

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

SERIAL BONDS

In the opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Bonds is not an "item of tax preference" for purposes of the alternative minimum tax imposed under the Code; however, for tax years beginning after December 31, 2022, interest on the Bonds that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. 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). See "TAX MATTERS" herein for a discussion of certain Federal taxes applicable to corporate owners of the Bonds.

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

\$1,400,000

CITY SCHOOL DISTRICT OF THE CITY OF OSWEGO OSWEGO AND CAYUGA COUNTIES, NEW YORK



GENERAL OBLIGATIONS
CUSIP BASE #: 688715

\$1,400,000 School District (Serial) Bonds, 2023 (the "Bonds")

Dated and Delivered: October 3, 2023

Due: October 1, 2024-2028

MATURITIES

Year	Amount	Rate	Yield	CSP
2024	\$ 260,000	%	%	
2025	270,000			
2026	280,000			
2027	290,000			
2028	300,000			

The Bonds are general obligations of the City School District of the City of Oswego, Oswego and Cayuga Counties, New York (the "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon without limitation as to rate or amount. See "TAX INFORMATION – Tax Cap Law" herein.

The Bonds are not subject to redemption prior to maturity.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination with respect to the 2023 maturity. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on October 1, 2023 and semi-annually thereafter on April 1 and October 1 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be denominations of \$5,000 or any integral multiple, and the District will act as paying agent. The Bonds may not be converted into coupon bonds or be registered to bearer.

Proposals for the Bonds shall be for not less than \$1,400,000 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective approving legal opinion as to the validity of the Bonds of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery at the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser, on or about October 3, 2023.

ELECTRONIC BIDS for the Bonds must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on September 19, 2023 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Bonds pursuant to the terms provided in the Notice of Private Competitive Bond Sale.

September 19, 2023

THIS OFFICIAL STATEMENT IS "DEEMED FINAL" BY THE DISTRICT FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, 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, AS MORE FULLY DESCRIBED IN THE NOTICE OF PRIVATE COMPETITIVE BOND SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED.

CITY SCHOOL DISTRICT OF THE CITY OF OSWEGO OSWEGO AND CAYUGA COUNTIES, NEW YORK



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FISCAL ADVISORS & MARKETING, INC.
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BOND SCHOENECK
& KING
Bond Counsel

No person has been authorized by the City School District of the City of Oswego 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 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City School District of the City of Oswego.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
OF THE
CITY SCHOOL DISTRICT OF THE CITY OF OSWEGO
OSWEGO AND CAYUGA COUNTIES, NEW YORK
RELATING TO
\$1,400,000 School District (Serial) Bonds, 2023

This Official Statement, which includes the cover page, has been prepared by the City School District of the City of Oswego, Oswego and Cayuga Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$1,400,000 principal amount of School District (Serial) Bonds, 2023 (the "Bonds").

The factors affecting the District's financial condition and the Bonds 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 Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

NATURE OF OBLIGATION

Each Bond 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 Bonds 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 Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District's power to increase its annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "TAX LEVY LIMITATION LAW" herein.

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

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

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

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

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

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

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

THE BONDS

Description of the Bonds

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

The Bonds will be dated October 3, 2023 and will mature in the principal amounts as set forth on the inside cover page. The Bonds are not subject to redemption prior to maturity as described herein under the heading “No Optional Redemption” hereunder. The “Record Date” of the Bonds will be the fifteenth day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on October 1, 2023 and semi-annually thereafter on April 1 and October 1 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, and the District will act as paying agent. The Bonds may not be converted into coupon bonds or be registered to bearer.

No Optional Redemption

The Bonds are not subject to redemption prior to maturity.

Purpose of Issue

The Bonds are issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on March 21, 2023 authorizing the issuance of \$1,400,000 serial bonds for the purchase of transportation vehicles.

The proceeds of the Bonds will provide \$1,400,000 new monies for the purchase of transportation vehicles.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds, if so requested. The Bonds 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.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond and 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School 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 School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, 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 BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, 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; (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 BONDS.

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 Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity, except for one necessary odd denomination with respect to the 2023 maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the District upon termination of the book-entry-only system. Interest on the Bonds will be payable on October 1, 2023 and semi-annually thereafter on April 1 and October 1 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

THE SCHOOL DISTRICT

General Information

The District was established on July 1, 1951 and has a land area of approximately 65 square miles. The District includes all of the City of Oswego as well as portions of the Towns of Minetto, Oswego, Scriba and Volney in Oswego County and the Town of Sterling in Cayuga County.

The City of Syracuse is located 35 miles southeast, the City of Rochester, 70 miles west and the City of Watertown, 45 miles northeast. The District is situated on the southern shore of Lake Ontario at the mouth of the Oswego River and at the northern terminus of the New York State Barge Canal.

In 1955, the New York State Legislature created the Port of Oswego Authority for the purpose of developing, operating and promoting port facilities in the Port District, which includes the City of Oswego and part of the Town of Scriba. Today, the harbor at Oswego is a modern port containing all the facilities and personnel necessary to handle bulk commodities and general cargo. Imports include grain, cement, wood pulp, petroleum and general cargo. An 850-acre industrial site is located at the Port with all facilities and utilities provided.

As the easternmost port on Lake Ontario, the Port of Oswego is the first Great Lakes port within the United States for inbound overseas shipments. It is the Lake Ontario terminus of the New York State Barge Canal System which provides a controlling depth of 12 feet to inland ports such as Buffalo, Syracuse, Ithaca, Watkins Glen and Whitehall. It is also the Great Lakes terminus of the Great Lakes-Hudson River Waterway, which provides a controlling depth of 13 feet to the Cities of Utica, Schenectady, Albany, New York City and all ports along the Eastern Seaboard and the Intercoastal Waterway.

The County of Oswego is served by one private hospital: Oswego Hospital, with approximately 132 beds. There are also six private nursing homes. Mental health facilities are provided by the Oswego and Cayuga Counties Mental Health Services and various smaller, part-time clinics located throughout the County of Oswego.

The State University of New York at Oswego, with an enrollment of approximately 8,000, offers undergraduate and graduate programs leading to B.A., B.S., M.A. and M.S. degrees; Certificates of Advanced Study are also awarded. The 1,000-acre campus includes one mile of shoreline on Lake Ontario. The College, organized in 1861, became a charter member of the State University system in 1948.

Banking services are available within the District at JPMorgan Chase Bank, N.A., First Niagara, N.A., Pathfinder Bank, and NBT Bank, N.A.

In October 2013, Novelis Inc. completed a \$200 million expansion project which has added more than 100 jobs to its aluminum manufacturing plant in Oswego. The expansion added 182,000 sq. ft. to the 1.4 million sq. ft. plant and is the largest Novelis factory in North America.

On November 2, 2015, Entergy Corp. announced plans to close the FitzPatrick Nuclear Plant in Oswego County. Barring any unexpected intervention by State officials, the 850-megawatt facility was scheduled to shut down in late 2016 or early 2017. In August 2016, Gov. Andrew Cuomo announced the transition of the FitzPatrick Nuclear plant to Exelon Generation saving hundreds of jobs. On April 1, 2017, Exelon assumed ownership and operation of the plant.

The City of Oswego received a \$10 million Downtown Revitalization Grant and is making significant improvements throughout the City.

Source: District officials.

Population

The 2021 estimated population of the District is 31,563

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates).

Major Employers

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

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Employees</u>
Oswego State University	University	1,745
Exelon	Utility	1,360
Oswego Health	Hospital/Human Services	1,226
Novelis Corporation	Aluminum Products	1,150
County of Oswego	Government	1,114
City School District of the City of Oswego	Education	705
Walmart	Retail	433
St. Luke Health Services	Human Services	320
City of Oswego	Government	320
Arise	Human Services	189

Source: District officials.

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>2017-2021</u>	<u>2000</u>	<u>2006-2010</u>	<u>2017-2021</u>
City of:						
Oswego	\$ 16,558	\$ 20,621	\$ 28,336	\$ 41,613	\$ 56,636	\$67,399
Towns of:						
Minetto	23,404	34,893	36,206	61,094	74,107	90,000
Oswego	14,835	14,609	23,444	61,648	71,818	90,085
Scriba	17,939	47,475	39,319	44,304	67,824	97,417
Sterling	15,912	19,569	34,786	38,125	47,448	57,316
Volney	19,029	23,546	35,221	46,408	56,989	85,172
Counties of:						
Oswego	16,853	21,604	31,565	43,821	56,364	75,913
Cayuga	18,003	22,959	32,690	44,973	58,761	77,219
State of:						
New York	23,389	30,948	43,208	51,691	67,405	92,731

Note: 2018-2022 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2017-2021-Year American Community Survey data.

Unemployment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Oswego County	6.6%	6.4%	5.5%	5.2%	8.9%	5.5%	4.0%
Cayuga County	5.1%	5.0%	4.5%	4.1%	7.9%	4.7%	3.4%
New York State	4.9%	4.6%	4.1%	3.8%	9.8%	7.0%	4.3%

	<u>2023 Monthly Figures</u>									
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	
Oswego County	5.3%	4.7%	4.2%	3.1%	3.5%	3.7%	3.6%	N/A	N/A	
Cayuga County	4.2%	3.9%	3.6%	2.6%	2.9%	3.0%	3.1%	N/A	N/A	
New York State	4.6%	4.5%	4.0%	3.7%	3.8%	4.2%	4.1%	N/A	N/A	

Note: Unemployment rates for August and September, 2023 are unavailable as of the date of this Official Statement.

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

Form of School Government

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the School District, and any special laws applicable to the District. Under such laws, there is no authority for the School District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education of the School District (the "Board" or the "Board of Education"). Each year an election is held within the District to elect one or more members to the Board. The Board consists of seven members with overlapping three-year terms. Therefore, as nearly as practicable, an equal number of members are elected to the Board each year.

During the first week in July of each year the Board meets for the purpose of reorganization. At that time an election is held by the Board to elect a President and Vice President and to appoint other School District officials including the Superintendent of Schools and the School District Clerk, if necessary.

Budgetary Procedures

Pursuant to the Education Law, the Board annually prepares or causes to be prepared a tentative budget of the District for the ensuing fiscal year. The Board causes to be printed or otherwise reproduced at least one hundred copies of the tentative budget. The tentative budget, together with copies thereof, is filed with the Clerk of the Board at least thirty days prior to the beginning of the ensuing fiscal year.

The Education Law requires certain city school districts, including the District, to submit the proposed annual budget for each school year for approval by the voters of the District at the annual District meeting. The Education Law precludes the District from incurring any liability in excess of the amount approved by the voters at such District meeting unless otherwise authorized to do so by law. The Education Law authorizes boards of education of certain school districts including the School District, to levy and collect a bond, and to expend same, for ordinary and contingent expenses of such school districts and for teachers' salaries, if the voters fail to vote a sum for same.

Pursuant to the Tax Cap Law (as defined herein), beginning with the 2012 – 2013 fiscal year, a simple majority vote is needed to approve the proposed budget that does not exceed the tax levy limit. The maximum allowable tax levy is a multi-step formula that each school district must use to calculate its individual "tax levy limit." In particular, the calculation adjusts a school district's tax levy to reflect growth in the local tax base (if any) and the rate of inflation or 2 percent (whichever is lower). If the Board of Education adopts a proposed budget which requires a tax levy that is higher than the tax levy limit, then a supermajority (60 percent or more) of the votes will be necessary to pass the budget.

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 the Tax Cap Law, see “TAX INFORMATION –Tax Cap Law” herein.

Recent Budget Votes

The budget for the 2022-23 fiscal year was adopted by qualified voters on May 17, 2022 with a vote of 607 to 329. The budget includes no change in the tax levy, which is below the District’s maximum allowable tax levy increase of 11.3% for the 2022-23 fiscal year due to the increase in Foundation Aid.

The budget for the 2023-24 fiscal year was adopted by qualified voters on May 16, 2023 with a vote of 1362 to 628. The budget includes a tax levy increase of 1.44% in, which is below the District’s maximum allowable tax levy increase of 13.52% for the 2023-24 fiscal year.

Investment Policy

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

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) obligations of the State of New York; (2) obligations of the United States Government, or any obligations for which principle and interest are fully guaranteed by the United States Government; (3) time deposits placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law (Banking Law section 237(2) prohibits a savings bank from accepting a deposit from a local government. This also applies to savings and loan associations); (4) transaction accounts (demand deposits) both interest bearing and non-interest bearing that do not require notice of withdrawal placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law; (5) certificates of deposits placed in a commercial bank authorized to do business in the State of New York providing the certificates are collateralized as required by law; (6) securities purchased pursuant to a repurchase agreement whereby one party purchases securities from a second party and the second party agrees to repurchase those same securities on a specific future date at an agreed rate of return (the interest rate).

The District is not authorized to invest in repurchase agreements or similar derivative type commitments.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2023-2024 fiscal year, approximately 47.79% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

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

Federal Aid Received by the State

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

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

The District expects to receive \$8,965,880 in funds from the American Rescue Plan over a three-year period. Additionally, the District will receive \$3,989,299 in ESSER funding which will need to be used over a two½ year span.

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

Building Aid

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

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary Building Aid forms are filed with the State in a timely manner. The Building Aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the Building Aid ratio that is assigned to the District, and amortized over the predefined timeframe. 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 2023-2024 preliminary Building Aid ratios, the District State Building Aid of approximately 89.3% for debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State Aid History

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

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

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

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

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

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

School district fiscal year (2023-2024): The State’s Budget for fiscal 2023-24 was enacted on May 2, 2023 and provides for a total of \$34 billion in State funding to school districts for the 2023-24 school year. The enacted budget for fiscal 2023-24 represents a \$3.2 billion or 10.4% increase in State funding for education, and includes a \$2.629, or 12.3% percent Foundation Aid increase.

State Aid Litigation

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

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

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments. The final phase of foundation aid is now scheduled to occur as listed below.

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

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

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

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

State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2017-2018	\$ 78,713,348	\$ 24,801,850	31.51%
2018-2019	85,259,144	30,254,195	35.48
2019-2020	85,456,223	31,583,705	36.96
2020-2021	88,986,568	32,098,968	36.07
2021-2022	93,451,669	37,454,632	40.08
2022-2023 (Budgeted)	98,774,237	45,493,697	46.06
2022-2023 (Unaudited)	102,737,195	46,900,632	45.62
2023-2024 (Budgeted)	103,332,823	49,267,107	47.79

Source: Audited financial statements for the 2017-2018 fiscal year through and including the 2021-2022 fiscal year and adopted budgets of the District for the 2022-2023 and 2023-2024 fiscal years. This table is not audited.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>
Charles E. Riley Elementary School	K-6	700
Fitzhugh Park Elementary School	K-6	640
Fredrick Leighton Elementary School	K-6	500
Kingsford Park Elementary School	K-6	640
Minetto Elementary School	K-6	600
Oswego Middle School	7-8	900
Oswego High School	9-12	1,433

Note: The District Offices are located in the Fredrick Leighton Elementary School.

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2019-20	3,626	2024-25	3,425
2020-21	3,555	2025-26	3,450
2021-22	3,468	2026-27	3,455
2022-23	3,617	2027-28	3,455
2023-24	3,583	2028-29	3,455

Source: District officials.

Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expiration 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>
375	Oswego Classroom Teachers' Association (OCTA)	June 30, 2024
15	Association of Administrative Personnel (AAP)	June 30, 2027
269	Civil Service Employees' Association (CSEA)	June 30, 2025
270	Oswego Per Diem Substitute Teachers (OCTA II)	June 30, 2025
3	Central Office Administrators/Supervisors Association	June 30, 2027
6	Non-Affiliated Employees	N/A

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2022-2023 and 2023-2024 fiscal years are as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2017-2018	\$ 1,004,018	\$ 2,637,563
2018-2019	943,498	2,984,807
2019-2020	804,383	2,725,427
2020-2021	855,895	2,950,383
2021-2022	852,808	3,272,032
2022-2023 (Budgeted)	1,180,108	3,483,091
2022-2023 (Unaudited)	816,763	3,356,188
2023-2024 (Budgeted)	1,000,000	3,600,000

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

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

A chart of average ERS and TRS rates as a percent of payroll (2019-20 to 2023-24) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2019-20	14.6%	8.86%
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76

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 Enacted State Budget includes a provision that would provide local governments and school districts, including the School 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 12.5% 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, and does not intend to do so in the foreseeable future.

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

While the School District is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

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 a TRS reserve fund and has contributed a total of \$1,811,002 to the fund as of June 29, 2023.

Other Post-Employment Benefits

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

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

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

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

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

	Balance beginning at:	June 30, 2020	June 30, 2021
		\$ 250,191,509	\$ 319,664,232
<u>Changes for the year:</u>			
Service cost		7,747,532	10,749,715
Interest		8,892,509	7,212,168
Changes of Benefit Terms		(179,187)	-
Differences between expected and actual experience		-	(57,706,051)
Changes in assumptions or other inputs		60,746,616	(1,592,162)
Benefit payments		(7,734,747)	(8,143,077)
Net Changes		\$ 69,472,723	\$ (49,479,407)
	Balance ending at:	June 30, 2021	June 30, 2022
		\$ 319,664,232	\$ 270,184,825

Note: The above table is not audited. For additional information see "APPENDIX – D" attached hereto.

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

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

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

Other Information

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

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the District is past due. Due to a clerical error, the District failed to make an interest payment on the \$6,853,601 School District (Serial) Bonds, 2014 in the total amount of \$56,762.50 due on December 15, 2021. The payment was made on December 20, 2021 and a Material Event Notice was filed to the Electronic Municipal Market Access on February 2, 2022.

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, 2022 and is attached hereto as “APPENDIX – E”. In addition, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. Certain summary financial information of the District can be found attached as Appendices to the Continuing Disclosure Statement.

The School 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, 2004, the School District issued 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.

Mengel Metzger Barr & Co. 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. Mengel Metzger Barr & Co. LLP also has not performed any procedures relating to this Continuing Disclosure Statement.

Unaudited Results for the Fiscal Year Ending June 30, 2023

The District expects to end the fiscal year ending June 30, 2023 with an unassigned fund balance of \$4,133,313.

Summary unaudited information for the General Fund for the period ending June 30, 2023 is as follows:

Revenues:	\$102,797,195
Expenditures:	<u>98,367,208</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ 4,429,987</u>
Total Fund Balance at June 30, 2022:	\$ 27,019,670
Total Fund Balance at June 30, 2023:	\$ 27,438,938

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

Source: District officials.

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New York State Comptroller Reports of Examination

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

The State Comptroller's office released an audit report of the District on July 1, 2022. The purpose of the audit was to determine whether Oswego County Board of Cooperative Educational Services' (BOCES) claims were audited and approved prior to payment and were for appropriate BOCES purposes for the period July 1, 2020 through February 15, 2022.

Key Findings:

Claims we reviewed were supported and for appropriate BOCES purposes. However, all claims were not audited or approved prior to payment. As a result, BOCES has a higher risk of inaccurate or improper payments occurring.

- The State Comptroller's Office reviewed 1,790 claims, totaling \$16.5 million, to determine whether they were audited and approved prior to payment and found that 1,393 claims (78 percent), totaling \$6.4 million, were paid prior to the claims auditor's approval.
- Based on dates transactions cleared the bank, 195 additional claims, totaling \$469,800, were likely paid prior to the claims auditor's approval.
- The State Comptroller's Office We reviewed 114 claims, totaling \$2.1 million, and found they were supported by adequate documentation and for appropriate purposes.

Key Recommendations:

- Ensure signed checks are printed and Automatic Clearing House (ACH) and electronic payments are made only after the claims auditor has audited and approved the claims.

The State Comptroller's office released an audit report of the District on April 1, 2022. The purpose of the audit was to determine whether Oswego City School District officials calculated separation payments to certain District employees in accordance with Bond-approved employment contracts or collective bargaining agreements (CBAs) for the period July 1, 2019 through March 31, 2021.

Key Findings:

- The Board does not have a multiyear financial plan.
- The District does not have an effective process to identify all nonresident foster students receiving educational services and bill their school districts for those services.
- The District did not bill and collect about \$237,000 in reimbursement for students.

Key Recommendations:

- Develop and adopt a multiyear financial operating plan to provide a framework for future budgets and to facilitate the District's management of financial operations.
- Develop and communicate procedures to ensure that nonresident foster students are properly identified and that accurate bills are prepared and submitted to school districts of origin in a timely manner.
- Bill or rebill the appropriate school districts for services provided in past years to nonresident foster students. District officials should contact the State Education Department to determine if there is any limitation on previous years that can be billed.

A copy of the complete reports and responses can be found via the website of the Office of the New York State Comptroller.

There are no other 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 to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2022	No Designation	16.7
2021	No Designation	13.3
2020	No Designation	13.3
2019	No Designation	13.3
2018	No Designation	6.7

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

TAX INFORMATION

Taxable Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Taxable Assessed Value	\$ 1,421,125,851	\$ 1,426,016,625	\$ 1,446,338,720	\$ 1,479,147,106	\$ 1,494,731,909
Taxable Full Valuation ⁽¹⁾	1,429,792,503	1,458,929,673	1,487,277,635	1,532,651,731	1,709,728,496
Taxable Full Valuation ⁽²⁾	1,480,233,782	1,521,667,094	1,540,568,863	1,555,907,951	1,775,658,418

⁽¹⁾ Full Valuation computed using regular State Equalization Rates.

⁽²⁾ Full Valuation computed using regular Special State equalization ratios. Special State equalization ratios are used solely for purposes of computing the District's constitutional debt limit. See "APPENDIX - C" for the computation of full valuation using regular and special State equalization ratios, respectively.

Tax Rates Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of : Oswego	\$ 20.46	\$ 20.19	\$ 17.91	\$ 17.38	\$ 16.94
Towns of : Minetto	20.46	20.82	17.91	17.38	17.91
Oswego	21.31	21.03	18.86	18.90	19.48
Scriba	20.46	21.64	19.67	19.32	19.09
Sterling	20.46	20.19	18.47	20.70	19.24
Volney	20.46	20.82	19.06	18.79	19.48

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Tax Levy ⁽¹⁾	\$ 29,253,414	\$ 29,458,867	\$ 26,643,448	\$ 26,643,448	\$ 26,643,448
Amount Uncollected	1,705,189	1,768,796	1,542,731	1,533,377	1,437,113
% Uncollected	5.83%	6.00%	5.79%	5.76%	5.39%

Tax Collection Procedure

The District's taxes are payable in two equal installments to an appointed tax collector for the District. School taxes levied are collected by the District. The first tax installment is payable during the month of October without penalty. If paid after October 31, a penalty of 2% is imposed from October 1, increasing by 1% each month and capped at 5% through the end of February. The second tax installment is payable during the month of February without penalty. If paid after February 28, a penalty of 1% is imposed from February 1. All unpaid taxes and penalties are turned over to the City and Oswego and Cayuga Counties and additional penalties are added.

Uncollected District taxes in the towns are returned to the respective Counties who reimburse the District in full in the same fiscal year in which the taxes were levied. Uncollected School taxes in the City are returned to the City for collection under Section 1332 of the Real Property Tax Law. The District also includes a tax overlay in its budget.

PILOT Agreement

The District settled a five-year Intermunicipal agreement with the County of Oswego, Town of Scriba and Nine Mile I and II. The chart below represents the District's share of the PILOT (Payment In Lieu of Tax) agreement over the life of the PILOT.

Year 1	2020-2021	\$ 20,550,000
Year 2	2021-2022	20,892,500
Year 3	2022-2023	20,892,500
Year 4	2023-2024	20,892,500
Year 5	2024-2025	<u>20,892,500</u>
Total		<u>\$104,120,000</u>

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes and Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2017-2018	\$ 78,713,348	\$ 50,556,019	64.23%
2018-2019	85,259,144	50,486,632	59.22
2019-2020	85,456,223	50,065,044	58.59
2020-2021	88,986,568	52,325,361	58.08
2021-2022	93,451,669	51,911,229	55.55
2022-2023 (Budgeted)	98,774,237	52,047,826	52.69
2022-2023 (Unaudited)	102,737,195	52,109,619	50.72
2023-2024 (Budgeted)	103,902,823	52,401,716	50.83

Source: Audited financial statements for the 2017-2018 fiscal year through and including the 2021-2022 fiscal year, adopted budget of the District for the 2022-2023 and 2023-2024 fiscal years, and unaudited financial statements for the 2022-2023 fiscal year. Audited values may differ from unaudited figures. This table is not audited.

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Larger Taxpayers for 2022-2023 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Taxable Full Valuation</u>
Oswego Harbor Power	Utility	\$ 107,700,987
Niagara Mohawk	Utility	104,400,124
Novelis Corp	Manufacturing	14,625,600
Oswego Development	Real Estate	10,750,000
WT Terminal Oswego LLC	Commercial	9,200,000
Erie Blvd Hydropower	Utility	9,029,000
Wal Mart	Retail	8,400,000
Lowe's Home Improvement	Retail	5,800,000
CSX Transportation Inc.	Railway	5,230,273
DKR Oswego LLC	Commercial	5,100,000

The ten largest taxpayers listed above have a total full valuation of \$280,235,984, which represents 16.39% of the 2022-2023 base of the School District.

The District has pending tax certioraris with a total potential liability of \$135,729 (excluding interest). The District has a \$1,034,491 reserve established for Tax Certioraris.

Source: District officials.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of \$92,000 or less for 2022, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of \$500,000 are eligible for a "basic" exemption on their primary residence.

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

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

The below table lists the basic and enhanced exemption amounts that will apply to the 2022-23 school district tax roll for the municipalities applicable to the District:

<u>Municipality</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
City of:			
Oswego	\$ 74,890	\$ 27,600	4/6/2023
Towns of:			
Minetto	70,820	26,700	4/6/2023
Oswego	65,120	24,560	4/6/2023
Scriba	66,460	24,500	4/6/2023
Sterling	65,930	24,300	4/6/2023
Volney	65,120	24,700	4/6/2023

\$3,266,000 of the District's \$26,643,448 school tax levy for 2022-2023 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2023.

Approximately \$3,467,607 of the District's \$27,027,338 school tax levy for the 2023-2024 fiscal year is expected to be exempt by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State by January 2024.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-65%; Commercial-25%; Utilities-5%; and Manufacturing-5%.

The estimated total annual property tax bill of an \$100,000 market value residential property located in the District is approximately \$3,743 including City, Counties and School District taxes.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 of New York State was signed into law by the Governor (the "Tax Cap Law"). The Tax Cap Law applies to virtually all local governments, including school districts (with the exception of New York City and the counties comprising New York City, and the District in New York City, Buffalo, Rochester, Syracuse and Yonkers).

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

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

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

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

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

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

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

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 federal 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.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under “THE NOTES – Nature of the Obligation,” the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, Chapter 97 of the Laws of 2011 imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law. See “TAX LEVY LIMITATION LAW” herein.

Statutory Procedure

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

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 five 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 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 Legislature prescribes the manner by which such ratio shall be determined.

Bond resolutions adopted by the Board of Education, authorizing the issuance of bonds, and notes in anticipation of the bonds, must be submitted for approval by the qualified electors of the District. No down payment is required in connection with the issuance of District obligations.

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

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

- (1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied 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.

The District complied with this estoppel procedure with respect to its authorization of the Notes. 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 subject to approval by the qualified electors of the District. 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.

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

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.

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending June 30th:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$ 38,497,000	\$ 33,971,000	\$ 26,680,000	\$ 24,310,000	\$ 19,873,000
Bond Anticipation Notes	0	0	26,000,000	35,000,000	44,570,000
Total Debt Outstanding	<u>\$ 43,730,285</u>	<u>\$ 38,497,000</u>	<u>\$ 33,971,000</u>	<u>\$ 52,680,000</u>	<u>\$ 59,310,000</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of September 12, 2023.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2023-2030	\$ 19,293,000
Bond Anticipation Notes:		
Capital Project	July 19, 2024	<u>48,555,000</u>
	Total Indebtedness	<u>\$ 67,848,000</u>

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 12, 2023:

	Computed Using Regular State Equalization Rates	Computed Using Spec State Equalization Ra
Five-year Average Full Valuation of Taxable Real Property.....	\$ 1,523,676,008	\$ 1,653,205,559
Debt Limit - 5% thereof	76,183,800	82,660,278
<u>Inclusions:</u>		
Bonds.....	\$ 19,293,000	\$ 19,293,000
Bond Anticipation Notes.....	48,555,000	48,555,000
Total Inclusions.....	\$ 67,848,000	\$ 67,848,000
<u>Exclusions:</u>		
Appropriations	\$ -	\$ -
Total Exclusions.....	\$ -	\$ -
Total Net Indebtedness ⁽¹⁾⁽²⁾	\$ 67,848,000	\$ 67,848,000
Net Debt-Contracting Margin ⁽³⁾	\$ 8,335,800	\$ 14,812,278
The percent of debt contracting power exhausted is.....	89.06%	82.08%

- (1) The District's constitutional debt limit has been computed using special equalization ratios established by the State Office of Real Property Tax Services pursuant to Article 12-B of the Real Property Tax Law. "Conventional" State equalization rates are also established by the State Board, and are used for all other purposes.
- (2) Based on preliminary 2023-2024 Building Aid ratios, the District anticipates State Building Aid of approximately 89.3% 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 serial bonds. However, due to the current calculated Debt Limit, the District will not exceed its Debt Limit with this authorization and existing applicable debt.
- (3) Tax anticipation notes and revenue anticipation notes are not included in the computation of the constitutional debt limit of the District.

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.

In accordance with Section 104.00 of the New York State Local Finance Law, the New York State Board of Regents and the Office of the State Comptroller have consented to the District's issuance of its obligations in excess of the Constitutional debt limit, in the principle amount not to exceed \$57,200,000, to finance the capital project to be financed, in part, with proceeds of the Notes. The District received consent to exceed its debt limit from the Board of Regents on April 9, 2019 and the Office of the State Comptroller.

Bonded Debt Service

A schedule of bonded debt service, including the principal of the Bonds, may be found in "APPENDIX – B" to this Official Statement.

Cash Flow Borrowings

The District has not issued tax anticipation notes since the 2007-2008 fiscal year, and does not expect to issue such notes in the current fiscal year. The District, historically, does not issue revenue anticipation notes, and does not expect to issue such notes in the current fiscal year.

Capital Project Plans

On December 18, 2018, District voters approved a capital improvement project in the amount of \$63.1 million. The project will be funded with Capital Reserve Funds of \$5.9 million and the issuance of \$57.2 million bond anticipation notes and/or serial bonds. On July 24, 2020, the District issued \$26,000,000 bond anticipation notes, which represented the first borrowing against this authorization. On July 22, 2021 the District issued \$35,000,000 bond anticipation notes to renew in full the notes that matured July 23, 2021 and provide \$9,000,000 new money for this project. On July 21, 2022 the District issued \$44,570,000 bond anticipation notes, along with \$1,1430,000 available funds of the District to partially redeem and renew the notes that matured July 22, 2022 and provided \$11,000,000 new money for this project. On July 20, 2023 the District issued \$48,555,000 bond anticipation notes, which, along with available funds of the District to partially redeemed and renewed the notes that matured on July 21, 2023, and provided \$5,110,000 new monies for this purpose.

In accordance with Section 104.00 of the New York State Local Finance Law, the New York State Board of Regents and the Office of the State Comptroller have consented to the District's issuance of its obligations in excess of the Constitutional debt limit, in the principle amount not to exceed \$57,200,000, to finance the capital project to be financed, in part, with proceeds of the Notes. The District received consent to exceed its debt limit from the Board of Regents on April 9, 2019 and the Office of the State Comptroller.

During the capital construction project noted above, soil contamination was found in the fields adjacent to the Frederick Leighton School. This remediation is being completed through an Emergency Project, approved by New York State Facilities Planning and will be eligible for aid in 2022-23 fiscal year.

The District is currently in the preliminary stages of an Energy Performance Contract project for various energy and efficiency upgrades within the District. On May 16, 2023 the qualified voters of the District approved the Energy Performance Contract in an amount of \$5,000,00. Such financing for the project will commence with the approval of the New York State Department of Education. Such borrowing is not expected to occur prior to July 2024.

The District has begun preliminary discussions for a new capital project of approximately \$50,000,000 to \$70,000,000. Full details and a District vote on this capital project is expected to take place in late 2025.

The District typically issues serial bonds annually for the purchase of buses. The Bonds are being issued for the purchase of buses.

There are no other capital projects authorized or contemplated by the District.

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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 School District. Estimated bonds and bond anticipation notes of the respective municipalities are listed below.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Cayuga	12/31/2021	\$ 49,162,576	\$ 29,320,199	\$ 19,842,377	0.07%	\$ 13,890
Oswego	12/31/2021	154,318	154,318	-	23.71%	-
City of:						
Oswego	12/31/2021	58,840,565	49,723,939	9,116,626	100.00%	9,116,626
Town of:						
Minetto	12/31/2021	222,451	222,451	-	95.74%	-
Oswego	12/31/2021	2,219,550	0	2,219,550	85.13%	1,889,503
Scriba	12/31/2021	8,199,508	8,199,508	-	81.90%	-
Sterling	12/31/2021	3,917,000	2,347,000	1,570,000	1.45%	22,765
Volney	12/31/2021	-	-	-	4.48%	-
Total:						<u>\$ 11,042,783</u>

Notes:

- (1) Outstanding bonds and bond anticipation notes are as of the close of the respective fiscal years, and are not adjusted to include subsequent bond or note sales, if any.
- (2) Water and sewer debt and/or appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2021.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of September 12, 2023:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 67,848,000	\$ 2,149.61	3.97%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	78,890,783	2,499.47	4.61%

(a) The 2021 estimated population of the District is 31,563. (See "THE SCHOOL DISTRICT – Population" herein.)

(b) The District's full value of taxable real estate for 2022-2023 using regular equalization rates is \$1,709,728,496. (See "TAX INFORMATION – Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is \$11,042,783 (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.

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

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.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. These requirements include provisions which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Notes and other amounts and require that certain earnings be rebated to the federal government. The District will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Notes. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Notes is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Notes.

Prospective purchasers should consult their tax advisors with respect to the calculations of the alternative minimum tax or foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed by the Code. For tax years beginning after December 31, 2022, interest on the Notes that is included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax imposed under the code. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

In addition, in the opinion of Bond Counsel, under existing laws, so long as interest is excluded from gross income for Federal income tax purposes, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York.

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LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amounts (ii) 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; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, for tax years beginning after December 31, 2022 interest on the Notes that is included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax imposed under the code. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth as Bond Counsel's opinion in the Official Statement).

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 are currently tax certiorari claims requesting reduction of assessments pending. The outcome of the tax certiorari claims is undeterminable at this time.

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.

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

The District was One (1) day late in filing the AFIOD for the fiscal year ending June 30, 2022 as required by the continuing disclosure undertaking for the serial bonds issued through the Dormitory Authority of the State of New York in 2012, 2013, 2016, and 2017. The AFIOD was due to be filed to the MSRB Electronic Municipal Market Access System (EMMA) no later than December 27, 2022 (180 days after the fiscal year end) but was not filed until December 28, 2022. A Material Event Notice - Failure to Provide Annual Financial Information was filed on January 10, 2023 as required pursuant to SEC Rule 15c2-12.

Incurrence of Financial Obligation – Failure to Provide Event Filing Information: On May 4, 2021 the District entered into installment purchase contracts that began on August 15, 2021 for printers and equipment. On November 8, 2022 a Material Event Notice was filed in connection with the Incurrence of a Financial Obligation-Debt Obligation to disclose the installment purchase contracts. This notice was not within the timeline stated in the Districts prior undertaking agreements. Due to the late filing, also on November 8, 2022, a Failure to Provide Event Filing Information as Required was filed.

On November 8, 2022 a voluntary event notification was filed to EMMA for failure to provide event filing information as required in relation to the District's Series 2006 bonds, Continuing Disclosure Undertaking, required all appendices to be filed to Electronic Municipal Market Access ("EMMA") annually. A Cash Flow was included as an Appendix to the Official Statement, pursuant to a Tax Anticipation Note issued at the same time. The District did not include a cash flow in its Continuing Disclosure filings for the last five years. Said Tax Anticipation Notes and bonds have been paid in full and the disclosure undertaking is no longer outstanding.

Debt Service Payment. Due to a clerical error, the District failed to make an interest payment on the \$6,853,601 School District (Serial) Bonds, 2014 in the total amount of \$56,762.50 due on December 15, 2021. The payment was made on December 20, 2021 and a Material Event Notice was filed to EMMA on February 2, 2022.

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

If the Notes are issued in registered book-entry form, 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, that the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

BOND RATING

The Bonds are not rated. Subject to the approval of the District, the purchaser(s) of the Bonds may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action may result in a material event notification to be posted to EMMA which is required by the District.

Moody's has assigned their rating of "Aa3" Enhanced and "A1" Underlying to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating, and any explanation of the significance of such rating may be obtained from Moody's Investors Service, Inc., World Trade Center, 250 Greenwich St., New York, New York 10007. Phone: (212) 553-0038, Fax: (212) 553-1390.

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

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 Bonds.

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 Bonds.

Bond, Schoeneck & King, PLLC, Syracuse, 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 Bonds, 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 Bonds, 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 Bonds 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 SEC.

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

The District's contact information is as follows: Nancy Squairs, Executive Director of Business and Finance, 1 Buccaneer Boulevard, Oswego, New York 13126, Phone: (315) 341-2044, Email: nsquairs@oswego.org.

The School District's Bond Counsel contact information is as follows: Paul W. Reichel, Esq., Bond, Schoeneck & King, PLLC, One Lincoln Center, Syracuse, New York 13202, Phone: (315) 218-8135, Fax: (315) 218-8100, E-Mail: preichel@bsk.com.

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

CITY SCHOOL DISTRICT OF THE CITY OF OSWEGO

Dated: September 12, 2023

/s/ DR. JAMES MACKENZIE
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 17,171,749	\$ 13,535,218	\$ 16,211,689	\$ 21,585,066	\$ 25,333,017
Restricted Cash	-	-	-	-	-
Accounts Receivable	4,915,056	5,537,063	5,669,933	4,680,395	4,964,633
Due from other funds	2,507,871	2,808,283	3,159,217	3,294,800	4,840,270
Prepaid expense-health	-	-	-	-	-
TOTAL ASSETS	<u>\$ 24,594,676</u>	<u>\$ 21,880,564</u>	<u>\$ 25,040,839</u>	<u>\$ 29,560,261</u>	<u>\$ 35,137,920</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 431,289	\$ 281,446	\$ 1,384,103	\$ 317,797	\$ 550,921
Accrued Liabilities	1,523,250	1,892,412	1,371,908	1,533,772	1,924,387
Due to Other Funds	-	281,674	243,427	134,163	236,199
Due to Other Governments	-	-	-	-	-
Due to Teachers' Retirement System	3,075,297	3,498,692	3,092,010	3,421,396	4,069,869
Due to Employees' Retirement System	250,888	258,921	260,677	310,713	229,991
Compensated Absences	84,444	84,444	152,457	150,418	164,197
Other Liabilities	-	-	-	194,588	154,433
Deferred Revenues	1,181,287	1,011,969	1,377,936	724,673	788,253
TOTAL LIABILITIES	<u>\$ 6,546,455</u>	<u>\$ 7,309,558</u>	<u>\$ 7,882,518</u>	<u>\$ 6,787,520</u>	<u>\$ 8,118,250</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 508,494	\$ 417,901	\$ 295,758	\$ 516,239	\$ 516,239
Restricted	11,967,297	10,471,605	11,682,451	18,259,754	18,259,754
Assigned	2,207,827	240,129	1,639,894	350,356	351,254
Unassigned	3,364,603	3,441,371	3,540,218	3,646,392	7,892,423
TOTAL FUND EQUITY	<u>\$ 18,048,221</u>	<u>\$ 14,571,006</u>	<u>\$ 17,158,321</u>	<u>\$ 22,772,741</u>	<u>\$ 27,019,670</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 24,594,676</u>	<u>\$ 21,880,564</u>	<u>\$ 25,040,839</u>	<u>\$ 29,560,261</u>	<u>\$ 35,137,920</u>

Source: Audited Financial Statements 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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 24,428,272	\$ 24,691,465	\$ 24,965,267	\$ 24,907,401	\$ 23,659,559
Real Property Tax Items	29,908,857	25,864,554	25,521,365	25,157,643	28,665,802
Charges for Services	196,762	157,432	72,784	27,519	19,905
Use of Money & Property	150,478	216,326	202,518	127,775	6,538
Sale of Property and Compensation for Loss	83,975	75,179	1,445,347	90,567	413,884
Miscellaneous	2,504,921	2,435,653	2,221,149	2,794,573	2,724,781
Interfund Revenues	55,602	49,681	49,624	54,285	51,825
Revenues from State Sources	23,732,700	24,801,850	30,254,195	31,583,705	32,098,968
Revenues from Federal Sources	356,891	321,208	345,134	612,755	1,345,306
Total Revenues	<u>\$ 81,418,458</u>	<u>\$ 78,613,348</u>	<u>\$ 85,077,383</u>	<u>\$ 85,356,223</u>	<u>\$ 88,986,568</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>100,000</u>	<u>181,761</u>	<u>100,000</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 81,418,458</u>	<u>\$ 78,713,348</u>	<u>\$ 85,259,144</u>	<u>\$ 85,456,223</u>	<u>\$ 88,986,568</u>
<u>EXPENDITURES</u>					
General Support	\$ 8,259,424	\$ 8,955,461	\$ 8,941,528	\$ 9,118,938	\$ 8,939,267
Instruction	34,430,249	36,001,604	39,388,524	40,748,920	42,192,810
Pupil Transportation	2,617,395	2,783,216	3,006,455	2,898,454	2,486,737
Employee Benefits	21,966,303	22,088,365	23,638,723	22,768,023	22,734,267
Debt Service	8,670,312	8,525,265	7,749,629	7,132,103	6,986,923
Total Expenditures	<u>\$ 75,943,683</u>	<u>\$ 78,353,911</u>	<u>\$ 82,724,859</u>	<u>\$ 82,666,438</u>	<u>\$ 83,340,004</u>
Other Uses:					
Interfund Transfers	<u>879,585</u>	<u>100,000</u>	<u>6,011,500</u>	<u>202,470</u>	<u>32,144</u>
Total Expenditures and Other Uses	<u>\$ 76,823,268</u>	<u>\$ 78,453,911</u>	<u>\$ 88,736,359</u>	<u>\$ 82,868,908</u>	<u>\$ 83,372,148</u>
Excess (Deficit) Revenues Over Expenditures	<u>4,595,190</u>	<u>259,437</u>	<u>(3,477,215)</u>	<u>2,587,315</u>	<u>5,614,420</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	13,193,594	17,788,784	18,048,221	14,571,006	17,158,321
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 17,788,784</u>	<u>\$ 18,048,221</u>	<u>\$ 14,571,006</u>	<u>\$ 17,158,321</u>	<u>\$ 22,772,741</u>

Source: Audited Financial Statements 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:

Fiscal Years Ending June 30:	2022			2023	2024
	Adopted	Amended		Adopted	Adopted
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 51,904,990	\$ 23,224,528	\$ 23,154,208	\$ 51,887,826	\$ 52,271,716
Real Property Tax items	115,000	28,795,462	28,757,021	160,000	130,000
Non-property taxes	-	25,000	-	-	-
Charges for Services	32,700	7,700	15,244	-	-
Use of Money & Property	12,000	12,000	4,565	1,740	28,000
Sale of Property and					
Compensation for Loss	25,829	168,475	185,468	45,000	20,000
Miscellaneous	940,000	940,000	3,182,867	900,000	1,076,000
Interfund Revenues	40,000	40,000	49,214	-	-
Revenues from State Sources	37,789,292	37,789,292	37,454,632	45,493,697	49,267,107
Revenues from Federal Sources	200,000	494,649	648,450	285,974	300,000
Total Revenues	<u>\$ 91,059,811</u>	<u>\$ 91,497,106</u>	<u>\$ 93,451,669</u>	<u>\$ 98,774,237</u>	<u>\$ 103,092,823</u>
Other Sources:					
Appropriated Reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Appropriated Fund Balance	-	-	-	-	-
Prior Year Encumbrances	-	350,356	-	-	-
Interfund Transfers	100,000	100,000	-	100,000	240,000
Total Revenues and Other Sources	<u>\$ 91,159,811</u>	<u>\$ 91,947,462</u>	<u>\$ 93,451,669</u>	<u>\$ 98,874,237</u>	<u>\$ 103,332,823</u>
<u>EXPENDITURES</u>					
General Support	\$ 10,058,920	\$ 10,730,652	\$ 9,946,364	\$ 10,566,614	\$ 11,953,468
Instruction	45,377,880	46,158,520	44,689,823	47,890,796	50,617,423
Pupil Transportation	3,198,686	3,427,715	3,148,543	3,349,349	3,801,679
Employee Benefits	25,251,746	24,302,265	24,171,855	25,091,003	26,601,617
Debt Service	7,122,579	7,178,310	7,178,310	7,221,570	10,208,636
Total Expenditures	<u>\$ 91,009,811</u>	<u>\$ 91,797,462</u>	<u>\$ 89,134,895</u>	<u>\$ 94,119,332</u>	<u>\$ 103,182,823</u>
Other Uses:					
Interfund Transfers	150,000	150,000	69,845	3,041,641	150,000
Total Expenditures and Other Uses	<u>\$ 91,159,811</u>	<u>\$ 91,947,462</u>	<u>\$ 89,204,740</u>	<u>\$ 97,160,973</u>	<u>\$ 103,332,823</u>
Excess (Deficit) Revenues Over					
Expenditures	<u>-</u>	<u>-</u>	<u>4,246,929</u>	<u>1,713,264</u>	<u>-</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	-	-	22,772,741	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,019,670</u>	<u>\$ -</u>	<u># \$ -</u>

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal		Interest		Total
2024	\$	6,108,000	\$	854,260.00	\$ 6,962,260.00
2025		4,835,000		577,158.00	5,412,158.00
2026		2,080,000		365,861.75	2,445,861.75
2027		2,095,000		294,442.75	2,389,442.75
2028		1,945,000		210,500.00	2,155,500.00
2029		1,650,000		130,962.50	1,780,962.50
2030		1,160,000		58,000.00	1,218,000.00
TOTALS	\$	19,873,000	\$	2,491,185.00	\$ 22,364,185.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2012 Capital Project			2013 Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 580,000	\$ 14,500	\$ 594,500	\$ 75,000	\$ 19,600	\$ 94,600
2025	-	-	-	80,000	15,850	95,850
2026	-	-	-	80,000	11,850	91,850
2027	-	-	-	85,000	7,850	92,850
2028	-	-	-	90,000	3,600	93,600
2029	-	-	-	-	-	-
TOTALS	\$ 580,000	\$ 14,500	\$ 594,500	\$ 410,000	\$ 58,750	\$ 468,750

Fiscal Year Ending June 30th	2014 BOCES Capital Project			2016 Capital Project - DASNY		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 475,000	\$ 92,338	\$ 567,338	\$ 875,000	\$ 343,250	\$ 1,218,250
2025	485,000	79,275	564,275	915,000	299,500	1,214,500
2026	500,000	64,725	564,725	960,000	253,750	1,213,750
2027	515,000	49,725	564,725	1,000,000	215,750	1,215,750
2028	530,000	34,275	564,275	1,050,000	165,750	1,215,750
2029	545,000	17,713	562,713	1,105,000	113,250	1,218,250
2030	-	-	-	1,160,000	58,000	1,218,000
TOTALS	\$ 3,050,000	\$ 338,050	\$ 3,388,050	\$ 7,065,000	\$ 1,449,250	\$ 8,514,250

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2017 DASNY Refunding			2018 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 3,285,000	\$ 295,100	\$ 3,580,100	\$ 120,000	\$ 1,725	\$ 121,725
2025	2,635,000	131,750	2,766,750	-	-	-
TOTALS	\$ 5,920,000	\$ 426,850	\$ 6,346,850	\$ 120,000	\$ 1,725	\$ 121,725

Fiscal Year Ending June 30th	2019 Bus Acquisition			2020 Bus Acquisition		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 190,000	\$ 4,869	\$ 194,869	\$ 45,000	\$ 1,350	\$ 46,350
2025	190,000	1,663	191,663	45,000	810	45,810
2026	-	-	-	45,000	270	45,270
TOTALS	\$ 380,000	\$ 6,531	\$ 386,531	\$ 135,000	\$ 2,430	\$ 137,430

Fiscal Year Ending June 30th	2021 Bus Acquisition			2022 Bus Acquisition		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 225,000	\$ 8,417	\$ 233,417	\$ 238,000	\$ 73,112	\$ 311,112
2025	225,000	6,673	231,673	260,000	41,638	301,638
2026	230,000	4,623	234,623	265,000	30,644	295,644
2027	230,000	1,737	231,737	265,000	19,381	284,381
2028	-	-	-	275,000	6,875	281,875
TOTALS	\$ 910,000	\$ 21,449	\$ 931,449	\$ 1,303,000	\$ 171,650	\$ 1,474,650

COMPUTATION OF FULL VALUATION

Using Regular State Equalization Rates

Year of Assessment Roll

For Fiscal Year Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Taxable Assessed Valuation					
City of: Oswego	\$ 812,725,666	\$ 814,247,319	\$ 830,545,700	\$ 853,265,158	\$ 865,763,211
Towns of: Minetto	97,230,871	96,869,814	97,123,525	97,465,918	97,373,406
Oswego	207,999,652	208,543,405	208,734,432	211,139,720	210,734,017
Scriba	287,349,873	290,066,367	293,333,939	300,580,553	304,038,905
Sterling	3,265,160	3,430,598	3,580,415	3,593,399	3,625,043
Volney	12,554,629	12,859,122	13,020,709	13,102,358	13,197,327
Total Assessed Valuation	<u>\$ 1,421,125,851</u>	<u>\$ 1,426,016,625</u>	<u>\$ 1,446,338,720</u>	<u>\$ 1,479,147,106</u>	<u>\$ 1,494,731,909</u>

State Equalization Rates

City of: Oswego	100.00%	100.00%	100.00%	100.00%	92.00%
Towns of: Minetto	100.00%	97.00%	100.00%	100.00%	87.00%
Oswego	96.00%	96.00%	95.00%	92.00%	80.00%
Scriba	100.00%	93.30%	91.00%	90.00%	81.65%
Sterling	100.00%	100.00%	97.00%	84.00%	81.00%
Volney	100.00%	97.00%	94.00%	92.50%	80.00%

Taxable Full Valuation

City of: Oswego	\$ 812,725,666	\$ 814,247,319	\$ 830,545,700	\$ 853,265,158	\$ 941,046,968
Towns of: Minetto	97,230,871	99,865,788	97,123,525	97,465,918	111,923,455
Oswego	216,666,304	217,232,714	219,720,455	229,499,696	263,417,521
Scriba	287,349,873	310,896,428	322,344,988	333,978,392	372,368,530
Sterling	3,265,160	3,430,598	3,691,149	4,277,856	4,475,362
Volney	12,554,629	13,256,827	13,851,818	14,164,711	16,496,659
Total Full Valuation	<u>\$ 1,429,792,503</u>	<u>\$ 1,458,929,673</u>	<u>\$ 1,487,277,635</u>	<u>\$ 1,532,651,731</u>	<u>\$ 1,709,728,496</u>

Using Special State Equalization Ratios

Year of Assessment Roll	2018	2019	2020	2021	2022
For Fiscal Year Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>

Special Equalization Ratios

City of: Oswego	97.83%	95.65%	87.50%	88.70%	89.12%
Towns of: Minetto	99.81%	99.63%	86.56%	85.67%	84.93%
Oswego	94.65%	91.28%	79.16%	78.14%	77.01%
Scriba	89.24%	87.05%	78.33%	77.80%	77.20%
Sterling	95.58%	82.65%	79.28%	77.43%	75.92%
Volney	92.69%	90.19%	77.41%	76.87%	76.30%

Taxable Full Valuation

City of: Oswego	\$ 830,753,006	\$ 851,277,908	\$ 949,195,086	\$ 961,967,484	\$ 971,457,822
Towns of: Minetto	97,415,961	97,229,563	112,203,703	113,769,018	114,651,367
Oswego	219,756,632	228,465,606	263,686,751	270,206,962	273,645,003
Scriba	321,996,720	333,218,113	374,484,794	386,350,325	393,832,778
Sterling	3,416,154	4,150,754	4,516,164	4,640,836	4,774,820
Volney	13,544,750	14,257,814	16,820,448	17,044,826	17,296,628
Total Full Valuation	<u>\$ 1,486,883,224</u>	<u>\$ 1,528,599,757</u>	<u>\$ 1,720,906,946</u>	<u>\$ 1,753,979,451</u>	<u>\$ 1,775,658,418</u>

Note: The District's constitutional debt limit has been computed using special equalization ratios established by the Office of Real Property Services pursuant to Art-12-B of the Real Property Tax Law. "Conventional" State equalization rates are also established by said State Board, and are used for all other purposes.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the District has agreed to provide, or cause to be provided,

- (i) 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, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated November 1, 2022 of the District relating to the Bonds under the headings “THE DISTRICT”, “TAX INFORMATION”, “STATUS OF INDEBTEDNESS”, “LITIGATION” and all Appendices (other than Appendices D, & E, and other than any Appendix related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending June 30, 2022, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2022; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the District of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the District of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies
 - (b) non-payment related defaults; if material
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties
 - (d) 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bondholders; if material
 - (h) bond calls, if material, and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the Bonds; 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; and
 - (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

- (o) incurrence of a financial obligation 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 security 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 Bonds.

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 Bonds.

For the purposes of the event identified in (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.

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 Bonds; 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 obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the District no longer remains an obligated person with respect to the Bonds 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 Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the District's obligations under its continuing disclosure undertaking and any failure by the District to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

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

A "Continuing Disclosure Undertaking Certificate" to this effect shall be provided to the purchaser at closing.

CITY SCHOOL DISTRICT OF THE CITY OF OSWEGO

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022

Such Audited Financial Statement and 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.

OSWEGO CITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2022



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oswego City School District, New York, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Oswego City School District, New York, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oswego City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Oswego City School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in District's total OPEB liability and related ratio, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4-14 and 53-57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oswego City School District's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

As described in Note II to the financial statements, the District adopted GASB Statement No. 87, *Leases*. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2022 on our consideration of Oswego City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Oswego City School District's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 10, 2022

Oswego City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2022. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This 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

At the close of the fiscal year, the total liabilities plus deferred inflows (what the district owes) exceeded its total assets plus deferred outflows (what the district owns) by \$194,901,114 (net position) an increase of \$17,523,771 from the prior year.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$1,662,039, a decrease of \$1,396,604 in comparison with the prior year.

General revenues which include Federal and State Aid and Real Property Taxes accounted for \$93,890,432 or 90% of all revenues. Program specific revenues in the form of Charges for services and Operating Grants and Contributions accounted for \$10,363,763 or 10% of total revenues.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, Miscellaneous Special Revenue Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the capital projects fund which are reported as major funds. Data for the special aid fund, the school lunch fund, the miscellaneous special revenue fund, and the debt service fund are aggregated into a single column and reported as a non-major fund.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

<u>Major Feature of the District-Wide and Fund Financial Statements</u>			
	Government-Wide Statements	Fund Financial Statements	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education, scholarship programs, and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all 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 government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District As A Whole

Net Position

The District's combined net position on June 30, 2022 totaled a deficit of \$194,901,114.

	Governmental Activities		Total Variance
<u>ASSETS:</u>	<u>2022</u>	<u>2021</u>	
Current and Other Assets	\$ 79,658,344	\$ 36,152,045	\$ 43,506,299
Capital Assets	106,002,450	100,288,664	5,713,786
Total Assets	\$ 185,660,794	\$ 136,440,709	\$ 49,220,085
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 70,961,997	\$ 86,279,306	\$ (15,317,309)
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 298,147,015	\$ 356,742,666	\$ (58,595,651)
Other Liabilities	43,260,916	32,766,035	10,494,881
Total Liabilities	\$ 341,407,931	\$ 389,508,701	\$ (48,100,770)
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 110,115,974	\$ 46,197,146	\$ 63,918,828
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 53,819,432	\$ 50,921,744	\$ 2,897,688
<u>Restricted For:</u>			
Employment Retirement System	3,085,892	2,526,697	559,195
Unemployment Insurance Reserve	4,251,665	3,251,665	1,000,000
Capital Reserves	6,675,042	5,075,042	1,600,000
Other Purposes	10,233,450	8,483,949	1,749,501
Unrestricted	(272,966,595)	(283,293,655)	10,327,060
Total Net Position	\$ (194,901,114)	\$ (213,034,558)	\$ 18,133,444

Key Variances

- Increase in cash due to borrowing
- The New York Employee and Teachers Retirement Systems both reported a net pension asset in the current year which impacts the current and other assets, long-term obligations, deferred inflows and deferred outflows. In addition, capital outlay and debt repayment were greater than depreciation which impacts capital assets and net investment in capital assets.

By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District reports deficit unrestricted net position and total net position as a result of the recognition of the OPEB obligation which increased \$69,472,723 in the current year and included in long-term debt obligations. Current and Other Assets increased as a result of increases in the work in process and cash.

Changes in Net Position

The District's total revenue increased 12% to \$104,254,195. State and federal aid 37% and property taxes 50% accounted for most of the District's revenue. The remaining 13% of the revenue comes from charges for services, operating grants, investment earnings, compensation for loss, and miscellaneous revenues.

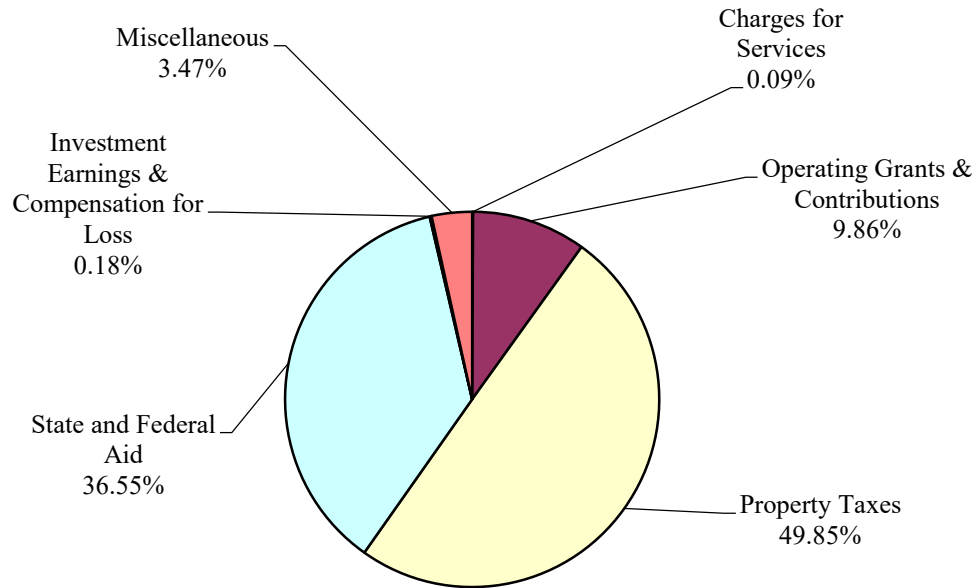
The total cost of all the programs and services decreased 7% to \$86,730,424. The District's expenses are predominately related to education and caring for the students (Instruction) 76%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 15% of the total costs. See table below:

	Governmental Activities		Total Variance
	<u>2022</u>	<u>2021</u>	
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 88,946	\$ 20,608	\$ 68,338
Operating Grants & Contributions	10,274,817	4,746,505	5,528,312
Total Program	\$ 10,363,763	\$ 4,767,113	\$ 5,596,650
<u>General-</u>			
Property Taxes	\$ 51,974,809	\$ 51,672,098	\$ 302,711
State and Federal Aid	38,103,082	33,444,274	4,658,808
Investment Earnings	4,565	12,648	(8,083)
Compensation for Loss	185,468	413,884	(228,416)
Miscellaneous	3,622,508	2,995,494	627,014
Total General	\$ 93,890,432	\$ 88,538,398	\$ 5,352,034
TOTAL REVENUES	\$ 104,254,195	\$ 93,305,511	\$ 10,948,684
<u>EXPENSES:</u>			
General Support	\$ 12,892,711	\$ 11,996,853	\$ 895,858
Instruction	65,956,228	74,126,364	(8,170,136)
Pupil Transportation	4,568,772	4,528,688	40,084
School Lunch	1,643,251	1,210,442	432,809
Interest	1,669,462	1,806,839	(137,377)
TOTAL EXPENSES	\$ 86,730,424	\$ 93,669,186	\$ (6,938,762)
CHANGE IN NET POSITION	\$ 17,523,771	\$ (363,675)	
NET POSITION, BEGINNING OF YEAR	(212,424,885)	(212,622,157)	
NET POSITION, END OF YEAR	\$ (194,901,114)	\$ (212,985,832)	
GASB 87 Restatement		560,947	
2021 RESTATED NET POSITION		\$ (212,424,885)	

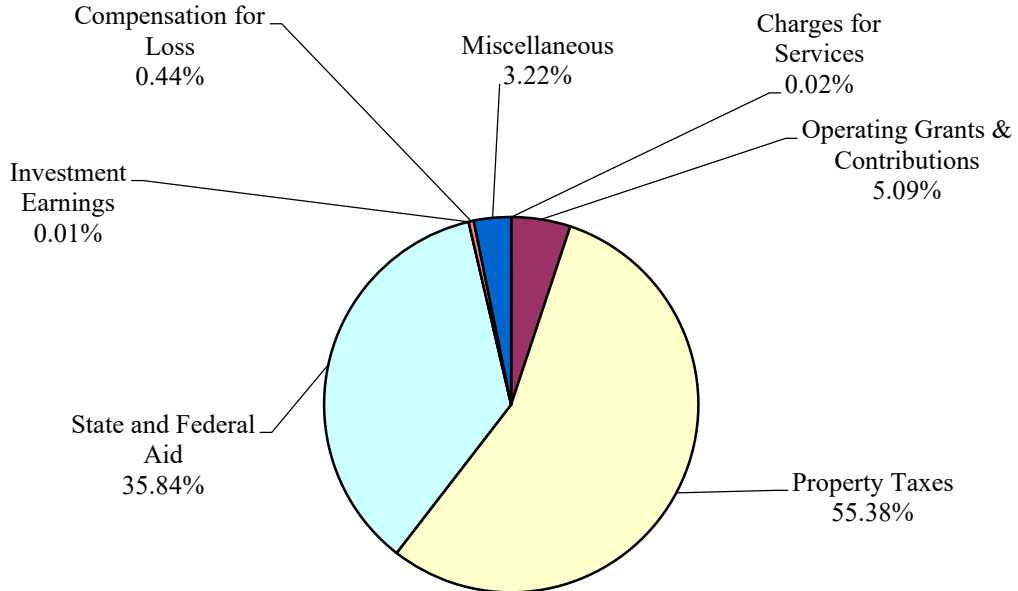
Key Variances

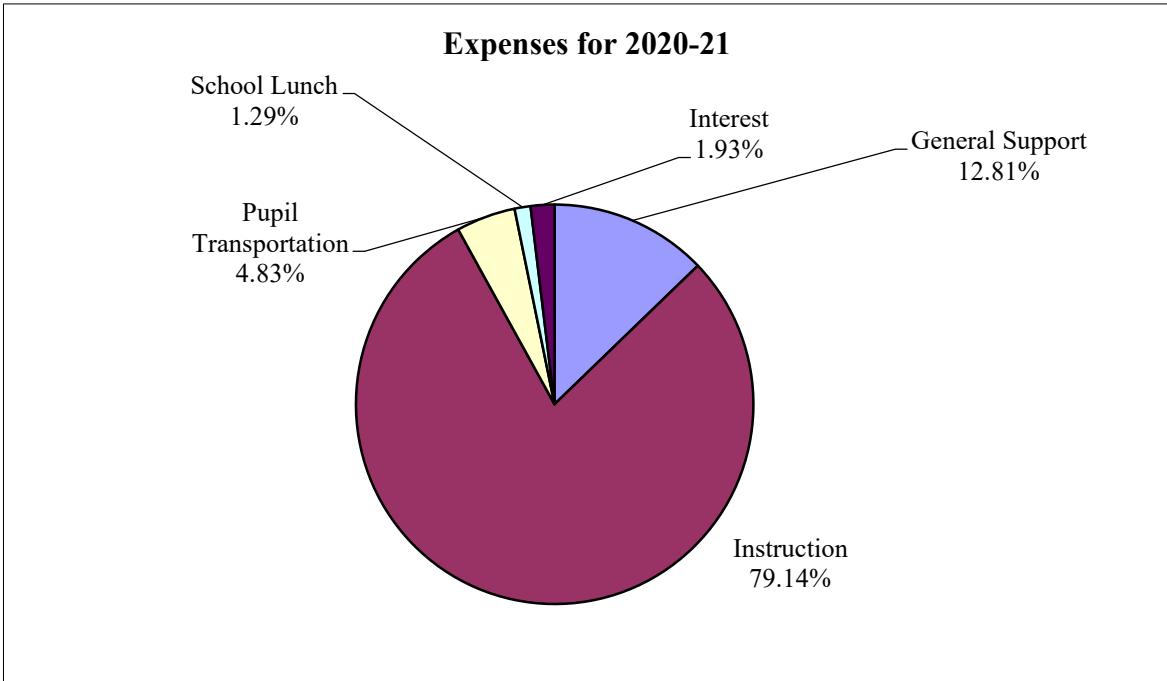
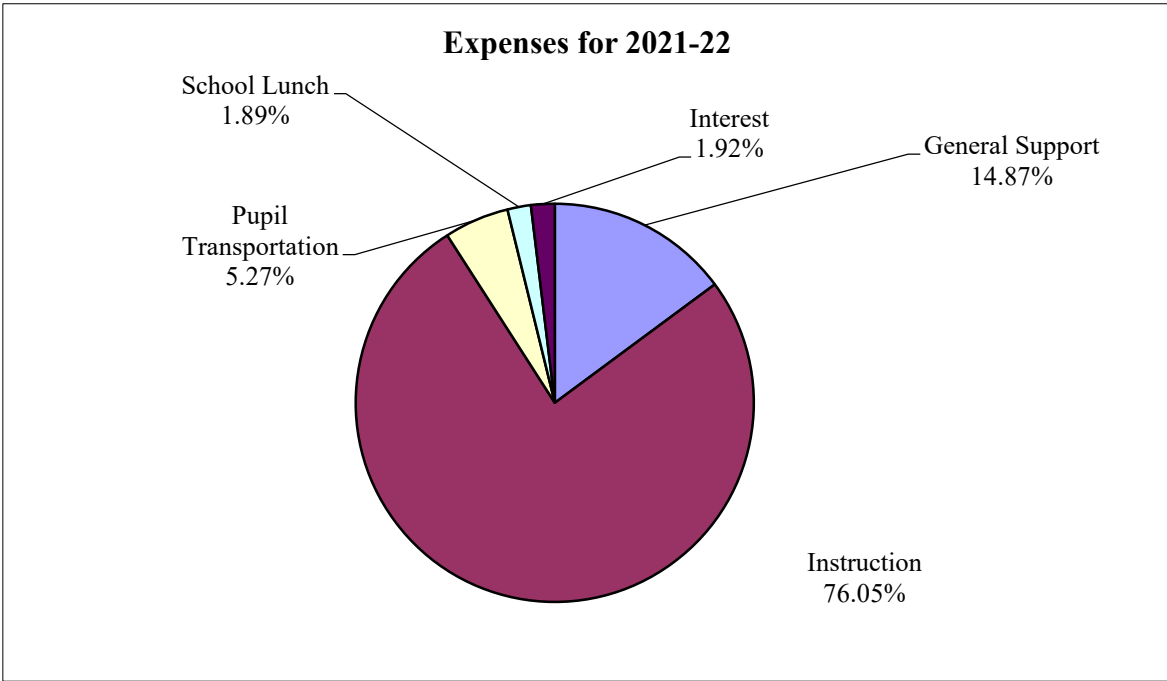
- Increase in foundation aid
- Increase in grant funding (Additional ARP and ESSER funds)
- Instructional expenses decreased from ARP allocation
- The District received and spent federal stimulus funds which increased operating grants and contributions.
- The New York State Teachers Retirement System and Employee Retirement System both reported a net pension asset which reduces instructional expenditures in the current year.

Revenue for 2021-22



Revenue for 2020-21





Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$1,662,039 which is less than last year's ending fund balance of \$3,058,643.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$27,019,670. Fund balance for the General Fund increased by \$4,246,929 compared with the prior year. See table below:

<u>General Fund Balances:</u>	<u>2022</u>	<u>2021</u>	<u>Total Variance</u>
Nonspendable	\$ -	\$ 516,239	\$ (516,239)
Restricted	22,781,977	18,259,754	4,522,223
Assigned	351,254	350,356	898
Unassigned	3,886,439	3,646,392	240,047
Total General Fund Balances	<u>\$ 27,019,670</u>	<u>\$ 22,772,741</u>	<u>\$ 4,246,929</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$787,651 which is attributable to \$350,356 of carryover encumbrances from the 2020-21 school year, \$294,649 for CARES act funds, \$142,646 for insurance claims

The key factors for budget variances in the general fund are listed below along with explanations for each.

Expenditures Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Teaching-Regular School	\$755,833	Livestreaming and home instruction increased, Increase in substitutes from COVID
Employee Benefits	(\$949,481)	ERS, TRS and medical insurance expenses decreased

Revenue Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Miscellaneous	\$2,242,867	Conservative budgeting on the rebates and BOCES surplus refund

Capital Asset and Debt Administration

Capital Assets

By the end of the 2022 fiscal year, the District had invested \$105,521,246 in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2022</u>	<u>2021</u>
<u>Capital Assets</u>		
Land	\$ 1,020,361	\$ 1,020,361
Work in Progress	31,619,951	24,583,127
Buildings and Improvements	68,439,560	70,881,656
Machinery and Equipment	4,441,374	3,803,520
Total Capital Assets	<u>\$ 105,521,246</u>	<u>\$ 100,288,664</u>
<u>Lease Assets</u>		
Equipment	\$ 481,204	\$ 560,947
Total Lease Assets	<u>\$ 481,204</u>	<u>\$ 560,947</u>

More detailed information can be found in the notes to the financial statements.

Long-Term Debt

At year end, the District had \$298,147,015 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2022</u>	<u>2021</u>
Serial Bonds	\$ 24,310,000	\$ 28,680,000
Workers' Comp Claims	154,138	102,002
Lease Liability	157,160	-
OPEB	270,184,825	319,664,232
Net Pension Liability	-	5,071,309
BOCES Preschool Deficit	337,128	337,128
Retainage	63,575	-
Compensated Absences	2,940,189	2,887,995
Total Long-Term Obligations	<u>\$ 298,147,015</u>	<u>\$ 356,742,666</u>

More detailed information can be found in the notes to the financial statements.

Factors Bearing on the District's Future

Property Tax Cap:

During 2011 the Governor signed Chapter 97 of the Laws of 2011, Part A- Property Tax Cap, affecting all local governments and establishing a property tax cap. The tax cap went into effect for the District's 2012-13 budget and under this law the growth in the property tax levy, the total amount to be raised through property taxes charged on the District's taxable assessed value of property, is capped at two percent or the rate of inflation, whichever is less, with some exceptions. Additionally, the district will have debt falling off that also affects the district ability to raise taxes. A 63.1 M capital project was approved by the voters and although tiered over five phases should help to mitigate the debt fall off. The district is currently in Phase 3 of 5 Phases.

PILOT Agreements:

The District's has settled a five year Intermunicipal agreement with the County of Oswego, Town of Scriba and Nine Mile I and II. The chart below represents the district's share of the PILOT agreement over the life of the PILOT. Where the last PILOT was deescalating, this PILOT agreement stabilizes the district revenue.

Fiscal Year	Payment	Decrease
2020-2021	20,550,000	
2021-2022	20,892,500	342,000
2022-2023	20,892,500	0
2023-2024	20,892,500	0
2024-2025	20,892,500	0
Total	104,120,000	

Post-Employment Health Benefits:

In fiscal year 2009, the District was required to report more accurately post-employment benefit costs. An actuarial study to calculate the total post-employment benefit liability was performed. The District has elected to recognize these costs of \$270 million over thirty years.

Retirement System Contributions:

The Districts' pension contribution for the Employees' Retirement System is tiered. The district is anticipating that both ERS and TRS rates will increase for the 2022-2023 school year. We are anticipating increased costs due to inflation and the decreased rate of return from the stock market.

Employee Contract Negotiations:

All bargaining Unit contracts have been settled as follows:

CSEA	7/1/21 to 06/30/25
AAP	7/1/21 to 06/30/23
COASA	7/1/21 to 06/30/23
OCTA	7/1/21 to 06/30/24

Annual Professional Performance Review (APPR):

APPR regulations from the NY State Department of Education require school districts and BOCES to annually evaluate the performance of probationary and tenured teachers providing instructional and pupil personnel services. The procedures for evaluating teachers are a mandatory subject of collective bargaining and have resulted in additional mandated costs for the District.

Common Core Learning Standards:

As part of the Regents Reform Agenda, New York State has embarked on a comprehensive reform initiative to ensure that schools prepare students with the knowledge and skills they need to succeed in college and in their careers. The Board of Regents adopted the Common Core State Standards for English Language Arts & Literacy and Mathematics creating Common Core Learning Standards (CCLS) in 2011.

The NYS Board of Regents adopted the newly revised ELA and Mathematics Learning Standards on September 11, 2017. The implementation timeline projected over the coming years includes awareness during the 2017-2018 school year and capacity building for the school years of 2018-2019 and 2019-2020 with the full implementation to take place September of 2020. This will have a direct impact on the professional development required during the next several years as well as additional costs.

Next Generation Learning Standards:

The Board of Regents adopted the newly revised English Language Arts and Mathematics Learning Standards on September 11, 2017. The new standards have been the result of over two years of collaborative work to ensure New York State has the best learning standards for our students. Over 130 educators and parents worked together to make recommendations and revise the standards, resulting in a new set of revised English Language Arts and Mathematics Learning Standards. New standards will also be rolled out in the future for Science and Social Studies.

Online Computer Based Testing:

The New York State Education Department continues to transition to computer-based testing (CBT) as part of its commitment to both meeting the needs of 21st century learners and improving test delivery, test integrity, scoring validity, and turn-around time on testing results.

Beginning with 2016, New York State started administering some statewide assessments on computer. Grades 3-8 computer-based testing has been fully implemented.

Lead & Carbon Monoxide Testing

New York State has adopted a rule that amends the Uniform Fire Prevention and Building Code by adding provisions requiring the installation of carbon monoxide detection in all new and existing commercial buildings that have appliances, devices or systems that may emit carbon monoxide, effective on June 27, 2015. Carbon Monoxide detectors with 10 year batteries have been installed at all locations where necessary.

In September 2016, legislation was passed requiring all school districts and Boces in NYS to test potable water systems for lead contamination and take responsive actions. The district did test all potable sources and implemented short term measures to correct these issues.

Lead testing was done again in 2021. Schools included in the capital project have had lead remediation done as part of the Capital Project. The district is closely monitoring state mandates with regards to lead in schools are currently in compliance. While these efforts keep the school district in compliance, long term corrections need to be put in place and included as part of any new capital project.

COVID -19

Although schools are back in full session, COVID 19 issues continue to create staffing problems in our schools. Teacher Substitutes are not available as in previous years. There is a shortage of qualified people willing to work in all areas including support staff. There is a nation-wide shortage of bus drivers and we do not see an end to this issue in the near future. Students are also coming in with more mental health needs requiring services.

Electric Buses

The state requires all new school buses to be zero-emissions (electric or hydrogen) by 2027 and all school buses to be zero emissions by 2035. SED may delay implementation if the 2027 deadline cannot be met without unreasonable cost or parts from overseas. School districts may apply for a one-time, two-year implementation waiver from SED. The current cost of an electric bus is 3 times the cost of a diesel. Costs also do not include any retrofitting of transportation departments to accommodate charging stations.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Oswego City School District
Education Center
120 East First Street, Oswego New York 13126

OSWEGO CITY SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 35,969,677
Accounts receivable	9,259,670
Inventories	73,344
Net pension asset	34,355,653
Capital Assets:	
Land	1,020,361
Work in progress	31,619,951
Other capital assets (net of depreciation)	73,362,138
TOTAL ASSETS	\$ 185,660,794
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	\$ 70,961,997
 LIABILITIES	
Accounts payable	\$ 1,100,599
Accrued liabilities	2,531,514
Unearned revenues	174,061
Due to other governments	449
Due to teachers' retirement system	4,069,869
Due to employees' retirement system	229,991
Bond anticipation notes payable	35,000,000
Other Liabilities	154,433
Long-Term Obligations:	
Due in one year	6,013,408
Due in more than one year	292,133,607
TOTAL LIABILITIES	\$ 341,407,931
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	\$ 110,115,974
 NET POSITION	
Net investment in capital assets	\$ 53,819,432
Reserve for employee retirement system	3,085,892
Unemployment insurance reserve	4,251,665
Capital reserves	6,675,042
Other purposes	10,233,450
Unrestricted	(272,966,595)
TOTAL NET POSITION	\$ (194,901,114)

(See accompanying notes to financial statements)

OSWEGO CITY SCHOOL DISTRICT, NEW YORK

Statement of Activities

For The Year Ended June 30, 2022

		Program Revenues		Net (Expense)
				Revenue and
				Changes in
				Net Position
		Operating		Governmental
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for</u>	<u>Grants and</u>	
		<u>Services</u>	<u>Contributions</u>	<u>Activities</u>
<u>Primary Government -</u>				
General support	\$ 12,892,711	\$ -	\$ -	\$ (12,892,711)
Instruction	65,956,228	15,244	8,064,739	(57,876,245)
Pupil transportation	4,568,772	-	-	(4,568,772)
School lunch	1,643,251	73,702	2,210,078	640,529
Interest	1,669,462	-	-	(1,669,462)
Total Primary Government	\$ 86,730,424	\$ 88,946	\$ 10,274,817	\$ (76,366,661)
General Revenues:				
Property taxes				\$ 51,974,809
State and federal aid				38,103,082
Investment earnings				4,565
Compensation for loss				185,468
Miscellaneous				3,622,508
Total General Revenues				\$ 93,890,432
Changes in Net Position				\$ 17,523,771
Net Position, Beginning of Year (restated)				(212,424,885)
Net Position, End of Year				\$ (194,901,114)

OSWEGO CITY SCHOOL DISTRICT, NEW YORK

**Balance Sheet
Governmental Funds
June 30, 2022**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 25,333,017	\$ 8,358,381	\$ 2,278,279	\$ 35,969,677
Receivables	4,964,633	-	4,295,037	9,259,670
Inventories	-	-	73,344	73,344
Due from other funds	4,840,270	-	590,275	5,430,545
TOTAL ASSETS	\$ 35,137,920	\$ 8,358,381	\$ 7,236,935	\$ 50,733,236
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ 550,921	\$ 446,077	\$ 103,601	\$ 1,100,599
Accrued liabilities	1,924,387	33,800	-	1,958,187
Notes payable - bond anticipation notes	-	35,000,000	-	35,000,000
Due to other funds	236,199	205,870	4,988,476	5,430,545
Due to other governments	-	-	449	449
Due to TRS	4,069,869	-	-	4,069,869
Due to ERS	229,991	-	-	229,991
Other liabilities	154,433	-	-	154,433
Compensated absences	164,197	-	613	164,810
Unearned revenue	-	-	174,061	174,061
TOTAL LIABILITIES	\$ 7,329,997	\$ 35,685,747	\$ 5,267,200	\$ 48,282,944
Deferred Inflows -				
Deferred inflows of resources	\$ 788,253	\$ -	\$ -	\$ 788,253
Fund Balances -				
Nonspendable	\$ -	\$ -	\$ 73,344	\$ 73,344
Restricted	22,781,977	826,704	1,456,621	25,065,302
Assigned	351,254	-	440,430	791,684
Unassigned	3,886,439	(28,154,070)	(660)	(24,268,291)
TOTAL FUND BALANCE	\$ 27,019,670	\$ (27,327,366)	\$ 1,969,735	\$ 1,662,039
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	\$ 35,137,920	\$ 8,358,381	\$ 7,236,935	

Amounts reported for governmental activities in the

Statement of Net Position are different because:

Capital assets/right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	106,002,450
Taxes receivable is deferred for those amounts collected after ninety (90) days on fund basis, while those amounts are recorded as revenue on the full accrual basis.	788,253
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(573,327)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(24,310,000)
Leases	(157,160)
Retainage	(63,575)
OPEB	(270,184,825)
Compensated absences	(2,775,379)
BOCES obligations	(337,128)
Workers' compensation claims	(154,138)
Net pension asset	34,355,653
Deferred outflow - pension	23,021,700
Deferred outflow - OPEB	47,940,297
Deferred inflow - pension	(43,225,056)
Deferred inflow - OPEB	(66,890,918)
Net Position of Governmental Activities	\$ (194,901,114)

(See accompanying notes to financial statements)

OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2022

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes and tax items	\$ 51,911,229	\$ -	\$ -	\$ 51,911,229
Charges for services	15,244	-	-	15,244
Use of money and property	4,565	-	-	4,565
Sale of property and compensation for loss	185,468	-	-	185,468
Miscellaneous	3,182,867	-	70,131	3,252,998
Interfund revenues	49,214	-	-	49,214
State sources	37,454,632	-	1,027,187	38,481,819
Federal sources	648,450	-	9,241,941	9,890,391
Sales	-	-	73,702	73,702
TOTAL REVENUES	\$ 93,451,669	\$ -	\$ 10,412,961	\$ 103,864,630
EXPENDITURES				
General support	\$ 9,946,364	\$ -	\$ -	\$ 9,946,364
Instruction	44,689,823	-	6,424,900	51,114,723
Pupil transportation	3,148,543	1,117,114	40,485	4,306,142
Employee benefits	24,171,855	-	1,564,768	25,736,623
Debt service - principal	5,533,837	-	-	5,533,837
Debt service - interest	1,644,473	-	-	1,644,473
Cost of sales	-	-	723,514	723,514
Other expenses	-	-	782,508	782,508
Capital outlay	-	7,169,246	-	7,169,246
TOTAL EXPENDITURES	\$ 89,134,895	\$ 8,286,360	\$ 9,536,175	\$ 106,957,430
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 4,316,774	\$ (8,286,360)	\$ 876,786	\$ (3,092,800)
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ -	\$ -	\$ 302,083	\$ 302,083
Transfers - out	(69,845)	-	(232,238)	(302,083)
Proceeds from obligations	-	1,320,997	-	1,320,997
Premium on obligations issued	-	-	375,199	375,199
TOTAL OTHER FINANCING SOURCES (USES)	\$ (69,845)	\$ 1,320,997	\$ 445,044	\$ 1,696,196
NET CHANGE IN FUND BALANCE	\$ 4,246,929	\$ (6,965,363)	\$ 1,321,830	\$ (1,396,604)
FUND BALANCE, BEGINNING OF YEAR	22,772,741	(20,362,003)	647,905	3,058,643
FUND BALANCE, END OF YEAR	\$ 27,019,670	\$ (27,327,366)	\$ 1,969,735	\$ 1,662,039

(See accompanying notes to financial statements)

OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2022

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS

\$ (1,396,604)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$ 6,973,249	
Additions to Assets, Net	1,881,424	
Lease additions, Net	(79,743)	
Depreciation	<u>(3,622,091)</u>	
		5,152,839

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 5,533,837	
Proceeds from Bond Issuance	(1,125,000)	
Proceeds from Lease issuance	<u>(195,997)</u>	
		4,212,840

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (24,990)

The retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds (63,575)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 63,580

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. 3,541,764

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System	5,259,664
Employees' Retirement System	868,804

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences	\$ (38,415)	
Workers' Compensation Claims	<u>(52,136)</u>	
		<u>(90,551)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 17,523,771

OSWEGO CITY SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 143,593
TOTAL ASSETS	\$ 143,593
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 143,593
TOTAL NET POSITION	\$ 143,593

Statement of Changes in Fiduciary Net Position

For The Year Ended June 30, 2022

	Custodial Funds
ADDITIONS	
Library taxes	\$ 1,361,215
Miscellaneous	117,268
TOTAL ADDITIONS	\$ 1,478,483
DEDUCTIONS	
Student activity	\$ 107,978
Library taxes	1,361,215
TOTAL DEDUCTIONS	\$ 1,469,193
CHANGE IN NET POSITION	\$ 9,290
NET POSITION, BEGINNING OF YEAR	134,303
NET POSITION, END OF YEAR	\$ 143,593

OSWEGO CITY SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2022

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 61, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Extraclassroom Activity Funds

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

(I.) (Continued)

B. Joint Venture

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

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

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

During the year, the District was billed \$10,788,346 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$4,812,696.

Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

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

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

(I.) (Continued)

2. **Fund Statements**

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

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

Capital Projects Fund - Used to account for the acquisition construction or major repair of capital facilities and bus purchases.

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

School Lunch Fund - Used to account for transactions of the District's lunch, breakfast and milk programs.

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

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

Miscellaneous Special Revenue Fund – used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

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

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

(I.) (Continued)

D. Measurement Focus and Basis of Accounting

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

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

The fund 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 District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 7, 2021. Taxes are collected during the period October 1, 2021 to March 1, 2022.

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

F. Restricted Resources

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

(I.) (Continued)

G. Interfund Transactions

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

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

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

Refer to Note VII for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures 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.

I. Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

New York State Law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

(I.) (Continued)

J. Receivables

Receivables are shown net of an allowance for uncollectible accounts which has been provided for certain amounts that may not be collectible.

K. Inventory and Prepaid Items

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

A non-spendable fund balance 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.

L. Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

(I.) (Continued)

M. Right To Use Assets

The District-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 3 and 10 years based on the contract terms and/or estimated replacement of the assets.

N. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

O. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *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 (expenses/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

P. Vested Employee Benefits

1. Compensated Absences

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

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

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

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

(I.) (Continued)

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

Q. Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b).

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R. Short-Term Debt

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

S. Accrued Liabilities and Long-Term Obligations

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

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

T. Equity Classifications

1. District-Wide Statements

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

(I.) (Continued)

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

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

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<u>Total</u>
Workers' Compensation	\$ 1,377,624
Retirement Contribution - TRS	1,811,002
Tax Certiorari	1,034,491
Scholarships	355,748
Debt	1,108,324
Liability	1,970,838
Employee Benefit Accrued Liability	<u>2,575,423</u>
Total Net Position - Restricted for Other Purposes	<u>\$ 10,233,450</u>

c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications . The reported deficit of \$272,966,595 at year end is the result of full implantation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

2. **Fund Statements**

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

a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes:

	<u>Total</u>
Inventory in School Lunch	\$ 73,344
Total Nonspendable Fund Balance	<u>\$ 73,344</u>

(I.) (Continued)

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

Capital Reserve - According to Education Law §3651, must be 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. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for 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. The Reserve is accounted for in the General Fund under restricted fund balance. Year end balances are as follows:

<u>Name of Reserve</u>	<u>Maximum Funding</u>	<u>Total Funding Provided</u>	<u>Total Year to Date Balance</u>
2020 Capital Reserve	\$ 10,000,000	\$ 6,675,042	\$ 6,675,042

Reserve for Debt Service - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

Employee Benefit Accrued Liability Reserve - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Liability Reserve - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used 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.

(I.) (Continued)

Teachers' Retirement Reserve – General Municipal Law §6r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous year's TRS salary.

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

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

Workers' Compensation Reserve - According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

Nuclear Facility Stabilization Fund - Chapter 202 of the New York State Laws of 2001 authorizes the establishment of a nuclear facility stabilization fund by school districts in which a nuclear-powered electric generating facility is located. The Board of Education created this reserve fund on October 25, 2014, however, no funding has been set aside.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund and the School Lunch Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

(I.) (Continued)

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Workers' Compensation	\$ 1,377,624
Unemployment Costs	4,251,665
Retirement Contribution - ERS	3,085,892
Retirement Contribution - TRS	1,811,002
Tax Certiorari	1,034,491
Liability	1,970,838
Capital Reserves	6,675,042
Employee Benefit Accrued Liability	2,575,423
<u>Capital Fund -</u>	
Capital Projects	826,704
<u>Misc Special Revenue Fund -</u>	
Scholarships	348,297
<u>Debt Service Fund -</u>	
Debt Service	1,108,324
Total Restricted Fund Balance	<u><u>\$ 25,065,302</u></u>

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2022.

d. **Assigned Fund Balance** – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

Management has determined significant encumbrances for the General Fund to be \$117,000, the Special Aid Fund to be \$8,500, and the Capital Projects Fund to be \$15,500. The District reports the following significant encumbrances:

<u>General Fund -</u>	
General Support	\$ 127,695
Instruction	203,605
Total General Fund Significant Encumbrances	<u><u>\$ 331,300</u></u>
<u>Capital Projects Fund -</u>	
Capital Improvements	<u><u>\$ 8,400,031</u></u>
<u>Special Aid Fund -</u>	
Instructional	<u><u>\$ 157,592</u></u>

(I.) (Continued)

Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 351,254
School Lunch Fund - Year End Equity	440,430
Total Assigned Fund Balance	<u>\$ 791,684</u>

e. **Unassigned Fund Balance** –Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

3. **Order of Use of Fund Balance**

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

U. **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2022, the District implemented the following new standards issued by GASB:

GASB has issued Statement 87, *Leases*

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

GASB has issued Statement No. 92, *Omnibus 2020, Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 13 and*

14

(I.) (Continued)

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 98, *The Annual Comprehensive Financial Report*

GASB has issued Statement No. 99, *Omnibus 2022 (extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement 34, as amended, and terminology updates related to GASB Statement 53 and GASB Statement 63)*

V. Future Changes in Accounting Standards

GASB has issued Statement No. 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraph 11b*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 96, *Subscription Based Information Technology*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 99, *Omnibus 2022 (leases, PPPs, and SBITAs)*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 99, *Omnibus 2022 (financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement 53)*, which will be effective for reporting periods beginning after June 15, 2023.

GASB has issued Statement No. 100, *Accounting for Changes and Error Corrections-an Amendment of GASB Statement No. 62*, which will be effective for reporting periods beginning after June 15, 2023.

GASB has issued Statement No. 101, *Compensated Absences*, which will be effective for reporting periods beginning after December 15, 2023.

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

II. Restatement of Net Position

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The District's net position has been restated as follows:

	Government-Wide Statements
Net position beginning of year, as previously stated	\$ (212,985,832)
Right to use assets	874,503
Accumulated amortization	(313,556)
Net position beginning of year, as restated	<u>\$ (212,424,885)</u>

III. Changes in Accounting Principles

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of the statement changes the reporting for leases. See Note II for the financial statement impact of implementation of the Statement.

IV. Stewardship, Compliance and Accountability

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations established by 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. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The 2021-22 budget was amended for \$350,356 of encumbrances from the prior year, \$294,649 for CARES act funds and \$142,646 for insurance claims.

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

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

(IV.) (Continued)

B. Encumbrances

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

C. Deficit Net Position

The District-wide net position reported a deficit at June 30, 2022 totaling \$194,901,114. The deficit is a result of unfunded liabilities, such as compensated absences, net pension obligations, and other postemployment benefits. New York State does not allow for a funding mechanism relating to other postemployment benefits or pension obligations.

D. Deficit Fund Balances

1. Capital Projects Fund

The Capital Projects Fund had a deficit fund balance of \$27,327,366 at June 30, 2022, which is a result of expenses incurred by the HCIP 18-19 project and 2020-21 Emergency project before receiving financing.

V. Cash and Cash Equivalents

Credit risk: In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

Concentration of Credit risk: To promote competition in rates and service cost, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District's investment policy limits the amounts that may be deposited with any one financial institution.

(V.) (Continued)

Interest rate risk: The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

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

Uncollateralized	\$ -
Collateralized within Trust Department or Agent	36,945,467
Total	\$ 36,945,467

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$25,065,302 within the governmental funds and \$143,593 in the fiduciary funds.

VI. Receivables

Receivables at June 30, 2022 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Accounts Receivable	\$ 1,320,688	\$ 26,609	\$ 1,347,297
Due From State and Federal	3,632,910	4,294,460	7,927,370
Due From Other Governments	11,035	-	11,035
Allowance for Uncollectible Accounts	-	(26,032)	(26,032)
Total Receivables	\$ 4,964,633	\$ 4,295,037	\$ 9,259,670

VII. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2022 were as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 4,840,270	\$ 236,199	\$ -	\$ 69,845
Capital Projects Fund	-	205,870	-	-
Non-major Funds	590,275	4,988,476	302,083	232,238
Total	\$ 5,430,545	\$ 5,430,545	\$ 302,083	\$ 302,083

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures and debt service expenditures.

VIII. Capital Assets and Lease Assets

A. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance 7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2022</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 1,020,361	\$ -	\$ -	\$ 1,020,361
Work in progress	24,583,127	7,232,821	195,997	31,619,951
<i>Total Nondepreciable</i>	<u>\$ 25,603,488</u>	<u>\$ 7,232,821</u>	<u>\$ 195,997</u>	<u>\$ 32,640,312</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 135,640,341	\$ 17,560	\$ -	\$ 135,657,901
Machinery and equipment	10,773,234	1,494,870	-	12,268,104
<i>Total Depreciated Assets</i>	<u>\$ 146,413,575</u>	<u>\$ 1,512,430</u>	<u>\$ -</u>	<u>\$ 147,926,005</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 64,758,685	\$ 2,459,656	\$ -	\$ 67,218,341
Machinery and equipment	6,969,714	857,016	-	7,826,730
<i>Total Accumulated Depreciation</i>	<u>\$ 71,728,399</u>	<u>\$ 3,316,672</u>	<u>\$ -</u>	<u>\$ 75,045,071</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 74,685,176</u>	<u>\$ (1,804,242)</u>	<u>\$ -</u>	<u>\$ 72,880,934</u>
Total Capital Assets	<u>\$ 100,288,664</u>	<u>\$ 5,428,579</u>	<u>\$ 195,997</u>	<u>\$ 105,521,246</u>

B. Lease Assets

A summary of the lease asset activity during the year ended June 30, 2022 is as follows:

<u>Type</u>	<u>Balance 7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2022</u>
<u>Lease Assets:</u>				
Equipment	\$ 874,503	\$ 225,676	\$ -	\$ 1,100,179
<i>Total Lease Assets</i>	<u>\$ 874,503</u>	<u>\$ 225,676</u>	<u>\$ -</u>	<u>\$ 1,100,179</u>
<u>Less Accumulated Amortization -</u>				
Equipment	\$ 313,556	\$ 305,419	\$ -	\$ 618,975
<i>Total Accumulated Amortization</i>	<u>\$ 313,556</u>	<u>\$ 305,419</u>	<u>\$ -</u>	<u>\$ 618,975</u>
<i>Total Lease Assets, Net</i>	<u>\$ 560,947</u>	<u>\$ (79,743)</u>	<u>\$ -</u>	<u>\$ 481,204</u>

C. Other Capital Assets (net of depreciation and amortization):

Depreciated Capital Assets, net	\$ 72,880,934
Amortized Lease Assets, net	481,204
Total Other Assets, Net	<u>\$ 73,362,138</u>

(VIII.) (Continued)

D. Depreciation/Amortization expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General Government Support	\$ 850,200	\$ -	\$ 850,200
Instruction	1,725,837	305,419	2,031,256
Pupil Transportation	653,501	-	653,501
School Lunch	87,134	-	87,134
Total Depreciation and Amortization Expense	\$ 3,316,672	\$ 305,419	\$ 3,622,091

IX. **Short-Term Debt Obligations**

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2022</u>
BAN	7/23/2021	1.50%	\$ 26,000,000	\$ -	\$ 26,000,000	\$ -
BAN	7/22/2022	1.25%	-	35,000,000	-	35,000,000
Total Short-Term Debt			\$ -	\$ 35,000,000	\$ -	\$ 35,000,000

Interest on short-term debt for June 30, 2022 was composed of:

Interest Paid	\$ 437,500
Less: Interest Accrued in the Prior Year	(362,989)
Plus: Interest Accrued in the Current Year	411,979
Total Short-Term Interest Expense	\$ 486,490

X. **Long-Term Debt Obligations**

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

	<u>Balance 7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2022</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 28,680,000	\$ 1,125,000	\$ 5,495,000	\$ 24,310,000	\$ 5,740,000
Workers' Compensation Claims	102,002	52,136	-	154,138	-
Lease Liability	-	195,997	38,837	157,160	45,023
Total Bonds and Notes Payable	\$ 28,782,002	\$ 1,373,133	\$ 5,533,837	\$ 24,621,298	\$ 5,785,023
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 5,071,309	\$ -	\$ 5,071,309	\$ -	\$ -
OPEB	319,664,232	-	49,479,407	270,184,825	-
BOCES Preschool Deficit	337,128	-	-	337,128	-
Retainage	-	63,575	-	63,575	63,575
Compensated Absences	2,887,995	52,194	-	2,940,189	164,810
Total Other Liabilities	\$ 327,960,664	\$ 115,769	\$ 54,550,716	\$ 273,525,717	\$ 228,385
Total Long-Term Obligations	\$ 356,742,666	\$ 1,488,902	\$ 60,084,553	\$ 298,147,015	\$ 6,013,408

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

(X.) (Continued)

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2022</u>
Serial Bonds -					
Reconstruction	\$ 5,450,000	2012	2024	2%-5%	\$ 1,130,000
Reconstruction	\$ 985,000	2013	2028	2%-5%	480,000
BOCES Capital Project	\$ 6,853,601	2014	2029	2.00%-3.25%	3,515,000
DASNY	\$ 11,985,000	2016	2030	2%-5%	7,895,000
Buses	\$ 600,000	2018	2023	1.75%-2.00%	125,000
Refunding	\$ 12,080,000	2018	2025	2%-5%	9,055,000
Buses	\$ 577,000	2019	2024	2.75%-2.875%	240,000
Buses	\$ 911,000	2019	2025	1.625-1.75%	565,000
Buses	\$ 220,000	2021	2026	1.20%	180,000
Buses	\$ 1,125,000	2022	2027	0.50%-1.51%	1,125,000
Total Serial Bonds					<u>\$ 24,310,000</u>
Leases -					
Leases	\$ 195,997	2022	2026	1.1%	\$ 157,160
Total Leases					<u>\$ 157,160</u>

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>		<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 5,740,000	\$ 1,031,568	\$ 45,023	\$ 15,777
2024	5,870,000	781,148	50,492	10,307
2025	4,575,000	535,520	56,626	4,174
2026	1,815,000	335,218	5,019	49
2027	1,830,000	275,062	-	-
2027-30	4,480,000	392,588	-	-
Total	<u>\$ 24,310,000</u>	<u>\$ 3,351,104</u>	<u>\$ 157,160</u>	<u>\$ 30,307</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$9,375,000 of bonds outstanding are considered defeased.

Interest on long-term debt for June 30, 2022 was composed of:

Interest Paid	\$ 1,206,973
Less: Interest Accrued in the Prior Year	(185,348)
Plus: Interest Accrued in the Current Year	161,347
Total Long-Term Interest Expense	<u>\$ 1,182,972</u>

XI. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 23,021,700	\$ 43,225,056
OPEB	47,940,297	66,890,918
Total	<u>\$ 70,961,997</u>	<u>\$ 110,115,974</u>

XII. Pension Plans

A. General Information

The District participates in the New York State Teacher's Retirement System (TRS) and the New York State and Local Employee's Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B. Provisions and Administration

A 10 member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

ERS 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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. 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 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. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

(XII.) (Continued)

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year.

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

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2022	\$ 1,163,521	\$ 4,069,869

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Net pension assets/(liability)	\$ 1,847,696	\$ 32,507,957
District's portion of the Plan's total net pension asset/(liability)	0.023%	0.188%

For the year ended June 30, 2022, the District recognized pension expenses (income) of \$213,999 for ERS and (\$1,754,881) for TRS. At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(XII.) (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 139,929	\$ 4,480,877	\$ 181,495	\$ 168,893
Changes of assumptions	3,083,597	10,692,547	52,032	1,893,493
Net difference between projected and actual earnings on pension plan investments	-	-	6,050,429	34,022,941
Changes in proportion and differences between the District's contributions and proportionate share of contributions	331,867	540,371	76,596	779,177
Subtotal	<u>\$ 3,555,393</u>	<u>\$ 15,713,795</u>	<u>\$ 6,360,552</u>	<u>\$ 36,864,504</u>
District's contributions subsequent to the measurement date	229,991	3,522,521	-	-
Grand Total	<u>\$ 3,785,384</u>	<u>\$ 19,236,316</u>	<u>\$ 6,360,552</u>	<u>\$ 36,864,504</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2022	\$ -	\$ (4,087,595)
2023	(358,571)	(4,901,566)
2024	(599,117)	(6,372,471)
2025	(1,528,120)	(8,325,079)
2026	(319,351)	1,476,932
Thereafter	-	1,059,070
Total	<u>\$ (2,805,159)</u>	<u>\$ (21,150,709)</u>

E. Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18%-1.95%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.70%	2.40%
COLA's	1.40%	1.30%

(XII.) (Continued)

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

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 the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized as follows:

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
<u>Asset Type -</u>		
Domestic equity	3.30%	6.80%
International equity	5.85%	7.60%
Global equity	0.00%	7.10%
Private equity	6.50%	10.00%
Real estate	5.00%	6.50%
Absolute return strategies *	4.10%	0.00%
Opportunistic portfolios	4.10%	0.00%
Real assets	5.58%	0.00%
Bonds and mortgages	0.00%	0.00%
Cash	-1.00%	0.00%
Inflation-indexed bonds	-1.00%	0.00%
Private debt	0.00%	5.90%
Real estate debt	0.00%	3.30%
High-yield fixed income securities	0.00%	3.80%
Domestic fixed income securities	0.00%	1.30%
Global fixed income securities	0.00%	0.80%
Short-term	0.00%	-0.20%
Credit	3.78%	0.00%

TRS. The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.4% for

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

(XII.) (Continued)

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.9% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.9% for ERS and 7.95% for TRS) than the current assumption :

	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (4,755,948)	\$ 1,847,696	\$ 7,371,325
	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ 3,411,236	\$ 32,507,957	\$ 56,961,640

H. Pension Plan Fiduciary Net Position

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

	(In Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Employers' total pension liability	\$ 223,874,888	\$ 130,819,415
Plan net position	232,049,473	148,148,457
Employers' net pension asset/(liability)	<u>\$ 8,174,585</u>	<u>\$ 17,329,042</u>
Ratio of plan net position to the employers' total pension asset/(liability)	103.65%	113.20%

(XII.) (Continued)

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$229,991.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 amounted to \$4,069,869.

XIII. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	593
Active Employees	659
Total	1252

B. Total OPEB Liability

The District's total OPEB liability of \$270,184,825 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

(XIII.) (Continued)

Inflation	2.50 percent
Salary Increases	3.00 percent, average, including inflation
Discount Rate	2.14 percent
Healthcare Cost Trend Rates	Initial rate of 8.50% decreasing to an ultimate rate of 3.94%
Retirees' Share of Benefit-Related Costs	Varies depending on contract

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond index.

Mortality rates were based on RPH-2014 Mortality Table for employees, health annuitants, sex distinct, with generation mortality adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2020.

C. Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 319,664,232</u>
<u>Changes for the Year -</u>	
Service cost	\$ 10,749,715
Interest	7,212,168
Differences between expected and actual experience	(57,706,051)
Changes in assumptions or other inputs	(1,592,162)
Benefit payments	<u>(8,143,077)</u>
Net Changes	<u>\$ (49,479,407)</u>
Balance at June 30, 2022	<u><u>\$ 270,184,825</u></u>

Changes in Experience

- Demographic (gain)/loss comes from many sources, such as rates of termination, retirement, and election of health care benefits. Some demographic shifts occurred between 2019 and 2021. There are 73 more actives and 15 fewer retirees in this valuation.
- Between 2019 and 2021, 22 actives retired, 27 fewer than assumed.
- Between 2019 and 2021, 82 actives withdrew, 42 more than assumed.
- The District changed its post-65 medical plan to a Medicare Advantage PPO plan provided by Aetna.
- Age-adjusted pre-65 premiums are approximately 11% less than the previously assumed trend and age-adjusted post-65 premiums are approximately 19% lower than the assumed trend.
- Premium equivalent rates are approximately 18% less than assumed trend for pre-65 members and 36% less than assumed trend for post-65 members.

(XIII.) (Continued)

Changes to Assumptions and Other Inputs

- Lowered the discount rate from 2.21% to 2.14%. the discount rates are inputs taken from the rate for a 20-year high-quality tax-exempt municipal bond index as of each measurement date.
- Updated the mortality tables to the RPH-2014 SOA Mortality Tables adjusted back to 2006 using sale MP-2014 and projected forward using scale MP-2021.
- The Getzen trend table was updated for 2021 using model v2022_F4.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.14 percent) or 1-percentage-point higher (3.14 percent) than the current discount rate:

	1% Decrease	Discount	1% Increase
	(1.14%)	Rate	(3.14%)
	(2.14%)		(3.14%)
Total OPEB Liability	\$ 323,621,021	\$ 270,184,825	\$ 228,183,725

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

	1% Decrease	Healthcare	1% Increase
	(7.50%	Cost Trend Rates	(9.50%
	Decreasing	Decreasing	Decreasing
	to 2.94%)	to 3.94%)	to 4.94%)
Total OPEB Liability	\$ 223,700,809	\$ 270,184,825	\$ 331,908,045

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

For the year ended June 30, 2022, the District recognized OPEB expense of (\$3,541,764). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
	of Resources	of Resources
Differences between expected and actual experience	\$ 900,020	\$ 54,996,702
Changes of assumptions	40,481,137	11,894,216
Contributions after measurement date	6,559,140	-
Total	\$ 47,940,297	\$ 66,890,918

(XIII.) (Continued)

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

<u>Year</u>	
2023	\$ (9,386,118)
2024	(1,922,567)
2025	208,942
2026	(4,444,760)
2027	(9,866,591)
Thereafter	(98,667)
Total	<u>\$ (25,509,761)</u>

XIV. Risk Management

A. General Information

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. 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 two years.

B. Self-Funded Medical Plan

The District participates in a self-funded medical plan administered by AETNA. The Plan is referred to as a premium credit plan. The District pays actual claim expenses and administrative charges. The District also, has stop-loss insurance coverage on specific claims in excess of \$275,000.

Liabilities are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

The incurred but not reported claims (IBNR's) are fully funded and reported in the General Fund as part of the accrued liabilities balances at June 30, 2022.

A reconciliation of the claims recorded for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Beginning liabilities	\$ 1,026,708	\$ 965,583
Inurred claims	13,347,865	14,272,337
Claims payments	<u>(13,161,366)</u>	<u>(14,211,212)</u>
Ending Liabilities	<u>\$ 1,213,207</u>	<u>\$ 1,026,708</u>

(XIV.) (Continued)

The following statistical information is presented:

	Contribution	Actual Claim
<u>Year</u>	<u>Revenue</u>	<u>Expense</u>
2022	\$ 13,347,865	\$ 13,161,366
2021	\$ 14,272,337	\$ 14,211,212
2020	\$ 16,934,037	\$ 17,152,837
2019	\$ 11,323,248	\$ 11,262,305
2018	\$ 11,722,388	\$ 11,723,670
2017	\$ 12,523,082	\$ 12,566,710
2016	\$ 9,112,055	\$ 9,254,985
2015	\$ 10,332,190	\$ 10,072,620
2014	\$ 11,971,396	\$ 12,182,636

Contribution revenues consist of the expenditures charged to the funds plus the employee's payroll withholding plus the retiree's contribution. There are additional revenues which offset the claim expense such as rebates and refunds which are not included in contribution revenues.

The Plan has funded the incurred but not yet reported claims liability. The funding of this liability indicates that the plan's self-funded insurance program is fully funded.

C. Workers' Compensation

The District has elected to self-fund for workers' compensation claims in the 2021-22 fiscal year. As of June 30, 2022 there are no open claims. In addition, the District purchases stop-loss insurance to cover individual claims over \$500,000.

Liabilities of the Plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for considering the effects of inflation, recent claim settlement trends including frequency and amount of payout, and other economic and social factors. Changes in the balances of claims liabilities related to workers' compensation for the current and prior fiscal years are as follows:

	<u>2022</u>	<u>2021</u>
Beginning liabilities	\$ 102,002	\$ 150,162
Incurred claims	293,028	274,305
Claims payments	(240,892)	(322,465)
Ending Liabilities	<u>\$ 154,138</u>	<u>\$ 102,002</u>

(XIV.) (Continued)

The following statistical information is presented:

	Contribution	Actual Claim
<u>Year</u>	<u>Revenue</u>	<u>Expense</u>
2022	\$ 293,028	\$ 240,892
2021	\$ 274,470	\$ 322,465
2020	\$ 222,470	\$ 284,421
2019	\$ 243,670	\$ 221,547
2018	\$ 232,153	\$ 175,893
2017	\$ 167,572	\$ 177,544

D. Dental Coverage

The District self-insures for dental coverage for its non-instructional employees. The District uses a third-party administrator who is responsible for processing claims and estimating liabilities. The District does not carry excess insurance coverage relative to this Plan. The District records expenditures as claims are presented for payment. The annual maximum benefit per employee and dependent is \$1,500 per year. Liabilities are reported when it is probable that a loss has occurred, and the amount of loss can be reasonably estimated. The expenditures of this program totaled \$357,828 for the 2021-22 fiscal year. At year end the District is not aware of any loss contingencies or incurred but not reported claims.

E. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2021-22 fiscal year totaled \$4,917. The balance of the fund at June 30, 2022 was \$4,251,665 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2022, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XV. Commitments and Contingencies

A. Litigation

The District has several pending tax certiorari claims filed as of the date of this report in which the District has established a tax certiorari reserve to help offset any potential liability.

(XV.) (Continued)

B. Grants

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

XVI. Tax Abatement

The County of Oswego IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result, the District property tax revenue was reduced \$25,579,763. The District received payment in lieu of tax (PILOT) payment totaling \$25,224,761 to help offset the property tax reduction.

XVII. Subsequent Events

On July 21, 2022 the District issued a bond anticipation note for capital improvements in the amount of \$44,570,000 at an interest rate of 3.75% which matures on July 21, 2023.

XVIII. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School's financial condition, liquidity, voter approved budgets, and future results of operations. Management is actively monitoring the global situation on its financial condition, budgets, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The School District was awarded three different stimulus packages known as Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPA). New York State Required the CARES funds to be reported in the General fund, as an offset to state aid reductions, referred to as the Pandemic Adjustment, while the CRRSA and ARPA funds are required to be reported in the special aid fund.

The District Federal stimulus spending can be found in the Schedule of Expenditures of Federal Awards on page 63 of this report.

Required Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of Changes in District's Total OPEB Liability and Related Ratio
For The Year Ended June 30, 2022

	TOTAL OPEB LIABILITY				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 10,749,715	\$ 7,747,532	\$ 6,597,898	\$ 7,535,004	\$ 11,038,711
Interest	7,212,168	8,892,509	9,889,694	9,321,250	9,425,013
Changes in benefit terms	-	(179,187)	(454,016)	(821,409)	(15,098,360)
Differences between expected and actual experiences	(57,706,051)	-	(15,196,329)	-	9,233,530
Changes of assumptions or other inputs	(1,592,162)	60,746,616	4,110,745	(11,302,626)	(76,175,877)
Benefit payments	<u>(8,143,077)</u>	<u>(7,734,747)</u>	<u>(7,412,425)</u>	<u>(6,929,745)</u>	<u>(6,466,146)</u>
Net Change in Total OPEB Liability	\$ (49,479,407)	\$ 69,472,723	\$ (2,464,433)	\$ (2,197,526)	\$ (68,043,129)
Total OPEB Liability - Beginning	<u>\$ 319,664,232</u>	<u>\$ 250,191,509</u>	<u>\$ 252,655,942</u>	<u>\$ 254,853,468</u>	<u>\$ 322,896,597</u>
Total OPEB Liability - Ending	<u>\$ 270,184,825</u>	<u>\$ 319,664,232</u>	<u>\$ 250,191,509</u>	<u>\$ 252,655,942</u>	<u>\$ 254,853,468</u>
Covered Employee Payroll	\$ 40,617,312	\$ 39,494,680	\$ 39,513,332	\$ 37,135,900	\$ 32,947,562
Total OPEB Liability as a Percentage of Covered Employee Payroll	665.20%	809.39%	633.18%	680.35%	773.51%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
For The Year Ended June 30, 2022

NYSERS Pension Plan								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0226%	0.0236%	0.023247%	0.022742%	0.023079%	0.025089%	0.027176%	0.027666%
Proportionate share of the net pension liability (assets)	\$ (1,847,696)	\$ 23,460	\$ 6,155,911	\$ 1,611,341	\$ 744,871	\$ 2,357,408	\$ 4,361,882	\$ 934,624
Covered-employee payroll	\$ 7,516,372	\$ 7,896,945	\$ 7,425,885	\$ 7,114,966	\$ 6,901,264	\$ 7,576,412	\$ 7,591,556	\$ 7,966,217
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-24.582%	0.297%	82.898%	22.647%	10.793%	31.115%	57.457%	11.732%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
NYSTRS Pension Plan								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.1876%	0.1827%	0.178793%	0.172153%	0.167682%	0.187688%	0.197922%	0.191938%
Proportionate share of the net pension liability (assets)	\$ (32,507,957)	\$ 5,047,849	\$ (4,645,051)	\$ 3,112,972	\$ (1,274,547)	\$ 2,010,214	\$ (20,557,757)	\$ (21,380,687)
Covered-employee payroll	\$ 35,944,092	\$ 32,044,085	\$ 31,356,569	\$ 30,327,464	\$ 28,576,655	\$ 27,050,459	\$ 28,962,100	\$ 30,217,447
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-90.440%	15.753%	-14.814%	10.265%	-4.460%	7.431%	-70.982%	-70.756%
Plan fiduciary net position as a percentage of the total pension liability	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
For The Year Ended June 30, 2022

NYSERS Pension Plan								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,163,521	\$ 1,116,650	\$ 1,063,084	\$ 1,032,640	\$ 1,117,639	\$ 1,157,543	\$ 1,296,816	\$ 1,607,339
Contributions in relation to the contractually required contribution	<u>(1,163,521)</u>	<u>(1,116,650)</u>	<u>(1,063,084)</u>	<u>(1,032,640)</u>	<u>(1,117,639)</u>	<u>(1,157,543)</u>	<u>(1,296,816)</u>	<u>(1,607,339)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,516,372	\$ 7,896,945	\$ 7,425,885	\$ 7,114,966	\$ 6,901,264	\$ 7,576,412	\$ 7,591,556	\$ 7,966,217
Contributions as a percentage of covered-employee payroll	15.48%	14.14%	14.32%	14.51%	16.19%	15.28%	17.08%	20.18%

NYSTRS Pension Plan								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 4,069,869	\$ 4,069,869	\$ 3,092,010	\$ 3,498,692	\$ 3,075,297	\$ 3,343,060	\$ 4,099,961	\$ 5,545,606
Contributions in relation to the contractually required contribution	<u>(4,069,869)</u>	<u>(4,069,869)</u>	<u>(3,092,010)</u>	<u>(3,498,692)</u>	<u>(3,075,297)</u>	<u>(3,343,060)</u>	<u>(4,099,961)</u>	<u>(5,545,606)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 35,944,092	\$ 32,044,085	\$ 31,356,569	\$ 30,327,464	\$ 28,576,655	\$ 27,050,459	\$ 28,962,100	\$ 30,217,447
Contributions as a percentage of covered-employee payroll	11.32%	12.70%	9.86%	11.54%	10.76%	12.36%	14.16%	18.35%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Revenues</u>	<u>Over (Under) Revised Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 26,643,448	\$ 23,224,528	\$ 23,154,208	\$ (70,320)
Real property tax items	25,376,542	28,795,462	28,757,021	(38,441)
Non-property taxes	25,000	25,000	-	(25,000)
Charges for services	7,700	7,700	15,244	7,544
Use of money and property	12,000	12,000	4,565	(7,435)
Sale of property and compensation for loss	25,829	168,475	185,468	16,993
Miscellaneous	940,000	940,000	3,182,867	2,242,867
Interfund revenues	40,000	40,000	49,214	9,214
State Sources -				
Basic formula	31,409,178	31,409,178	26,161,871	(5,247,307)
Lottery aid	-	-	6,093,717	6,093,717
BOCES	5,505,864	5,505,864	4,812,696	(693,168)
Textbooks	221,758	221,758	204,422	(17,336)
All Other Aid -				
Computer software	129,617	129,617	127,787	(1,830)
Library loan	23,894	23,894	6,224	(17,670)
Other aid	498,981	498,981	47,915	(451,066)
Federal Sources	200,000	494,649	648,450	153,801
TOTAL REVENUES	<u>\$ 91,059,811</u>	<u>\$ 91,497,106</u>	<u>\$ 93,451,669</u>	<u>\$ 1,954,563</u>
Other Sources -				
Transfer - in	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 91,159,811</u>	<u>\$ 91,597,106</u>	<u>\$ 93,451,669</u>	<u>\$ 1,854,563</u>
Appropriated reserves	\$ -	\$ -		
Appropriated fund balance	\$ -	\$ -		
Prior year encumbrances	\$ 350,356	\$ 350,356		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u><u>\$ 91,510,167</u></u>	<u><u>\$ 91,947,462</u></u>		

Required Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2022

	Original	Amended	Current		Unencumbered
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Encumbrances</u>	<u>Balances</u>
EXPENDITURES			<u>Expenditures</u>		
General Support -					
Board of education	\$ 27,636	\$ 31,116	\$ 21,571	\$ 470	\$ 9,075
Central administration	374,719	377,766	338,593	2,037	37,136
Finance	746,911	970,242	855,703	35,513	79,026
Staff	682,840	594,351	460,807	22,956	110,588
Central services	6,308,202	6,586,583	6,211,735	66,719	308,129
Special items	2,123,240	2,170,594	2,057,955	-	112,639
Instructional -					
Instruction, administration and improvement	3,348,760	3,280,177	3,156,059	3,510	120,608
Teaching - regular school	22,390,511	23,090,613	22,463,876	166,048	460,689
Programs for children with handicapping conditions	10,671,788	10,240,732	9,886,202	-	354,530
Occupational education	1,491,193	1,684,320	1,684,320	-	-
Teaching - special schools	2,070,707	1,952,877	1,950,646	-	2,231
Instructional media	1,972,985	2,067,410	1,943,849	16,316	107,245
Pupil services	3,551,676	3,842,391	3,604,871	17,731	219,789
Pupil Transportation	3,224,674	3,427,715	3,148,543	19,954	259,218
Employee Benefits	25,251,746	24,302,265	24,171,855	-	130,410
Debt service - principal	5,495,000	5,533,837	5,533,837	-	-
Debt service - interest	1,627,579	1,644,473	1,644,473	-	-
TOTAL EXPENDITURES	<u>\$ 91,360,167</u>	<u>\$ 91,797,462</u>	<u>\$ 89,134,895</u>	<u>\$ 351,254</u>	<u>\$ 2,311,313</u>
Other Uses -					
Transfers - out	\$ 150,000	\$ 150,000	\$ 69,845	\$ -	\$ 80,155
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 91,510,167</u>	<u>\$ 91,947,462</u>	<u>\$ 89,204,740</u>	<u>\$ 351,254</u>	<u>\$ 2,391,468</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 4,246,929		
FUND BALANCE, BEGINNING OF YEAR	<u>22,772,741</u>	<u>22,772,741</u>	<u>22,772,741</u>		
FUND BALANCE, END OF YEAR	<u>\$ 22,772,741</u>	<u>\$ 22,772,741</u>	<u>\$ 27,019,670</u>		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of Change From Adopted Budget To Final Budget
And The Real Property Tax Limit
For The Year Ended June 30, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	\$ 91,159,811
Prior year's encumbrances	<u>350,356</u>
Original Budget	\$ 91,510,167
Budget revisions -	
CARES act funds 9/21/21	294,649
Insurance claims 1/4/22	132,546
Insurance claims 4/9/22	<u>10,100</u>
FINAL BUDGET	<u><u>\$ 91,947,462</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2022-23 voter approved expenditure budget	\$ 97,160,976
<u>Unrestricted fund balance:</u>	
Assigned fund balance	\$ 351,254
Unassigned fund balance	<u>3,886,439</u>
Total Unrestricted fund balance	<u>\$ 4,237,693</u>
<u>Less adjustments:</u>	
Encumbrances included in assigned fund balance	<u>\$ 351,254</u>
Total adjustments	<u>\$ 351,254</u>
General fund fund balance subject to Section 1318 of	
Real Property Tax Law	<u>3,886,439</u>
ACTUAL PERCENTAGE	<u><u>4.00%</u></u>

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
For The Year Ended June 30, 2022

Project Title	Expenditures					Unexpended Balance	Methods of Financing				Fund Balance
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total		Obligations	Local Sources	Transfers	Total	
2016-17 Renovations	\$ 750,000	\$ 1,814,996	\$ 1,490,079	\$ -	\$ 1,490,079	\$ 324,917	\$ -	\$ 750,000	\$ 1,064,996	\$ 1,814,996	\$ 324,917
2017-18 Bus Purchase	600,000	600,000	594,930	-	594,930	5,070	600,000	-	-	600,000	5,070
2018-19 Bus Purchase	681,106	681,106	574,548	-	574,548	106,558	577,000	-	-	577,000	2,452
2019-20 Bus Purchase	911,000	911,000	902,089	-	902,089	8,911	911,000	-	-	911,000	8,911
2020-21 Bus Purchase	220,000	220,000	188,811	-	188,811	31,189	220,000	-	-	220,000	31,189
2021-22 Bus Purchase	1,125,000	1,125,000	-	1,117,114	1,117,114	7,886	1,125,000	-	-	1,125,000	7,886
HCIP 18-19	63,100,000	63,100,000	26,323,338	4,055,357	30,378,695	32,721,305	-	5,900,000	-	5,900,000	(24,478,695)
2020-21 Emergency Project	5,600,000	5,600,000	311,204	2,917,892	3,229,096	2,370,904	-	-	-	-	(3,229,096)
TOTAL	\$ 72,987,106	\$ 74,052,102	\$ 30,384,999	\$ 8,090,363	\$ 38,475,362	\$ 35,576,740	\$ 3,433,000	\$ 6,650,000	\$ 1,064,996	\$ 11,147,996	\$ (27,327,366)

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds				Total
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 201,454	\$ 825,710	\$ 348,661	\$ 902,454	\$ 2,278,279
Receivables	3,699,996	595,041	-	-	4,295,037
Inventories	-	73,344	-	-	73,344
Due from other funds	270,016	114,389	-	205,870	590,275
TOTAL ASSETS	\$ 4,171,466	\$ 1,608,484	\$ 348,661	\$ 1,108,324	\$ 7,236,935
LIABILITIES AND FUND BALANCES					
<u>Liabilities</u> -					
Accounts payable	\$ 15,233	\$ 88,004	\$ 364	\$ -	\$ 103,601
Due to other funds	4,085,957	902,519	-	-	4,988,476
Due to other governments	-	449	-	-	449
Compensated Absences	-	613	-	-	613
Unearned revenue	70,936	103,125	-	-	174,061
TOTAL LIABILITIES	\$ 4,172,126	\$ 1,094,710	\$ 364	\$ -	\$ 5,267,200
<u>Fund Balances</u> -					
Nonspendable	\$ -	\$ 73,344	\$ -	\$ -	\$ 73,344
Restricted	-	-	348,297	1,108,324	1,456,621
Assigned	-	440,430	-	-	440,430
Unassigned	(660)	-	-	-	(660)
TOTAL FUND BALANCE	\$ (660)	\$ 513,774	\$ 348,297	\$ 1,108,324	\$ 1,969,735
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,171,466	\$ 1,608,484	\$ 348,661	\$ 1,108,324	\$ 7,236,935

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Combined Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2022

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund	Fund	
REVENUES					
Miscellaneous	\$ 5,689	\$ 29,804	\$ 34,638	\$ -	\$ 70,131
State sources	985,428	41,759	-	-	1,027,187
Federal sources	7,073,622	2,168,319	-	-	9,241,941
Sales	-	73,702	-	-	73,702
TOTAL REVENUES	\$ 8,064,739	\$ 2,313,584	\$ 34,638	\$ -	\$ 10,412,961
EXPENDITURES					
Instruction	\$ 6,424,900	\$ -	\$ -	\$ -	\$ 6,424,900
Pupil transportation	40,485	-	-	-	40,485
Employee benefits	1,436,957	127,811	-	-	1,564,768
Cost of sales	-	723,514	-	-	723,514
Other expenses	-	740,419	42,089	-	782,508
TOTAL EXPENDITURES	\$ 7,902,342	\$ 1,591,744	\$ 42,089	\$ -	\$ 9,536,175
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 162,397	\$ 721,840	\$ (7,451)	\$ -	\$ 876,786
OTHER FINANCING SOURCES (USES)					
Transfers - in	\$ 69,845	\$ 232,238	\$ -	\$ -	\$ 302,083
Transfers - out	(232,238)	-	-	-	(232,238)
Premium on obligations issued	-	-	-	375,199	375,199
TOTAL OTHER FINANCING SOURCES (USES)	\$ (162,393)	\$ 232,238	\$ -	\$ 375,199	\$ 445,044
NET CHANGE IN FUND BALANCE	\$ 4	\$ 954,078	\$ (7,451)	\$ 375,199	\$ 1,321,830
FUND BALANCE, BEGINNING OF YEAR	(664)	(440,304)	355,748	733,125	647,905
FUND BALANCE, END OF YEAR	\$ (660)	\$ 513,774	\$ 348,297	\$ 1,108,324	\$ 1,969,735

(See Independent Auditors' Report)

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets/Right to Use Assets
For The Year Ended June 30, 2022

Capital assets/right to use assets, net		\$ 106,002,450
Add:		
Unspent bond proceeds	<u>\$ 55,508</u>	55,508
Deduct:		
Bond payable	\$ 24,310,000	
Leases	157,160	
Assets purchased with short-term financing	27,707,791	
Retainage Payable	<u>63,575</u>	
		<u>52,238,526</u>
Net Investment in Capital Assets/ Right to use Assets		<u><u>\$ 53,819,432</u></u>

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2022

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Assistance</u> <u>Listing</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-22-0715	\$ 899,035
ARPA Sec. 611	84.027X	N/A	5532-22-0715	6,615
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-22-0715	40,734
ARPA Sec. 619	84.173X	N/A	5533-22-0715	5,812
Total Special Education Cluster IDEA				\$ 952,196
<u>Education Stabilization Fund -</u>				
ARPA - Homeless Children & youth	84.425U	N/A	5218-21-2355	\$ 282
CRRSA - ESSER2	84.425D	N/A	5891-21-2355	1,302,422
ARPA-ESSER3	84.425U	N/A	5880-21-2355	2,881,249
CARES Act - ESSER	84.425D	N/A	5890-22-2835	209,154
CARES Act - GEER	84.425C	N/A	5895-22-2835	4,271
Total Education Stabilization Fund				\$ 4,397,378
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-21-2355	\$ 25,054
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-22-2355	96,601
Title I - School Improvements	84.010	N/A	0011-22-4106	17,313
Title I - School Improvements	84.010	N/A	0011-21-2156	15,026
Title I - School Improvements	84.010	N/A	0011-22-2156	234,297
Title III - ELL	84.365	N/A	0293-21-2355	3,301
Title IV - SSAE Allocation	84.424	N/A	0204-21-2355	1,373
Title IV - SSAE Allocation	84.424	N/A	0204-22-2355	74,031
Title V - Developing Hispanic-Serving Institutions Program	84.358	N/A	0006-21-2355	27,175
Title V - Developing Hispanic-Serving Institutions Program	84.358	N/A	0006-22-2355	12,140
Education of Homeless Children & Youth	84.196	N/A	0212-21-3020	3,590
Education of Homeless Children & Youth	84.196	N/A	0212-22-3020	51,085
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-21-2355	53,640
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-22-2355	1,267,404
Total U.S. Department of Education				\$ 7,231,604
<u>U.S. Department of Health and Human Services:</u>				
<u>Indirect Program:</u>				
<u>Passed through Oswego County Health Department</u>				
ECL Reopening Schools	93.323	N/A	N/A	\$ 55,442
Total U.S. Department of Health and Human Services				\$ 55,442
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program	10.555	N/A	461300010000	\$ 1,380,557
National School Lunch Program-Non-Cash				
Assistance (Commodities)	10.555	N/A	461300010000	167,874
Emergency Operational Costs	10.555	N/A	461300010000	22,591
Summer Food Service Program - COVID	10.559	N/A	461300010000	168,039
National School Breakfast Program	10.553	N/A	461300010000	429,258
Total Child Nutrition Cluster				\$ 2,168,319
Total U.S. Department of Agriculture				\$ 2,168,319
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 9,455,365

(See Independent Auditors' Report)

**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***

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oswego City School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 10, 2022