	167,820	618,122
Federal Sources	1,110,905	918,662	2,029,567
Sales - School Lunch		389,085	389,085
<b>Total Revenues</b>	<b>1,618,915</b>	<b>1,475,581</b>	<b>3,094,496</b>
<b>EXPENDITURES</b>			
Instruction	1,541,604	578,408	2,120,012
Pupil Transportation	20,598		20,598
Employee Benefits	89,649	237,404	327,053
Cost of Sales		580,169	580,169
<b>Total Expenditures</b>	<b>1,651,851</b>	<b>1,395,981</b>	<b>3,047,832</b>
<b>Excess of Expenditures Over Revenues</b>	<b>(32,936)</b>	<b>79,600</b>	<b>46,664</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Operating Transfers In	32,936	5,813	38,749
<b>Total Other Sources (Uses)</b>	<b>32,936</b>	<b>5,813</b>	<b>38,749</b>
Net Change in Fund Balances	-	85,413	85,413
Fund Balances - Beginning of Year	-	107,675	107,675
<b>Fund Balances - End of Year</b>	<b>\$ -</b>	<b>\$ 193,088</b>	<b>\$ 193,088</b>

*See Notes to Basic Financial Statements*



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

Board of Education  
Owego-Apalachin Central School District  
Owego, 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 Owego-Apalachin Central School District (the School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 30, 2019.

***Internal Control Over Financial Reporting***

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 material weaknesses. However, material weaknesses may exist that have not been identified.

**INSERO & Co. CPAs, LLP**

Rochester | Ithaca | Corning | Cortland | Watkins Glen | (800) 232-9547 | [www.inserocpa.com](http://www.inserocpa.com)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Respectfully Submitted,

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

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
September 30, 2019



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

Board of Education  
Owego-Apalachin Central School District  
Owego, New York

**Report on Compliance for Each Major Federal Program**

We have audited Owego-Apalachin Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2019. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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



### ***Opinion on Each Major Federal Program***

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 School District's internal control over compliance.

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

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

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

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
September 30, 2019

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass -Through Grantor Program Title	Federal CFDA #	Pass -Through Grantor #	Passed Through to Subrecipients	Expenditures
<b>U.S. Department of Education</b>				
<b>Passed Through NYS Department of Education</b>				
Title I, Part A:				
Title I Grants to Local Educational Agencies	84.010	0021193345	\$	\$ 424,802
Title I Grants to Local Educational Agencies	84.010	0021183345		3,240
Total Title I, Part A			-	428,042
Special Education Cluster:				
Special Education - Grants to States	84.027	0032190976		548,329
Special Education - Preschool Grants	84.173	0033190976		17,601
Total Special Education Cluster			-	565,930
Improving Teacher Quality State Grants	84.367	0147193345		78,327
Temporary Emergency Impact Aid for Displaced Students	84.938C	0080183345		6,750
Title I, State Agency Program for				
Neglected and Delinquent Children and Youth	84.013	0016193345		2,847
Title IV, Student Support and Academic Enrichment Program	84.424A	0204193345		29,009
<b>Total Department of Education</b>			-	1,110,905
<b>U.S. Department of Agriculture</b>				
<b>Passed Through NYS Department of Education</b>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	(1)		547,016
School Breakfast Program	10.553	(1)		328,638
National School Lunch - Summer Program	10.559	(1)		43,008
Total Child Nutrition Cluster			-	918,662
<b>Total Department of Education</b>			-	918,662
<b>U.S. Department of Homeland Security</b>				
<b>Passed through NYS Division of Homeland Security and Emergency Services</b>				
Disaster Grants - Public Assistance	97.036	4031-DR-NY		12,958,941
<b>Total Department of Homeland Security</b>			-	12,958,941
<b>Total</b>			\$ -	<b>\$14,988,508</b>

(1) - Unable to Obtain

*See Notes to Schedule to Expenditures of Federal Awards*

# **OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2019**

### **Note 1 Basis of Presentation**

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

### **Note 2 Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

### **Note 3 Indirect Costs**

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

### **Note 4 Matching Costs**

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

### **Note 5 Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2019, the School District received \$77,670 of commodities under the National School Lunch Program (CFDA #10.555).

### **Note 6 Subrecipients**

No amounts were provided to subrecipients.

### **Note 7 Other Disclosures**

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

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

# OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

### Section I - Summary of Auditors' Results

#### *Financial Statements*

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes X no

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

\_\_\_\_\_ yes X none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes X no

#### *Federal Awards*

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes X no

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

\_\_\_\_\_ yes X none reported

Type of auditors' report issued on compliance for major programs

Unmodified

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

\_\_\_\_\_ yes X no

Identification of major programs

CFDA Numbers

Name of Federal Program or Cluster

84.010

Title I Grants to Local Educational Agencies

97.036

Disaster Grants - Public Assistance

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

\$ 750,000

Auditee qualified as low-risk?

X yes \_\_\_\_\_ no

### Section II - Financial Statement Finding

None

### Section III - Federal Award Findings and Questioned Costs

None