

**PRELIMINARY OFFICIAL STATEMENT**

**NEW ISSUE**

**BOND ANTICIPATION NOTES**

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

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

**\$10,000,000**

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
BROOME COUNTY, NEW YORK**

**GENERAL OBLIGATIONS**

**\$10,000,000 Bond Anticipation Notes, 2020  
(the "Notes")**

**Dated: March 30, 2020**

**Due: August 7, 2020**

The Notes are general obligations of the Johnson City Central School District, Broome County, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "THE NOTES – Nature of Obligation" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

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

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

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

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about March 30, 2020.

**ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com) on March 12, 2020 by no later than 10:45 A.M., Prevailing Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.**

February 27, 2020

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL 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(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX – C, MATERIAL EVENT NOTICES" HEREIN.

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
BROOME COUNTY, NEW YORK**

**SCHOOL DISTRICT OFFICIALS**

**2019-2020 BOARD OF EDUCATION**

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Superintendent of Schools

ERIC RACE  
Assistant Superintendent for Administration

JOSEPH GUCCIA  
Assistant Superintendent for Teaching, Learning & Accountability

JALYNN DOIG  
Board Clerk

COUGHLIN & GERHART, LLP  
School District Attorney

ORRICK, HERRINGTON & SUTCLIFFE LLP  
Bond Counsel



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor

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

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
**of the**  
**JOHNSON CITY CENTRAL SCHOOL DISTRICT**  
**BROOME COUNTY, NEW YORK**

**Relating To**  
**\$10,000,000 Bond Anticipation Notes, 2020**

This Official Statement, which includes the cover page, has been prepared by the Johnson City Central School District, Broome County, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$10,000,000 principal amount of Bond Anticipation Notes, 2020 (the "Notes").

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

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

**THE NOTES**

**Description of the Notes**

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

The Notes will be dated March 30, 2020 and will mature August 7, 2020. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the purchaser either (i) registered in the name of the purchaser, or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

**Purpose of Issue**

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution of the District dated January 8, 2019 authorizing the issuance of up to \$26,050,000 serial bonds for the construction of additions to and the reconstruction of improvements to District facilities. A portion of the proceeds of the Notes will provide \$10,000,000 in new money for this purpose.

**Nature of the Obligation**

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 redemption proceeds, 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 Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

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 School District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

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

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

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

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

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

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

## THE SCHOOL DISTRICT

### General Information

The District is located in Upstate New York in the geographical region known as the Southern Tier. It is approximately 5 miles west of the City of Binghamton, and is part of the metropolitan area of that City. The District has a land area of approximately 25 square miles.

The Village of Johnson City is located within the District, which encompasses 4.5 square miles, and has a 2010 Census population of 15,246.

Major highways in and in close proximity of the District include Interstate #81, the primary north-south route extending from Tennessee to Canada. The Southern Tier Expressway runs east-west and connects with Interstate #87 just north of New York City and with Interstate #90 near Erie, Pennsylvania. Interstate #88 provides direct access to Albany and principal New England Cities.

Air transportation through the Broome County Airport is provided by Delta Airlines. Emery Air Freight and Federal Express also operate from the airport. The District is also served by the Tri-Cities Airport, located in nearby Endicott.

Commercial banking services are provided to the District by offices of JPMorgan Chase, N.A., NBT Bank, N.A., M&T Bank and Chemung Canal Trust Company.

Source: District officials.

### Population

The current estimated population of the District is 18,811. (Source: 2017 U.S. Census Bureau.)

### Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
Towns of:						
Union	\$ 20,077	\$ 25,732	\$ 28,166	\$ 46,170	\$ 57,913	\$ 66,234
Maine	17,773	22,220	27,799	42,514	54,306	70,916
Chenango	22,431	29,219	34,339	54,381	67,379	78,535
Dickinson	19,246	19,829	26,629	49,583	58,344	68,309
County of:						
Broome	19,168	24,314	26,790	45,422	57,545	65,022
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

Note: 2014-2018 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau 2000 census, and 2006-2010 and 2013-2017 5-Year American Community Survey data.

## Largest Employers

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

Source: District officials.

## Unemployment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Broome County	8.7%	7.8%	6.6%	6.0%	5.4%	5.6%	4.9%
New York State	8.5	7.7	6.3	5.3	4.9	4.7	4.1

	<u>2019 Monthly Figures</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Broome County	5.4%	5.1%	4.9%	4.1%	4.0%	4.1%	4.7%	4.7%	4.3%	4.3%	4.1%	N/A
New York State	4.6	4.4	4.1	3.6	3.8	3.8	4.1	4.2	3.7	3.9	3.6	N/A

Note: Unemployment rates for December 2019 through February 2020 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**

The Board of Education, which is the policy-making body of the District, consists of seven members with overlapping five-year terms. Each Board member must be a qualified voter of the District and no Board member may hold certain other District offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members. The President of the Board is the Chief Fiscal Officer of the District.

## **Budgetary Procedures**

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

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

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

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

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

## ***Recent Budget Vote Results***

The budget for the 2018-19 fiscal year was approved by the qualified voters on May 15, 2018 by a vote of 399 to 179. The adopted budget included a tax levy increase of 2.51%, which equaled the District's maximum allowable tax levy increase of 2.51% for the 2018-19 fiscal year.

The budget for the 2019-20 fiscal year was approved by qualified voters on May 21, 2019 by a vote of 479 to 167. The adopted budget calls for a total tax levy increase of 1.55%, which equaled the District's maximum allowable tax levy increase of 1.55% for the 2019-20 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, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments 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 a pledge of eligible securities as that term is defined in the law.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) Savings Accounts or Money Market Accounts of designated banks authorized to do business in New York State, (2) Certificates of Deposit issued by a bank or trust company authorized to do business in New York State, (3) Demand Deposit in a bank or trust company located in and authorized to do business in New York State, (4) Direct obligations of New York State, (5) Repurchase Agreements involving the purchase and sale of direct obligations of the United States (Direct Treasury Obligations only: T-Bills, Notes or Bonds) and (6) revenue anticipation notes or tax anticipation notes of other school districts (with the approval of the State Comptroller).

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

## **State Aid**

The District receives financial assistance from the State. In its adopted budget for the 2019-20 fiscal year, approximately 48.71% 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.

### *Potential Reductions in Federal Aid Received by the State*

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

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

The State's Enacted 2019-2020 Budget continues to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by \$850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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

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

### *Building Aid*

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



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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2019-2020 preliminary building aid ratios, the District State Building aid of approximately 89.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

#### *State Aid History*

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

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

*School district fiscal year (2016-2017):* The 2016-17 State budget included a school aid increase of \$991 million over 2015-16, \$863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids (\$408 million), the budget also includes a \$266 million increase in Foundation Aid and an \$189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included \$100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District received \$30,078 in State aid (in the form of Foundation aid) to be used on community schools activities. The District is not part of the Community Schools Grant Initiative (CSGI).

*Gap Elimination Adjustment (GEA).* The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called “Deficit Reduction Assessment”) as a way to help close the State’s then \$10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately \$1,598,189. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

*School district fiscal year (2017-2018):* The State 2017-2018 Enacted Budget increased State aid to education by \$1.1 billion, including a \$700 million increase in Foundation Aid, bringing the total amount of State aid to education to \$25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State’s usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-2018 and 2018-2019 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

*School district fiscal year (2018-2019):* The State's 2018-2019 Enacted Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately \$859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at \$26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of \$618 million in Foundation Aid for school districts. Foundation Aid totaled nearly \$17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. \$50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of \$240 million was approved for increases in all expense-based aids in 2018-2019.

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

#### *State Aid Litigation*

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

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

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

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

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

## State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2014-15	\$ 48,135,627	\$ 22,051,092	45.81%
2015-16	50,076,207	23,584,132	47.10
2016-17	52,308,626	25,630,026	49.00
2017-18	53,291,525	26,359,537	49.46
2018-19	54,163,828	26,608,502	49.13
2019-20 (Budgeted)	55,462,396	27,017,799	48.71

Source: Audited financial statements for the 2014-15 through 2018-19 fiscal years, and budgeted figures for the 2019-20 fiscal year. This table is not audited.

## District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Reconstruction</u>
Elementary-Middle School	K-8	2,129	2003, '09
Junior-Senior High School	9-12	1,353	1970, '88, '09
Bus Garage	N/A	N/A	1990

Source: District officials.

## Enrollment Trends

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2015-16	2,469	2020-21	2,350
2016-17	2,455	2021-22	2,350
2017-18	2,450	2022-23	2,375
2018-19	2,447	2023-24	2,375
2019-20	2,365	2024-25	2,400

Source: District officials.

## Employees

The District employs approximately 410 full-time and 100 part-time employees. The number of employees represented by unions, the names of the collective bargaining agents and the contract expiration dates are as follows:

<u>No. of Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
262 *	Johnson City Teachers' Association	June 30, 2022
256	Johnson City Employees' Association	June 30, 2020
11	Johnson City Building Administrators' Association	June 30, 2020
8	Johnson City District Administrators' Association	June 30, 2024
5	Johnson City Confidential Employees' Association	June 30, 2024

\* Excludes Substitute Teachers.

Source: District officials.

## Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.0% for Tiers I-IV (TRS) and 3.5% for Tier V (TRS) of gross annual salary towards the cost of retirement programs.

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the 2014-15 through 2018-19 fiscal years and the budgeted figures for the 2019-20 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2014-2015	\$ 716,207	\$ 2,695,167
2015-2016	586,414	1,864,961
2016-2017	635,076	1,851,499
2017-2018	661,400	1,673,301
2018-2019	652,400	1,836,960
2019-2020 (Budgeted)	652,400	1,602,100

Source: District officials.

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

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. Apart from those contained in the collective bargaining agreements, the District currently does not have early retirement incentive programs for its employees.

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

A chart of average ERS and TRS rates as a percent of payroll (2015-16 to 2019-20) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2015-16	18.2%	13.26%
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86

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

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

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

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

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

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

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

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

## **Other Post-Employment Benefits**

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

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

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

**GASB 75.** In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The District implemented GASB 75 for the fiscal year ended June 30, 2018. 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, school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires school districts to report the entire OPEB liability on the statement of net position.

The District contracted with Questar III BOCES and Milliman Inc. to calculate its actuarial valuation under GASB 75.

The following table outlines the changes to the Total OPEB Liability during the 2018 and 2019 fiscal years, by source.

Balance beginning at June 30:	2017	2018
	\$ 113,622,808	\$ 118,234,321
<u>Changes for the year:</u>		
Service cost	4,387,532	4,773,366
Interest on total OPEB liability	3,511,175	3,651,877
Changes in Benefit Terms	-	-
Differences between expected and actual experience	(1,330,400)	(3,476,837)
Changes in Assumptions or other inputs	-	(50,351,785)
Benefit payments	(1,956,794)	(2,575,984)
Net Changes	\$ 4,611,513	\$ (47,979,363)
Balance ending at June 30:	2018	2019
	\$ 118,234,321	\$ 70,254,958

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

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

## **Financial Statements**

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

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

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



Vieira & Associates CPAs, P.C., 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. Vieira & Associates CPAs, P.C. also has not performed any procedures relating to this Official Statement.

### **The State Comptroller's Fiscal Stress Monitoring System**

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

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

The classification of the District for the five most recently available fiscal years are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2019	No Designation	3.3
2018	No Designation	0.0
2017	No Designation	3.3
2016	No Designation	6.7
2015	No Designation	18.3

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.

### **New York State Comptroller Report of Examination**

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

The State Comptroller's office released its most recent audit report of the District on December 31, 2015. The purpose of the audit was to examine the District's financial activities for the period July 1, 2013 through March 10, 2015. Key findings and recommendations of the audit report are summarized below:

#### Key Finding

- The Board of Education did not adopt any formal plans for funding reserves or for the planned use of fund balance.

#### Key Recommendation

- Include the funding and use of reserves in the budget plan each year and develop a plan for the use of fund balance and reserves in a manner that benefits District taxpayers.

A copy of the complete report can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller's website.

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

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Towns of:					
Union	\$ 38,243,169	\$ 38,232,841	\$ 38,355,952	\$ 37,402,672	\$ 37,301,444
Chenango	24,503,210	24,517,593	21,021,406	24,064,083	24,011,619
Dickinson	36,815,556	39,014,504	38,835,483	38,584,256	38,433,263
Maine	21,101,469	21,036,178	24,354,944	21,452,743	21,092,128
Total Assessed Values	<u>\$ 120,663,404</u>	<u>\$ 122,801,116</u>	<u>\$ 122,567,785</u>	<u>\$ 121,503,754</u>	<u>\$ 120,838,454</u>
State Equalization Rates					
Towns of:					
Union	4.27%	4.38%	4.32%	4.32%	4.25%
Chenango	70.00%	70.00%	70.00%	70.00%	67.00%
Dickinson	72.50%	75.00%	75.00%	74.63%	71.47%
Maine	64.00%	65.00%	65.00%	65.00%	61.00%
Total Taxable Full Valuation	<u>\$ 1,014,380,275</u>	<u>\$ 992,303,736</u>	<u>\$ 1,007,149,628</u>	<u>\$ 984,884,806</u>	<u>\$ 1,001,871,910</u>

Source: District officials.

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

<u>Fiscal Year Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Towns of:					
Union	\$ 571.83	\$ 572.12	\$ 585.17	\$ 613.22	\$ 622.26
Chenango	34.87	35.79	36.11	37.84	39.46
Dickinson	33.67	33.41	33.70	35.49	36.99
Maine	38.15	38.54	38.88	40.75	43.34

Source: District officials.

### Tax Collection Procedure

Tax payments are due on September 1<sup>st</sup> without penalties until September 30<sup>th</sup>. There is a 2% penalty if not paid between October 1<sup>st</sup> and October 31<sup>st</sup>. After October 31<sup>st</sup>, unpaid taxes are then returned to the County and added to the County tax rolls as a re-levied school tax.

The District is reimbursed by the County for all unpaid taxes in April of each year and is thus assured of 100% of its annual levy.

Source: District officials.

### Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Tax Levy	\$ 24,764,238	\$ 24,854,164	\$ 25,445,630	\$ 26,084,235	\$ 26,488,975
Amount Uncollected <sup>(1)</sup>	1,229,451	1,165,299	1,179,062	1,604,687	1,483,072
% Uncollected	4.96%	4.69%	4.63%	6.15%	5.60%

<sup>(1)</sup> At end of local collection period. The District receives its levy in full from the County prior to the end of the District's fiscal year. See "Tax Collection Procedure" herein.

## Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Property Tax Levy</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2014-2015	\$ 48,135,627	\$ 24,998,490	51.93%
2015-2016	50,076,207	23,584,132	47.10
2016-2017	52,308,626	25,630,026	49.00
2017-2018	53,291,525	26,932,428	50.54
2018-2019	54,163,828	26,434,226	48.80
2019-2020 (Budgeted)	55,462,396	27,003,497	48.69

Source: Audited financial statements for the 2014-15 through 2018-19 fiscal years, and budgeted figures of the District for the 2019-20 fiscal year. This table is not audited.

## Ten Largest Taxpayers - 2019 Assessment Roll for 2019-20 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Full Valuation</u>
New York State Electric & Gas	Utility	\$ 86,003,781
Oakdale Mall	Shopping Mall	66,718,988 <sup>(1)</sup>
Feinberg Ridge	Real Estate	13,117,647
Wegmans	Grocery Store	10,373,153
JMI	Commercial	9,976,376
JC Town Center Associates	Commercial	9,970,824
2 Gannett Drive	Commercial	9,894,118
Home Depot USA Inc.	Commercial	8,473,294
Norfolk Southern	Commercial	6,460,988
Spark Broome LLC	Commercial	5,571,718

<sup>(1)</sup> Oakdale Mall has commenced a tax certiorari proceeding, and is currently seeking to reduce its full valuation to \$5,587,731.

The ten larger taxpayers listed above have an approximate taxable full valuation of \$226,560,887, which represents 22.61% of the tax base of the District.

The District experiences the impact of tax certiorari filings on a regular basis for which the District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings is within acceptable norms, and is not anticipated or believed to have a material impact on the District's finances, apart from the proceeding noted above for the Oakdale Mall.

Source: District Tax Rolls.

## STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of \$86,300 or less for 2019, and \$88,050 or less for 2020, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of \$500,000 are eligible for a "basic" exemption on their primary residence.

The below table lists the basic and enhanced exemption amounts that will apply to the 2019-20 school district tax roll for the municipalities applicable to the District:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Union	\$ 2,970	\$ 1,300	4/9/2019
Chenango	48,090	21,000	4/9/2019
Dickinson	51,270	22,390	4/9/2019
Maine	44,660	19,500	4/9/2019

\$3,578,691 of the District's \$26,084,235 school tax levy for 2018-19 was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2019.

\$3,439,683 of the District's \$26,488,975 school tax levy for 2019-2020 was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2020.

### **Additional Tax Information**

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

Senior citizens' exemptions are offered to those who qualify.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$4,750 including County, Town, School District and Fire District taxes.

### **TAX LEVY LIMITATION LAW**

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

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

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020 unless extended; 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 or 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.

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

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

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

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

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

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

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

## **STATUS OF INDEBTEDNESS**

### **Constitutional Requirements**

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

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

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

*Payment and Maturity.* Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is authorized by the Board of Education and 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.

## **Statutory Procedure**

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

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

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

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

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

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

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

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

## Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending June 30:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds <sup>(1)</sup>	\$ 37,270,000	\$ 35,090,000	\$ 44,955,000	\$ 41,805,000	\$ 39,385,000
Bond Anticipation Notes	4,125,000	17,311,206	951,938	1,020,371	1,114,384
Capital Leases	<u>4,700,333</u>	<u>4,340,151</u>	<u>3,967,351</u>	<u>3,581,416</u>	<u>3,181,804</u>
Total Debt Outstanding	\$ 46,095,333	\$ 56,741,357	\$ 49,874,289	\$ 46,406,787	\$ 43,681,188

<sup>(1)</sup> Does not include advance refunded serial bonds outstanding, where applicable.

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of February 27, 2020:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2020-2032	\$ 44,980,000 <sup>(1)</sup>
<u>Bond Anticipation Notes</u>		
Capital Project	August 7, 2020	3,100,000
Buses	August 7, 2020	<u>1,192,290</u>
	Total Indebtedness	\$ 49,272,290

<sup>(1)</sup> On November 9, 2017, the District issued \$5,245,000 refunding bonds through the Dormitory Authority of the State of New York ("DASNY") which advance refunded \$5,595,000 outstanding principal of the District's 2010A series bonds issued through DASNY. Refunded bonds in the amount of \$5,595,000 are outstanding which are included in the total above. These refunded bonds will be redeemed as of their first call date of October 1, 2020.

## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of February 27, 2020:

Full Valuation of Taxable Real Property .....	\$ 1,001,871,910
Debt Limit – 10% thereof .....	100,187,191
<u>Inclusions:</u>	
Bonds.....	\$ 44,980,000
Bond Anticipation Notes .....	4,292,290
Principal of this Issue .....	<u>10,000,000</u>
Total Inclusions.....	\$ 59,272,290
<u>Exclusions:</u>	
State Building Aid <sup>(1)</sup> .....	\$ 0
Total Exclusions.....	\$ 0
Total Net Indebtedness .....	<u>\$ 59,272,290</u>
Net Debt-Contracting Margin.....	<u>\$ 40,914,901</u>
The percent of debt contracting power exhausted is .....	59.16%

- <sup>(1)</sup> Advance refunded bonds in the amount of \$5,595,000 are outstanding which are included in the total above. These refunded bonds will be redeemed as of their first call date of October 1, 2020.
- <sup>(2)</sup> Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2019-20 Building Aid Ratios, the School District anticipates State building aid of 89.0% for debt service on SED approved expenditures from July 1, 2004 to the present. The School 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 School District will receive in relation to its capital project indebtedness.

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.



## Bonded Debt Service

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

## Cash Flow Borrowings

The District historically does not issue tax anticipation notes, and has not issued revenue anticipation notes since the 2009-10 fiscal year. The District does not reasonably expect to issue revenue anticipation notes or tax anticipation notes in the foreseeable future.

## Capital Project Plans

On December 5, 2018, the qualified voters of the District approved a \$28,900,000 capital project consisting of the construction of additions and reconstruction and construction of improvements to School District facilities, including sports fields and other site improvements (of which \$3,300,000 is pursuant to an energy performance contract). \$2.85 million capital reserve funds of the District are to be utilized for the project, with the remaining local share of \$26,050,000 to be financed with the issuance of bonds and notes. To date, the District has issued \$3,100,000 of bond anticipation notes as the first borrowing against this authorization. The proceeds of the Notes will provide additional new money for this purpose. It is anticipated that the project will be permanently financed in 2021.

The District is considering a solar project in the range of \$3-\$4.3 million. Should the project move forward, anticipated energy savings and aid would be expected to offset the project, and the District would vote on the project to receive additional building aid.

The District annually issues bond anticipation notes in August for the purchase of school buses.

## Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Broome	12/31/2017	\$ 141,785,805	\$ 11,406,805	\$ 130,379,000	10.38%	\$ 13,533,340
Town of:						
Union	12/31/2017	11,816,777	181,400	11,635,377	32.00%	3,723,321
Maine	12/31/2017	1,120,409	13,032	1,107,377	12.76%	141,301
Chenango	12/31/2017	8,953,803	5,850,333	3,103,470	4.91%	152,380
Dickinson	12/31/2017	882,000	52,000	830,000	19.47%	161,601
					Total:	<u>\$ 17,711,944</u>

<sup>(1)</sup> 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.

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

Source: Comptroller’s Special Report on Municipal Affairs for Local Finance Years Ended in 2017 and 2018.

## Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of February 27, 2020:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 59,272,290	\$ 3,150.94	5.92%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	76,984,234	4,092.51	7.68

(a) The 2017 estimated population of the District is 18,811. (See "THE SCHOOL DISTRICT – Population" herein.)

(b) The District's full value of taxable real estate for 2019-20 is \$1,001,871,910. (See "TAX INFORMATION – Taxable Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is \$17,711,944. (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, nor installment purchase or lease purchase obligations.

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

## **MARKET AND RISK FACTORS**

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

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

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

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

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

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

## **TAX MATTERS**

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

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

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

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

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

## **LEGAL MATTERS**

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

## **LITIGATION**

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

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

## **CONTINUING DISCLOSURE**

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

## **Historical Compliance**

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

## **MUNICIPAL ADVISOR**

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

## **CUSIP IDENTIFICATION NUMBERS**

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

## **RATINGS**

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

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its rating of "A+/Stable" to certain outstanding general obligation serial bonds of the District. Such ratings reflect only the view of S&P, and any desired explanation of the significance of such ratings should be obtained from Standard & Poor's Credit Market Services, 55 Water Street – 38<sup>th</sup> Floor, New York, New York 10041, (212) 438-7983.

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 and the Notes.

## **MISCELLANEOUS**

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Eric Race, Assistant Superintendent for Administration, Johnson City CSD, 666 Reynolds Road, Johnson City, New York 13790, Phone: (607) 763-1218, Fax: (607) 763-8761, Email: [erace@jcschools.stier.org](mailto:erace@jcschools.stier.org).

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

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**

**Dated: February 27, 2020**

**SHANNON M. EDMONDSON**  
**PRESIDENT OF THE BOARD OF EDUCATION AND**  
**CHIEF FISCAL OFFICER**



**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending June 30:	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>
<u><b>ASSETS</b></u>					
Unrestricted Cash	\$ 5,765,558	\$ 5,907,763	\$ 4,238,455	\$ 4,515,343	\$ 4,343,404
Restricted Cash	1,557,794	3,449,361	4,196,079	5,685,932	4,286,475
State and Federal Aid Receivable	681,901	889,650	1,016,842	795,545	964,436
Due from Other Governments	866,434	773,374	957,538	937,688	968,899
Due from Other Funds	1,789,990	62,328	165,917	971,806	563,525
Due from Fiduciary Funds	25,879	26,307	12,174	2,725	477
Other Receivables	30,590	69,327	255,299	14,353	33,673
Deferred Expenditures	-	22,633	8,556	465	4,961
	<u>-</u>	<u>22,633</u>	<u>8,556</u>	<u>465</u>	<u>4,961</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 10,718,146</u></u>	<u><u>\$ 11,200,743</u></u>	<u><u>\$ 10,850,860</u></u>	<u><u>\$ 12,923,857</u></u>	<u><u>\$ 11,165,850</u></u>
<u><b>LIABILITIES AND FUND EQUITY</b></u>					
Accounts Payable	\$ 636,115	\$ 748,673	\$ 260,544	\$ 428,077	\$ 1,139,334
Accrued Liabilities	648,327	333,823	222,113	313,687	292,392
Due to Other Governments	1,591,894	1,193,981	796,111	397,970	-
Due to Other Funds	-	-	46	378	16
Due to Teachers' Retirement System	2,742,161	2,232,794	2,040,327	1,788,195	1,986,392
Due to Employees' Retirement System	210,515	168,823	170,675	164,734	163,719
Retirement incentives payable	45,035	-	-	-	-
Deferred Revenues	92,289	50,681	107,384	-	107,384
Compensated Absences	476,906	-	-	-	-
	<u>476,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 6,443,242</u></u>	<u><u>\$ 4,728,775</u></u>	<u><u>\$ 3,597,200</u></u>	<u><u>\$ 3,093,041</u></u>	<u><u>\$ 3,689,237</u></u>
<u><b>FUND EQUITY</b></u>					
Nonspendable	\$ -	\$ 22,633	\$ 8,556	\$ 465	\$ 4,961
Restricted	911,704	3,163,023	4,196,079	5,685,932	4,286,474
Assigned	821,411	939,933	988,200	2,293,811	1,239,371
Unassigned	2,541,789	2,346,379	2,060,825	1,850,608	1,945,807
	<u>2,541,789</u>	<u>2,346,379</u>	<u>2,060,825</u>	<u>1,850,608</u>	<u>1,945,807</u>
<b>TOTAL FUND EQUITY</b>	<u><u>\$ 4,274,904</u></u>	<u><u>\$ 6,471,968</u></u>	<u><u>\$ 7,253,660</u></u>	<u><u>\$ 9,830,816</u></u>	<u><u>\$ 7,476,613</u></u>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<u><u>\$ 10,718,146</u></u>	<u><u>\$ 11,200,743</u></u>	<u><u>\$ 10,850,860</u></u>	<u><u>\$ 12,923,857</u></u>	<u><u>\$ 11,165,850</u></u>

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

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

Fiscal Years Ending June 30:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b><u>REVENUES</u></b>					
Real Property Taxes	\$ 20,747,388	\$ 21,001,093	\$ 21,136,478	\$ 21,773,781	\$ 22,401,913
Real Property Tax Items	50,120	-	-	-	-
Other Tax Items	4,200,982	4,241,921	4,212,431	4,158,647	4,032,313
Charges for Services	52,657	77,750	69,010	89,669	137,982
Use of Money & Property	48,535	55,239	64,866	142,641	277,272
Sale of Property and					
Compensation for Loss	138,590	30,693	4,464	6,684	17,157
Miscellaneous	737,725	1,003,069	998,991	647,784	573,010
Revenues from State Sources	22,051,092	23,584,132	25,630,026	26,359,537	26,608,502
Revenues from Federal Sources	108,538	82,310	56,050	112,327	115,536
Total Revenues	<u>\$ 48,135,627</u>	<u>\$ 50,076,207</u>	<u>\$ 52,172,316</u>	<u>\$ 53,291,070</u>	<u>\$ 54,163,685</u>
Other Sources:					
Interfund Transfers (in)	-	-	136,310	455	143
Reserve Revenues	-	-	-	-	-
Total Revenues and Other Sources	<u>\$ 48,135,627</u>	<u>\$ 50,076,207</u>	<u>\$ 52,308,626</u>	<u>\$ 53,291,525</u>	<u>\$ 54,163,828</u>
<b><u>EXPENDITURES</u></b>					
General Support	\$ 4,683,633	\$ 4,932,586	\$ 5,027,625	\$ 4,832,353	\$ 5,247,647
Instruction	23,276,429	23,568,609	24,687,548	25,575,666	26,746,986
Pupil Transportation	1,700,796	1,661,834	1,663,793	1,703,820	1,742,522
Community Services	-	-	-	-	-
Employee Benefits	13,459,897	13,075,028	13,847,198	12,814,432	13,596,800
Debt Service	4,421,773	4,432,940	6,042,254	5,647,204	5,032,185
Total Expenditures	<u>\$ 47,542,528</u>	<u>\$ 47,670,997</u>	<u>\$ 51,268,418</u>	<u>\$ 50,573,475</u>	<u>\$ 52,366,140</u>
Other Uses:					
Interfund Transfers (out)	<u>81,317</u>	<u>208,146</u>	<u>245,987</u>	<u>140,897</u>	<u>4,151,888 <sup>(2)</sup></u>
Total Expenditures and Other Uses	<u>\$ 47,623,845</u>	<u>\$ 47,879,143</u>	<u>\$ 51,514,405</u>	<u>\$ 50,714,372</u>	<u>\$ 56,518,028</u>
Excess (Deficit) Revenues Over					
Expenditures	<u>511,782</u>	<u>2,197,064</u>	<u>794,221</u>	<u>2,577,153</u>	<u>(2,354,200)</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	4,687,854	4,274,904	6,471,968	7,253,660	9,830,813
Prior Period Adjustments (net)	<u>(924,732) <sup>(1)</sup></u>	<u>-</u>	<u>(12,529)</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,274,904</u>	<u>\$ 6,471,968</u>	<u>\$ 7,253,660</u>	<u>\$ 9,830,813</u>	<u>\$ 7,476,613</u>

<sup>(1)</sup> In the prior year, New York State notified the School District basic aid would be reduced starting in the 2013-2014 year to recapture building aid overpayments for the 2005-2006 through 2012-2013 fiscal years. During the prior year, \$1,068,889 was withheld by the State. The remaining amount of \$924,732 has resulted in an increase in the amount due to other governments and a decrease of the current year beginning fund balance in the Governmental Fund Financial Statements.

<sup>(2)</sup> Includes \$4,100,000 transfer from General Fund to Capital Reserve Fund.

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

**GENERAL FUND**

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

Fiscal Years Ending June 30:

	<b>2019</b>			<b>2020</b>
	Adopted	Final		Adopted
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
<b><u>REVENUES</u></b>				
Real Property Taxes	\$ 26,084,235	\$ 22,507,329	\$ 22,401,913	\$ 26,488,975
Real Property Tax Items	-	-	-	514,522
Other Tax Items	450,265	4,027,171	4,032,313	-
Charges for Services	73,000	73,000	137,982	73,000
Use of Money & Property	65,000	65,000	277,272	102,000
Sale of Property and				
Compensation for Loss	2,500	2,500	17,157	2,500
Miscellaneous	482,000	482,000	573,010	408,600
Revenues from State Sources	26,309,304	26,384,304	26,608,502	27,017,799
Revenues from Federal Sources	105,000	105,000	115,536	105,000
Total Revenues	<u>\$ 53,571,304</u>	<u>\$ 53,646,304</u>	<u>\$ 54,163,685</u>	<u>\$ 54,712,396</u>
Other Sources:				
Interfund Transfers (in)	-	-	143	-
Appropriated Reserves	<u>393,811</u>	<u>3,330,668</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 53,965,115</u>	<u>\$ 56,976,972</u>	<u>\$ 54,163,828</u>	<u>\$ 54,712,396</u>
<b><u>EXPENDITURES</u></b>				
General Support	\$ 5,712,820	\$ 6,086,228	\$ 5,247,647	\$ 5,602,552
Instruction	26,994,672	27,204,968	26,746,986	28,001,888
Pupil Transportation	2,061,895	1,875,095	1,742,522	2,061,529
Community Services	-	-	-	-
Employee Benefits	14,742,042	14,504,497	13,596,800	14,571,182
Debt Service	<u>5,032,186</u>	<u>5,032,184</u>	<u>5,032,185</u>	<u>5,053,745</u>
Total Expenditures	<u>\$ 54,543,615</u>	<u>\$ 54,702,972</u>	<u>\$ 52,366,140</u>	<u>\$ 55,290,896</u>
Other Uses:				
Interfund Transfers (out)	<u>1,321,500</u>	<u>4,174,000</u> <sup>(1)</sup>	<u>4,151,888</u> <sup>(1)</sup>	<u>171,500</u>
Total Expenditures and Other Uses	<u>\$ 55,865,115</u>	<u>\$ 58,876,972</u>	<u>\$ 56,518,028</u>	<u>\$ 55,462,396</u>
Excess (Deficit) Revenues Over				
Expenditures	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>(2,354,200)</u>	<u>(750,000)</u>
<b><u>FUND BALANCE</u></b>				
Fund Balance - Beginning of Year	1,900,000	1,900,000	9,830,813	750,000
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,476,613</u>	<u>\$ -</u>

<sup>(1)</sup> Includes \$4,100,000 transfer from General Fund to Capital Reserve Fund.

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	\$ 2,520,000	\$ 1,468,937.50	\$ 3,988,937.50
2021	2,595,000	1,374,837.50	3,969,837.50
2022	2,685,000	1,287,227.50	3,972,227.50
2023	2,820,000	1,172,727.50	3,992,727.50
2024	2,945,000	1,061,667.50	4,006,667.50
2025	3,095,000	931,017.50	4,026,017.50
2026	3,250,000	793,617.50	4,043,617.50
2027	3,410,000	649,417.50	4,059,417.50
2028	3,530,000	531,215.00	4,061,215.00
2029	3,685,000	408,272.50	4,093,272.50
2030	3,470,000	279,680.00	3,749,680.00
2031	3,245,000	158,730.00	3,403,730.00
2032	2,135,000	50,820.00	2,185,820.00
<b>TOTALS</b>	<b>\$ 39,385,000</b>	<b>\$ 10,168,167.50</b>	<b>\$ 49,553,167.50</b>

Note: On November 9, 2017, the District issued \$5,245,000 refunding bonds through the Dormitory Authority of the State of New York ("DASNY") which advance refunded \$5,595,000 outstanding principal of the District's 2010A series bonds issued through DASNY. Refunded bonds in the amount of \$5,595,000 are outstanding and are NOT included in the total above. These refunded bonds will be redeemed as of their first call date of October 1, 2020.

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending June 30th	2010A DASNY Capital Project			2012 Refunding of 2005 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 455,000	\$ 22,750.00	\$ 477,750	\$ 1,355,000	\$ 673,687.50	\$ 2,028,687.50
2021	-	-	-	1,405,000	630,687.50	2,035,687.50
2022	-	-	-	1,460,000	586,127.50	2,046,127.50
2023	-	-	-	1,535,000	528,227.50	2,063,227.50
2024	-	-	-	1,605,000	473,417.50	2,078,417.50
2025	-	-	-	1,680,000	409,767.50	2,089,767.50
2026	-	-	-	1,770,000	343,117.50	2,113,117.50
2027	-	-	-	1,855,000	272,917.50	2,127,917.50
2028	-	-	-	1,900,000	232,465.00	2,132,465.00
2029	-	-	-	1,975,000	191,022.50	2,166,022.50
2030	-	-	-	2,005,000	147,930.00	2,152,930.00
2031	-	-	-	2,075,000	100,230.00	2,175,230.00
2032	-	-	-	2,135,000	50,820.00	2,185,820.00
<b>TOTALS</b>	<b>\$ 455,000</b>	<b>\$ 22,750.00</b>	<b>\$ 477,750.00</b>	<b>\$ 22,755,000</b>	<b>\$ 4,640,417.50</b>	<b>\$ 27,395,417.50</b>

\* Advance refunded by the issuance of Series 2017F Bonds. Only unrefunded portion of debt service remaining is shown.

Fiscal Year Ending June 30th	2017A DASNY Capital Project			2017F DASNY Refunding of 2010A DASNY Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 705,000	\$ 524,600.00	\$ 1,229,600.00	\$ 5,000	\$ 247,900.00	\$ 252,900.00
2021	735,000	496,400.00	1,231,400.00	455,000	247,750.00	702,750.00
2022	760,000	467,000.00	1,227,000.00	465,000	234,100.00	699,100.00
2023	800,000	429,000.00	1,229,000.00	485,000	215,500.00	700,500.00
2024	830,000	397,000.00	1,227,000.00	510,000	191,250.00	701,250.00
2025	875,000	355,500.00	1,230,500.00	540,000	165,750.00	705,750.00
2026	915,000	311,750.00	1,226,750.00	565,000	138,750.00	703,750.00
2027	965,000	266,000.00	1,231,000.00	590,000	110,500.00	700,500.00
2028	1,010,000	217,750.00	1,227,750.00	620,000	81,000.00	701,000.00
2029	1,060,000	167,250.00	1,227,250.00	650,000	50,000.00	700,000.00
2030	1,115,000	114,250.00	1,229,250.00	350,000	17,500.00	367,500.00
2031	1,170,000	58,500.00	1,228,500.00	-	-	-
2032	-	-	-	-	-	-
<b>TOTALS</b>	<b>\$ 10,940,000</b>	<b>\$ 3,805,000.00</b>	<b>\$ 14,745,000.00</b>	<b>\$ 5,235,000</b>	<b>\$ 1,700,000.00</b>	<b>\$ 6,935,000.00</b>

## MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

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

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

FORM OF BOND COUNSEL'S OPINION

March 30, 2020

Johnson City Central School District  
Broome County  
State of New York

Re: Johnson City Central School District, Broome County, New York  
\$10,000,000 Bond Anticipation Notes, 2020

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$10,000,000 Bond Anticipation Notes, 2020 (the "Obligation"), of the Johnson City Central School District, Broome County, New York (the "Obligor"), dated March 30, 2020, numbered 1, of the denomination of \$10,000,000, bearing interest at the rate of \_\_\_\_% per annum, payable at maturity, and maturing August 7, 2020.

We have examined:

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

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



In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
BROOME COUNTY, NEW YORK**

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2019**

**Such Audited Financial Statements 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.**

# JOHNSON CITY CENTRAL SCHOOL DISTRICT

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# VIEIRA & ASSOCIATES CPAS, P.C.

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## **INDEPENDENT AUDITORS' REPORT**

Johnson City Central School District  
Board of Education  
666 Reynolds Rd.  
Johnson City, NY 13790

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson City Central School District, as of, and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Johnson City Central School District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the requirements of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



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

## **Opinion**

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

## **Other Matters**

### ***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 total OPEB liabilities, schedule of District's contributions-NYSLRS pension plan, schedule of proportionate share of the net pension liability - NYSLRS pension plan, schedule of District's contributions - NYSTRS pension plan, schedule of proportionate share of net pension liability/(asset) - NYSTRS pension plan, and schedule of revenues, expenditures and changes in fund balance - budget (non-GAAP) and actual - General Fund* on pages 6 through 18, and 60 through 66, be presented to supplement 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 standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnson City Central School District's financial statements. The schedule of change from original budget to revised budget and the section 1318 of real property tax law limit calculation, schedule of project expenditures capital projects funds, combined balance sheet - non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances non-major governmental funds, investment in capital assets, net of related debt and the Schedule of Expenditures of Federal Awards, required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the financial statements.

The change from original budget to revised budget and the section 1318 real property tax law limit calculation, project expenditures capital projects funds, combined balance sheet - non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances - non-major governmental funds, investment in capital assets, net of related debt and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 themselves or to the financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the change from original budget to revised budget and the section 1318 real property tax law limit calculation, project expenditures capital projects funds, combined balance sheet-non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances - non-major governmental funds, investment in capital assets, net of debt and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards* and the *Uniform Guidance***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019 on our consideration of Johnson City Central 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Johnson City Central School District's internal control over financial reporting and compliance.

We have also issued our report date September 30, 2019, on compliance for each major federal program, internal control over compliance, and the schedule of federal awards required by the Uniform Guidance. The purpose of that report is to describe the scope of our testing of internal control and compliance for each major program and the results of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* in considering Johnson City Central School District's internal control over each major program and compliance.

*Vieira & Associates CPAs, P.C.*

September 30, 2019  
Endicott, New York

**JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**FINANCIAL HIGHLIGHTS**

- Total General Fund expenditures exceeded revenues by \$2,354,200 in 2018-2019 compared to revenues exceeding expenditures in the amount of \$2,577,153 in 2017-2018.
- Liabilities and deferred inflows of resources of the School District exceeded its' assets and deferred outflows of resources at June 30, 2019 by \$76,191,199(net deficit) largely due to net other postemployment benefits liability of \$70,254,958.
- The General Fund adjusted budgeted expenditures and other financing uses were underspent by \$1,869,573 while actual revenues and other financing sources came in under the adjusted budget by \$4,713,144.
- Capital asset equipment and building additions during 2018-2019 amounted to \$16,730,909. Net depreciation expense totaled \$2,273,205.
- Indebtedness of the School District at June 30, 2019, in the amount of \$42,566,809, decreased (\$2,819,617) from June 30, 2018, due to scheduled debt service payments.
- Unassigned fund balance in the General Fund showed an increase in 2018-2019 to \$1,945,807 from \$1,850,608 in 2017-2018. Total fund balance in the General Fund, including reserves, amount to \$7,476,613 at June 30, 2019, which reflects a decrease of \$2,354,200 in General Fund balance from June 30, 2018.



**JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year and a Schedule of Changes in OPEB Liabilities.

### District-wide Financial Statements

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

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

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

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



*JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019*

Governmental Fund Financial Statements

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

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

**JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

*Figure 1*

<b>Condensed Statement of Net Position</b>	<b>Governmental Activities &amp; Total School District</b>		<b>Total Dollar Change</b>
	<b>2017-2018</b>	<b>2018-2019</b>	<b>2018-2019</b>
<i>Current assets and other assets</i>	\$ 13,827,701	\$ 14,571,884	\$ 744,183
<i>Net capital assets</i>	68,499,490	69,906,279	1,406,789
<b>Total Assets</b>	<b>82,327,191</b>	<b>84,478,163</b>	<b>2,150,972</b>
<i>Pensions</i>	11,542,272	10,252,713	(1,289,559)
<i>Deferred charges on defeased debt</i>	2,585,460	2,385,546	(199,914)
<b>Total Deferred Outflows of Resources</b>	<b>14,127,732</b>	<b>12,638,259</b>	<b>(1,489,473)</b>
<i>Current liabilities</i>	7,122,202	8,001,169	878,967
<i>Noncurrent liabilities</i>	165,595,973	114,965,062	(50,630,911)
<b>Total Liabilities</b>	<b>172,718,175</b>	<b>122,966,231</b>	<b>(49,751,944)</b>
<i>Pensions</i>	3,692,255	2,765,530	(926,725)
<i>Other Post Employment Benefits</i>	1,172,019	47,468,476	46,296,457
<i>State Aid</i>	0	107,384	107,384
<b>Total Deferred Inflows of Resources</b>	<b>4,864,274</b>	<b>50,341,390</b>	<b>45,477,116</b>
<i>Invested in capital assets, net of debt</i>	25,183,218	29,879,581	4,696,363
<i>Restricted</i>	5,980,740	5,512,108	(468,632)
<i>Unrestricted</i>	(112,291,484)	(111,582,888)	708,596
<b>Total Net (Deficit)</b>	<b>\$ (81,127,526)</b>	<b>\$ (76,191,199)</b>	<b>\$ 4,936,327</b>

Total assets increased 2.6%. This change stems from an increase in cash and cash equivalents as well as an increase in capital assets, net, due to capital outlay exceeding depreciation expense.

Deferred outflows of resources decreased 10.5% and deferred inflows of resources increased 934.9%. The change in deferred outflows of resources is the result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for the other postemployment benefits (OPEB) plan. The change in deferred inflows of resources is the result of changes in actuarial assumptions and differences between expected and actual experience for the OPEB plan.

Total liabilities decreased by 28.8%. This change stems primarily from a decrease in the School District's OPEB liability.

Total net position (deficit) decreased 6.1%. This change stems from an increase in net investment in capital assets and restricted net position. Net investment in capital assets increased due to capital outlay and unspent debt proceeds in excess of debt used to finance those acquisitions.

**JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

*Figure 2*

<b>Changes in Net Position</b>	<b>Governmental Activities &amp; Total School District</b>		<b>Total Dollar Change</b>
	<b>2017-2018</b>	<b>2018-2019</b>	<b>2018-2019</b>
<b>REVENUES</b>			
Program revenues:			
Charges for service	\$ 199,666	\$ 253,692	\$ 54,026
Operating grants and contributions	2,829,086	2,912,830	83,744
General revenues:			
Real property taxes	25,932,428	26,434,226	501,798
State and federal sources	27,815,159	28,167,015	351,856
Use of money and property	142,952	302,389	159,437
Other general revenues	1,430,121	602,088	(828,033)
<b>Total revenues</b>	<b>58,349,412</b>	<b>58,672,240</b>	<b>322,828</b>
<b>PROGRAM EXPENSES</b>			
General support	4,832,187	5,194,600	362,413
Instruction	28,211,865	29,106,618	894,753
Pupil transportation	1,700,056	1,728,410	28,354
Employee benefits	21,123,283	12,243,861	(8,879,422)
Debt service	2,106,189	1,849,340	(256,849)
Other expenses	0	0	0
Depreciation	2,225,253	2,273,206	47,953
School lunch program	1,229,808	1,339,418	109,610
<b>Total expenses</b>	<b>61,428,641</b>	<b>53,735,453</b>	<b>(7,693,188)</b>
<b>Prior period adjustment</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (3,079,229)</b>	<b>\$ 4,936,787</b>	<b>\$ 8,016,016</b>

Total revenues for the School District's Governmental Activities increased by \$322,828 or .6%, while total expenditures decreased (\$7,693,188) or (12.5%).

Property taxes increased \$501,798 consistent with the 2018-2019 voter approved budget. State aid showed an increase of \$351,856.

**JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

Figures 3 and 4 show the percentage of sources of revenue for 2018-2019 and 2017-2018.

Figure 3

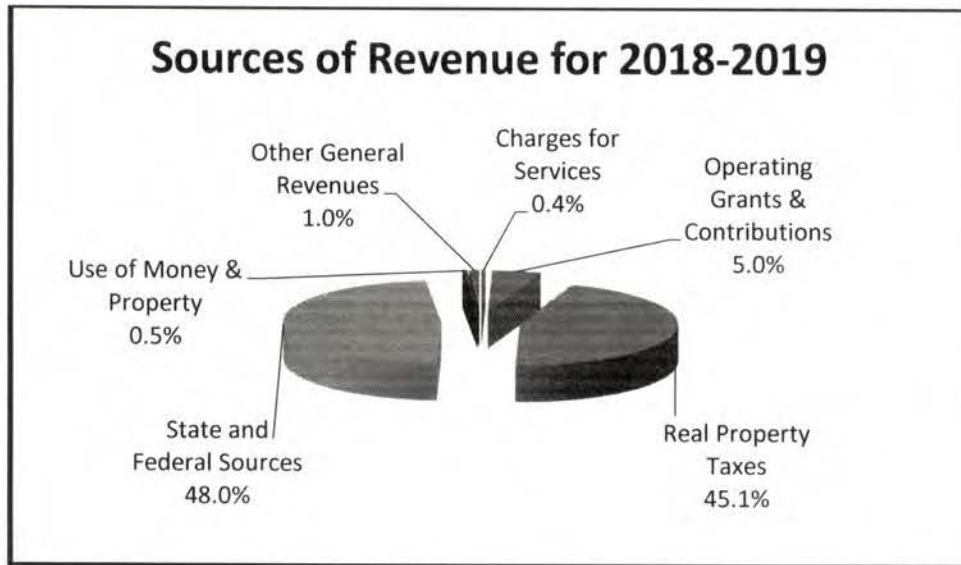
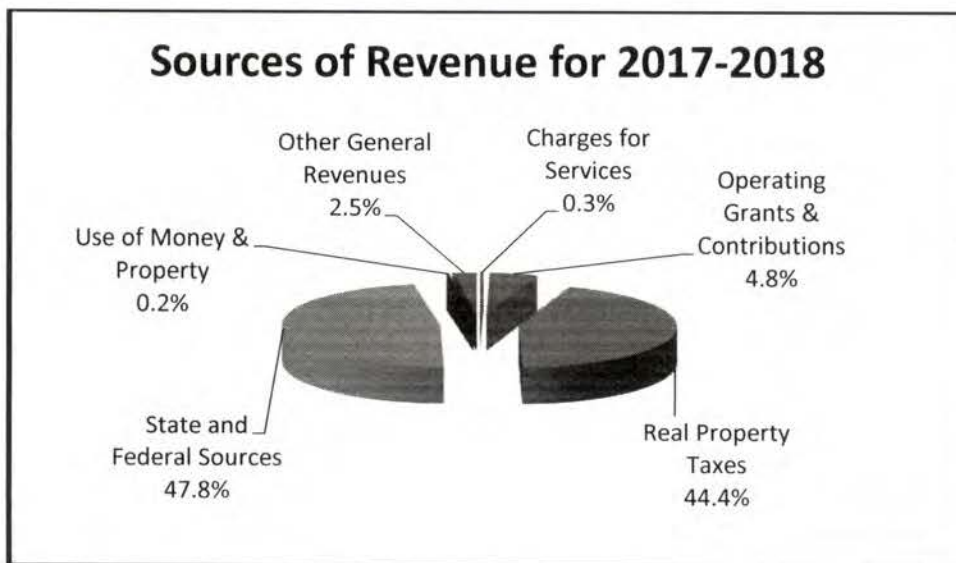


Figure 4





**JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

Figures 5 and 6 present the cost for each of the School District's programs for 2018-2019 and 2017-2018.

Figure 5

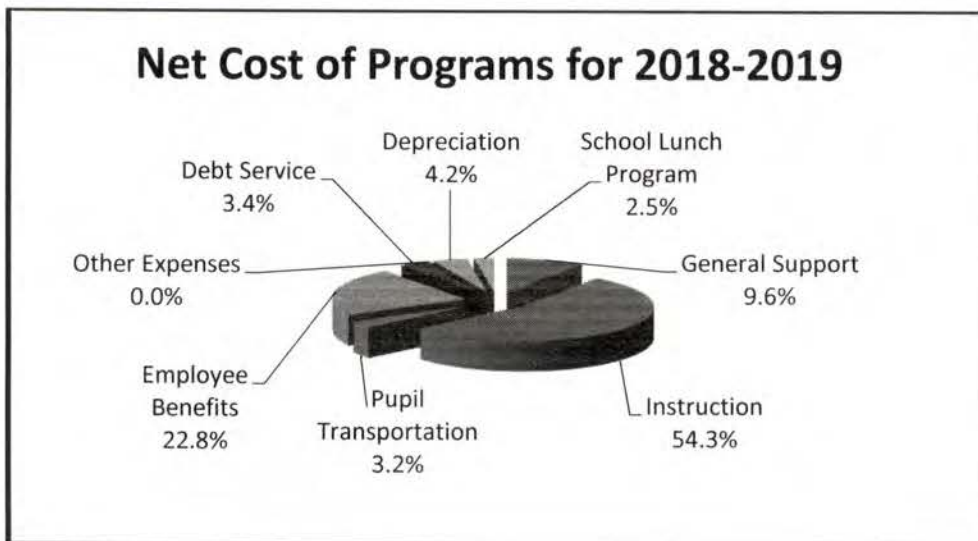
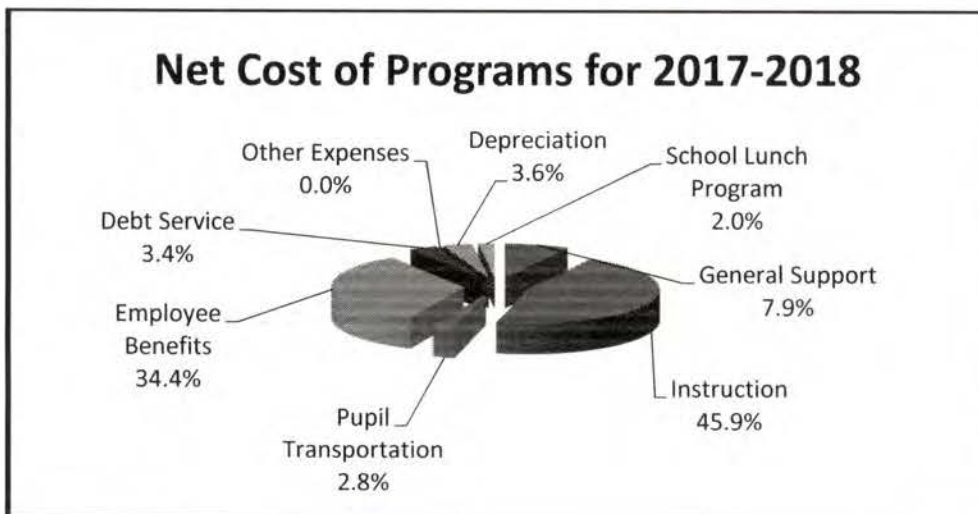


Figure 6



**JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

Figure 7 shows the changes in fund balances for the year for the School District's funds. As the School District completed the year, its Governmental Funds, as presented on the Balance Sheet, reported a combined fund balance of \$7,668,008, compared to last year's total of \$8,855,976. The decrease in total fund balance is primarily due to repayment of financing for on-going capital projects.

*Figure 7*

<b>Governmental Fund Balances</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>Total Dollar Change 2018-2019</b>
<i>General Fund</i>	\$ 9,830,815	\$ 7,476,613	\$ (2,354,202)
<i>Special Aid</i>	0	0	0
<i>School Lunch</i>	274,790	304,819	30,029
<i>Debt Service</i>	92,538	182,603	90,065
<i>Capital project</i>	(321,796)	818,357	1,140,153
<i>Buses</i>	(1,020,371)	(1,114,384)	(94,013)
<b>Total Fund Balance</b>	<b>8,855,976</b>	<b>7,668,008</b>	<b>(1,187,968)</b>

**JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference between the original budget and the final amended budget was \$3,405,670 or 6% of total general fund expenditures and may be summarized as follows:

\$ 393,811	June 30, 2018 Encumbrance Carryover
2,850,000	Use of Capital Reserve (12/5/18 vote)
86,859	Use of Reserve for Tax Certiorari (BOE 12/11/18)
75,000	NYS Grant-in-Aid (BOE 9/25/18)
<b>\$ 3,405,670</b>	

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

- The Superintendent shall have the authority to authorize appropriation transfers into or out of general fund account codes not to exceed \$5,000.00.
- The Board may authorize other budgetary transfers upon the request of the Superintendent.

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

*Figure 8*

<b>Condensed Budgetary Comparison General Fund - 2018-2019</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual w/ Encumbrances</b>	<b>Total Dollar Variance</b>
<b>REVENUES</b>				
Real property taxes	\$ 26,084,235	\$ 22,507,329	\$ 22,401,913	\$ (105,416)
Real property tax items	450,265	4,027,171	4,032,313	5,142
State/Federal sources	26,414,304	26,489,304	26,724,038	234,734
All other - other financing sources	622,500	622,500	1,005,421	382,921
<b>Total Revenues and Other Financing Sources</b>	<b>53,571,304</b>	<b>53,646,304</b>	<b>54,163,685</b>	<b>517,381</b>
Transfer from other funds	0	0	143	143
Appropriated Fund Balance	1,900,000	1,900,000	0	(1,900,000)
Appropriated reserves	393,811	3,330,668	0	(3,330,668)
<b>Budget Grand Total</b>	<b>\$ 55,865,115</b>	<b>\$ 58,876,972</b>	<b>\$ 54,163,828</b>	<b>\$ (4,713,144)</b>
<b>EXPENDITURES</b>				
General Support	\$ 5,712,820	\$ 6,086,228	\$ 5,626,434	\$ 459,794
Instruction	26,994,672	27,204,968	26,852,125	352,843
Pupil transportation	2,061,895	1,875,095	1,744,080	131,015
Employee benefits	14,742,042	14,504,497	13,600,686	903,811
Debt service	5,032,186	5,032,184	5,032,185	(1)
Transfers to other funds	1,321,500	4,174,000	4,151,888	22,112
<b>Total Expenditures, and Other Financing Uses</b>	<b>\$ 55,865,115</b>	<b>\$ 58,876,972</b>	<b>\$ 57,007,398</b>	<b>\$ 1,869,574</b>

**JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2019, the School District had invested in a broad range of capital assets. Capital assets showed a net increase of \$1,406,789 from last year as shown in *Figure 9* below.

*Figure 9*

<b>Capital Assets (Net of Deprec.)</b>	<b>Government Activities &amp; Total School District</b>				
	<b>Beg. Balance 7/1/2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>Reclass.</b>	<b>End. Balance 6/30/2019</b>
<i>Land</i>	\$ 2,069,400	\$ 0	\$ 0	\$ 0	\$ 2,069,400
<i>CIP</i>	22,436,050	3,042,174	0	(16,092,340)	9,385,884
<i>Buildings</i>	41,074,877	14,522,957	0	0	55,597,834
<i>Equipment</i>	2,919,163	(65,254)	(291)	(457)	2,853,161
<b>Totals</b>	<b>\$ 68,499,490</b>	<b>\$ 17,499,877</b>	<b>\$ (291)</b>	<b>\$ (16,092,797)</b>	<b>\$ 69,906,279</b>

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

\$ 69,906,279	Ending Balance
68,499,490	Beginning Balance
<u>\$ 1,406,789</u>	Year to Year
\$ 107,343	Misc. Equipment
27,245	Plasma Cutting System
56,530	Socreboard & Electronic Sign
71,136	Transportation, Other
<u>376,317</u>	Transportation (3 Buses)
\$ 638,571	Total Equipment Additions
<u>19,134,514</u>	Construction Additions, net
\$ 19,773,085	Total Additions
(291)	Retirements, net
(16,092,797)	Reclassifications, net
<u>(2,273,206)</u>	Depreciation
<b>\$ 1,406,791</b>	



**JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

Debt Administration

Debt, both short and long-term, considered a liability of Governmental Activities, decreased (\$3,352,679) in 2019, as shown in *Figure 10*. Total capital indebtedness represented 50.3% of the constitutional debt limit exclusive of building aid estimates.

*Figure 10*

Outstanding Debt	Governmental Activities & Total School District		Total Dollar Change
	2017-2018	2018-2019	2018-2019
Bond anticipation notes	\$ 1,020,371	\$ 1,114,384	\$ 94,013
Serial bonds	44,683,590	42,036,124	(2,647,466)
Installment purchase debt	3,581,417	3,181,804	(399,613)
<b>Totals</b>	<b>\$ 49,285,378</b>	<b>\$ 46,332,312</b>	<b>\$ (2,953,066)</b>

The School District's S&P bond rating is A1.

**JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

- Voters Approved the 2019-2020 budget in the amount of \$55,462,396 which was a (0.02%) increase over 2018-2019. The District's tax levy limit was an increase of 1.55% and the District's tax levy for 2018-2019 is increasing at that amount.
- Johnson City Central Schools is made up of roughly 2340 students K-12. 74% qualify for free and reduced lunch, 12% students with disabilities, 43% minority and we have an ESL (English as a Second Language) population that speaks 43 different languages.
- During the past two years, the District has been able to fund reserves helping to protect the District from potential changes in state aid and pension costs in the future, as well as, potential tax certs to guard against unexpected expenditures to the general fund.
- The District is in the planning stages for the next capital project: RENEWAL 2020.

The District has maintained a proactive approach to Health Insurance through an essentially self-funded plan. While stop loss coverage is purchased for the high claims potential, the potential for claims management and wellness programs have proven beneficial.

***JOHNSON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019***

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

This financial report is designed to provide the Johnson City School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office of the Johnson City School District, 666 Reynolds Road, Johnson City, New York 13790.

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

<b>ASSETS</b>	<b>2019</b>
<b>Cash</b>	
Unrestricted	\$ 5,937,631
Restricted	4,286,475
<b>Receivables</b>	
Due from fiduciary funds	477
State and Federal aid	1,457,110
Due from other governments	968,899
Other	34,058
Inventories	67,294
Deferred expenditures	4,961
Net pension asset	1,814,979
Capital assets, net	69,906,279
<b>Total Assets</b>	<b>\$ 84,478,163</b>
<b>Deferred cash outflows</b>	
Pensions	\$ 10,252,713
Deceased debt	2,385,546
<b>LIABILITIES</b>	
<b>Payables</b>	
Accounts payable	\$ 1,339,286
Accrued liabilities	412,102
Due to other governments	386
Due to Teachers' Retirement System	1,986,392
Due to Employees' Retirement System	163,719
<b>Notes payable</b>	
Bond anticipation	1,114,384
<b>Deferred credits</b>	
Unearned revenues	51,042
<b>Long-term liabilities</b>	
Due and payable within one year	
Bonds payable	2,933,858
Compensated absences payable	1,415,039
Other postemployment benefits payable	70,254,958
Net pension liability - TRS	-
Net pension liability - ERS	1,010,995
<b>Other liabilities</b>	
Bonds payable	42,284,070
<b>Total Liabilities</b>	<b>122,966,231</b>
<b>Deferred cash inflows</b>	
Pensions	2,765,530
OPEB	47,468,476
State Aid	107,384
<b>NET POSITION</b>	
Investment in capital assets, net of related debt	29,879,581
Restricted	5,512,108
Unrestricted (deficit)	(111,582,888)
<b>Total Net Position</b>	<b>\$ (76,191,199)</b>

See independent auditors' report and notes to financial statements

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position 2019
			Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ (5,194,600)	\$ (1,006,432)	\$ -	\$ -	\$ (6,201,032)
Instruction	(29,106,618)	(12,196,109)	137,982	2,677,264	(38,487,481)
Pupil transportation	(1,728,410)	(1,035,039)	-	-	(2,763,449)
Employee benefits	(12,243,861)	12,243,861	-	-	-
Debt service	(1,849,340)	-	-	-	(1,849,340)
Depreciation	(2,273,206)	2,273,206	-	-	-
School lunch program	(1,339,418)	(279,486)	115,710	235,566	(1,267,628)
Total Functions and Programs	<u>\$ (53,735,453)</u>	<u>\$ -</u>	<u>\$ 253,692</u>	<u>\$ 2,912,830</u>	<u>\$ (50,568,931)</u>
<b>GENERAL REVENUES</b>					
Real property taxes	\$ 22,401,913	\$ -	\$ -	\$ -	\$ 22,401,913
Other tax items	4,032,313	-	-	-	4,032,313
Use of money and property	302,389	-	-	-	302,389
Sale of property and compensation for loss	16,866	-	-	-	16,866
Miscellaneous	585,222	-	-	-	585,222
State sources	27,436,136	-	-	(689,517)	26,746,619
Federal sources	3,530,278	-	-	(2,211,828)	1,318,450
Local sources	11,485	-	-	(11,485)	-
Medicaid reimbursement	101,946	-	-	-	101,946
Total General Revenues	<u>\$ 58,418,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,912,830)</u>	<u>55,505,718</u>
Change in Net Position					4,936,787
Total Net Position - Beginning of year					(81,127,526)
Prior period adjustment					(460)
Total Net Position - End of Year					<u>\$ (76,191,199)</u>

See independent auditors' report and notes to financial statements

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	Major			Total Non-Major Funds	Total Governmental Funds
	General	Buses	2020 Project		2019
<b>ASSETS</b>					
<b>Cash</b>					
Unrestricted	\$ 4,343,404	\$ -	\$ 870,367	\$ 723,860	\$ 5,937,631
Restricted	4,286,475	-	-	-	4,286,475
<b>Receivables</b>					
Due from other funds	563,525	-	-	55,657	619,182
Due from fiduciary funds	477	-	-	-	477
State and Federal aid	964,436	-	-	492,674	1,457,110
Due from other governments	968,899	-	-	-	968,899
Other	33,673	-	-	385	34,058
Inventories	-	-	-	67,294	67,294
Deferred expenditures	4,961	-	-	-	4,961
Total Assets	<u>\$ 11,165,850</u>	<u>\$ -</u>	<u>\$ 870,367</u>	<u>\$ 1,339,870</u>	<u>\$ 13,376,087</u>
<b>LIABILITIES</b>					
<b>Payables</b>					
Accounts payable	\$ 1,139,334	\$ -	\$ 159,538	\$ 40,414	\$ 1,339,286
Accrued liabilities	292,392	-	-	33,912	326,304
Due to other funds	-	-	2,146	617,036	619,182
Due to other governments	16	-	-	370	386
Due to Teachers' Retirement System	1,986,392	-	-	-	1,986,392
Due to Employees' Retirement System	163,719	-	-	-	163,719
<b>Notes payable</b>					
Bond anticipation	-	1,114,384	-	-	1,114,384
Unearned revenues	-	-	-	51,042	51,042
Total Liabilities	<u>3,581,853</u>	<u>1,114,384</u>	<u>161,684</u>	<u>742,774</u>	<u>5,600,695</u>
<b>Deferred inflows of resources</b>					
State Aid	107,384	-	-	-	107,384
<b>FUND BALANCES</b>					
Non-spendable	4,961	-	-	67,294	72,255
Restricted	4,286,474	-	708,683	516,951	5,512,108
Assigned	1,239,371	3,210,515	-	975,492	5,425,378
Unassigned	1,945,807	(4,324,899)	-	(962,641)	(3,341,733)
Total Fund Balances	<u>7,476,613</u>	<u>(1,114,384)</u>	<u>708,683</u>	<u>597,096</u>	<u>7,668,008</u>
Total Liabilities and Fund Balances	<u>\$ 11,165,850</u>	<u>\$ -</u>	<u>\$ 870,367</u>	<u>\$ 1,339,870</u>	<u>\$ 13,376,087</u>

See independent auditors' report and notes to financial statements

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Major			Total Non-Major Funds	Total Governmental Funds
	General	Buses	2020 Project		2019
<b>REVENUES</b>					
Real property taxes	\$ 22,401,913	\$ -	\$ -	\$ -	\$ 22,401,913
Other tax items	4,032,313	-	-	-	4,032,313
Charges for services	137,982	-	-	-	137,982
Use of money and property	277,272	-	-	25,117	302,389
Sale of property and compensation for loss	17,157	-	-	-	17,157
Miscellaneous	573,010	-	-	12,212	585,222
State sources	26,608,502	-	-	827,634	27,436,136
Medicaid reimbursement	101,946	-	-	-	101,946
Federal sources	13,590	-	-	3,410,162	3,423,752
Local sources	-	-	-	11,485	11,485
Surplus food	-	-	-	106,526	106,526
Sales - school lunch	-	-	-	115,710	115,710
Total Revenues	54,163,685	-	-	4,508,846	58,672,531
<b>EXPENDITURES</b>					
General support	5,247,647	-	-	3,946	5,251,593
Instruction	26,746,986	-	-	2,492,089	29,239,075
Pupil transportation	1,742,522	-	-	20,129	1,762,651
Employee benefits	13,596,800	-	-	512,710	14,109,510
<b>Debt service</b>					
Principal	3,150,600	-	-	-	3,150,600
Interest	1,881,585	-	-	-	1,881,585
Cost of sales	-	-	-	1,339,418	1,339,418
Other expenditures	-	-	-	-	-
Capital outlay	-	414,877	1,823,408	1,218,767	3,457,052
Total Expenditures	52,366,140	414,877	1,823,408	5,587,059	60,191,484
Excess (Deficiency) of Revenues Over Expenditures	1,797,545	(414,877)	(1,823,408)	(1,078,213)	(1,518,953)
<b>OTHER FINANCING SOURCES AND USES</b>					
Proceeds from debt	-	330,987	-	-	330,987
Proceeds from refunding debt	-	-	-	-	-
Payments to fiscal agent	-	-	-	-	-
Operating transfers in	143	-	2,850,000	1,367,658	4,217,801
Operating transfers (out)	(4,151,888)	(10,123)	-	(55,790)	(4,217,801)
Total Other Sources (Uses)	(4,151,745)	320,864	2,850,000	1,311,868	330,987
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	(2,354,200)	(94,013)	1,026,592	233,655	(1,187,966)
Fund Balances - Beginning of year	9,830,813	(1,020,371)	(317,909)	363,441	8,855,974
Fund Balances - End of Year	\$ 7,476,613	\$ (1,114,384)	\$ 708,683	\$ 597,096	\$ 7,668,008

See independent auditor's report and notes to financial statements

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
<b>Cash</b>				
Unrestricted	\$ 5,937,631	\$ -	\$ -	\$ 5,937,631
Restricted investments	4,286,475	-	-	4,286,475
<b>Receivables</b>				
Due from other funds	619,182	-	(619,182)	-
Due from fiduciary funds	477	-	-	477
State and Federal aid	1,457,110	-	-	1,457,110
Due from other governments	968,899	-	-	968,899
Other	34,058	-	-	34,058
Inventories	67,294	-	-	67,294
Deferred expenditures	4,961	-	-	4,961
Proportion of net pension asset	-	1,814,979	-	1,814,979
Capital assets, net	-	69,906,279	-	69,906,279
Total Assets	13,376,087	71,721,258	(619,182)	84,478,163
Deferred cash outflows - Pensions	-	10,252,713	-	10,252,713
Deferred charges on defeased debt	-	2,385,546	-	2,385,546
<b>LIABILITIES</b>				
<b>Payables</b>				
Accounts payable	\$ 1,339,286	\$ -	\$ -	\$ 1,339,286
Accrued liabilities	326,304	85,798	-	412,102
Due to other funds	619,182	-	(619,182)	-
Due to other governments	386	-	-	386
Due to Teachers' Retirement System	1,986,392	-	-	1,986,392
Due to Employees' Retirement System	163,719	-	-	163,719
<b>Notes payable</b>				
Bond anticipation	1,114,384	-	-	1,114,384
<b>Deferred credits</b>				
Unearned revenues	51,042	-	-	51,042
<b>Long-term liabilities</b>				
Bonds payable	-	45,217,928	-	45,217,928
Compensated absences payable	-	1,415,039	-	1,415,039
Other postemployment benefits payable	-	70,254,958	-	70,254,958
Proportionate share of pension liability - TRS	-	-	-	-
Proportionate share of pension liability - ERS	-	1,010,995	-	1,010,995
Total Liabilities	5,600,695	117,984,718	(619,182)	122,966,231
Deferred cash inflows - Pensions	-	2,765,530	-	2,765,530
Deferred cash inflows - OPEB	-	47,468,476	-	47,468,476
Deferred cash inflows - State Aid	107,384	-	-	107,384
<b>FUND EQUITY\NET POSITION</b>				
Investment in capital assets, net	-	24,688,351	-	24,688,351
<b>Restricted for:</b>				
Debt service	182,603	-	-	182,603
Capital	264,326	-	-	264,326
Other legal restrictions	5,065,179	-	-	5,065,179
Unrestricted (deficit)	2,155,900	(108,547,558)	-	(106,391,658)
Total Net Position	\$ 7,668,008	\$ (83,859,207)	\$ -	\$ (76,191,199)

See independent auditors' report and notes to financial statements



**JOHNSON CITY CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND EQUITY TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
<b>REVENUES</b>					
Real property taxes	\$ 22,401,913	\$ -	\$ -	\$ -	\$ 22,401,913
Other tax items	4,032,313	-	-	-	4,032,313
Charges for services	137,982	-	-	-	137,982
Use of money and property	302,389	-	-	-	302,389
Sale of property and compensation for loss	17,157	-	(291)	-	16,866
Miscellaneous	585,222	-	-	-	585,222
State sources	27,436,136	-	-	-	27,436,136
Medicaid reimbursement	101,946	-	-	-	101,946
Federal sources	3,423,752	-	-	-	3,423,752
Local sources	11,485	-	-	-	11,485
Surplus food	106,526	-	-	-	106,526
Sales - school lunch	115,710	-	-	-	115,710
Total Revenues	58,672,531	-	(291)	-	58,672,240
<b>EXPENDITURES\EXPENSES</b>					
General support	5,251,593	-	(56,993)	-	5,194,600
Instruction	29,239,075	-	(132,457)	-	29,106,618
Pupil transportation	1,762,651	-	(34,241)	-	1,728,410
Community service	-	-	-	-	-
Employee benefits	14,109,510	-	-	(1,865,649)	12,243,861
<b>Debt service</b>					
Principal	3,150,600	-	-	(3,150,594)	6
Interest	1,881,585	-	-	(32,251)	1,849,334
Cost of sales	1,339,418	-	-	-	1,339,418
Other expenditures	-	-	-	-	-
Depreciation	-	-	2,273,206	-	2,273,206
Capital outlay	3,457,052	-	(3,457,052)	-	-
Total Expenditures	60,191,484	-	(1,407,537)	(5,048,494)	53,735,453
Excess (Deficiency) of Revenues Over Expenditures	(1,518,953)	-	1,407,246	5,048,494	4,936,787
<b>OTHER SOURCES AND USES</b>					
Proceeds from debt	330,987	-	-	(330,987)	-
Proceeds from refunding debt	-	-	-	-	-
Payments to fiscal agent	-	-	-	-	-
Operating transfers in	4,217,801	-	-	-	4,217,801
Operating transfers (out)	(4,217,801)	-	-	-	(4,217,801)
Total Other Sources (Uses)	330,987	-	-	(330,987)	-
Net Change for the Year	\$ (1,187,966)	\$ -	\$ 1,407,246	\$ 4,717,507	\$ 4,936,787

See independent auditors' report and notes to financial statements

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2019**

	Private Purpose Trusts 2019	Agency 2019
<b>ASSETS</b>		
Cash	\$ -	\$ 40,680
Restricted cash	64,566	49,533
Accounts receivable	-	12,285
	<hr/>	<hr/>
Total Assets	<u>\$ 64,566</u>	<u>\$ 102,498</u>
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ 477
Extraclassroom activity balances	-	49,533
Other liabilities	-	52,488
	<hr/>	<hr/>
Total Liabilities	<hr/> -	<u>\$ 102,498</u>
<b>NET POSITION</b>		
Reserved for scholarships	<u>\$ 64,566</u>	

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

	Private Purpose Trusts 2019
<b>ADDITIONS</b>	
Gifts and contributions	\$ 1,300
Investment earnings	1,242
	<hr/>
Total Additions	<u>2,542</u>
<b>DEDUCTIONS</b>	
Scholarships and awards	<u>9,250</u>
Change in Net Position	(6,708)
Net Position - Beginning of year	<u>71,274</u>
Net Position - End of Year	<u>\$ 64,566</u>

See independent auditors' report and notes to financial statements

## JOHNSON CITY CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1: SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

##### A) Reporting entity:

The Johnson City Central 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 seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

##### i) The Extraclassroom Activity Funds

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

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B) Joint venture:**

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

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

- a) BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in The New York State Education Law, 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 \$7,166,452 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$2,641,724. Financial statements for the BOCES are available from the BOCES administrative office.

**C) Basis of presentation:**

**i) District-wide statements:**

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except neither fiduciary funds nor component units that are fiduciary in nature are included.

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.



JOHNSON CITY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Basis of presentation (continued):

i) District-wide statements (continued):

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

ii) Funds statements:

The 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 non-major funds.

**The District reports the following major governmental funds:**

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

**Capital Projects Funds:** These funds are used to account for the financial resources used for the acquisition, construction or major repair of capital facilities. For the funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

All remaining governmental funds are aggregated and reported as non-major funds.

**The District reports the following fiduciary funds:**

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

# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fiduciary Funds (Continued):

There are two classes of fiduciary funds:

**Private purpose trust funds:** These funds are used to account for trust arrangements in which principal and income benefit individuals, private organizations or other governments. A scholarship is an example of a Private Purpose Trust Fund. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

**Agency funds:** These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various individuals, private organizations or other governments and/or other funds

#### **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. Non-exchange 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 state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety (90) days after the end of the fiscal year. Each school district should adopt an availability period for all revenues, except real property taxes, which must have a 60 day availability period.

Expenditures are recorded when the related fund liability is incurred, except for the 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.

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**D) Property taxes:**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1, 2018 through March 31, 2019.

Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

**F) Inter-fund transactions:**

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

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

The governmental funds report all inter-fund transactions as originally recorded. Inter-fund 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 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**G) 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 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.

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**H) Cash (and cash equivalents)/Investments:**

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and Districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

**I) Accounts receivable:**

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

**J) Inventories and prepaid items:**

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventory 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 portion of fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.



# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K) Other assets/restricted assets:

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

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

#### L) Capital assets:

Capital assets should be accounted for at historical (actual) cost or, if the cost is not practicably determinable, at estimated cost. The cost of the capital asset should include ancillary charges necessary to place the asset into use. Donated capital assets and capital assets acquired in a service concession arrangement should be recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date, or the amount at which a liability could be liquidated with the counter party at the acquisition.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life</u></b>
Buildings	\$ 10,000	SL	40
Building improvements	10,000	SL	7-50
Site improvements	10,000	SL	20
Equipment	500	SL	5-20
Technology items	150	SL	5-20

#### M) 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 (expense/expenditures) until then. The government has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on funding, results from the difference in the carrying value of refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension

# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

#### M) Deferred outflows and inflows of resources (Continued):

systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net position liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

#### N) Unearned revenues:

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

#### O) Vested employee benefits:

##### Compensated absences

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

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

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an

# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

#### **Compensated absences (Continued):**

accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

#### **P) Other benefits:**

Eligible 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) and 457.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors 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 District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure.

#### **Q) Short-term debt:**

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

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

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



**JOHNSON CITY CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**Q) Short-term debt (Continued):**

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

**R) 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 full, in a timely manner 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 fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

**S) Net Position/Fund Balance:**

**Net Position Flow Assumption:**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The District's policy is to apply outlay first to restricted – net position and then to unrestricted – net position.

**Fund Balance Flow Assumption:**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

JOHNSON CITY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

S) **Net Position/Fund Balance (Continued):**

**Order of Use of Fund Balance:**

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

**District-wide statements:**

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

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

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

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

**Funds statements:**

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

**Non-spendable 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. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$67,294 and prepaid expenditures of \$4,961 in the General Fund.

# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

#### S) Net Position/Fund Balance (Continued):

##### Funds statements (Continued):

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

##### **Capital**

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

##### **Employee Benefit Accrued Liability**

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

##### **Retirement Contributions**

According to General Municipal Law §6-r, must be used for financing retirement contributions. This reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

JOHNSON CITY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

S) Net Position/Fund Balance (Continued):

Funds statements (Continued):

Restricted:

**Tax Certiorari**

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

**Unemployment Insurance**

According to General Municipal Law §6-m, all expenditures made from the unemployment insurance payment reserve fund 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.

Restricted fund balance includes the following:

**General Fund**

Capital	\$ 271,789
Employee Benefit Accrued Liability	487,202
Retirement Contributions - ERS	1,474,627
Retirement Contributions - TRS	320,000
Tax Certiorari	1,529,977
Unemployment Insurance	202,879
Capital Fund*	1,043,031
Debt Service Fund*	182,603
Special Aid Fund*	-
School Lunch Fund*	-
Total restricted funds	<u>\$ 5,512,108</u>

See independent auditors' report



JOHNSON CITY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S) Equity classifications (CONTINUED):

Funds statements (Continued):

**Restricted (Continued):**

\*includes remaining fund balance in these funds not otherwise classified as nonspendable, committed or assigned.

**Committed** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School Board has no committed fund balances as of June 30, 2019.

**Assigned** – Includes amounts that are constrained by the school district's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the year.

Reserve for Insurance Recoveries Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the general fund.

**Unassigned** – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District and could report a surplus or deficit. In funds other than 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. In accordance with state guidelines, unassigned fund balance in the general fund includes the following reserve:

Reserve for Tax Reduction Reserve for Tax Reduction (Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the general fund.

Unassigned Fund Balance

NYS Real Property Tax Law 1318 limits the amount of unexpended



JOHNSON CITY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**S) Equity classifications (CONTINUED):**

**Funds statements (Continued):**

**Unassigned Continued):**

surplus funds a school district can retain to no more than 4% of the School District's budget for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

**T) New Accounting Standards:**

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

GASB Statement No. 81, *Split Interest Agreements*; GASB Statement No. 85, *Omnibus*; GASB Statement No. 86, *Certain Debt Extinguishment Issues*.

**NOTE 2: EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS:**

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

**A) Total fund balances of governmental funds vs. net position of governmental activities:**

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

JOHNSON CITY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

**NOTE 2: EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):**

**B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:**

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

**i) Long-term revenue differences:**

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

**ii) Capital related differences:**

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

**iii) Long-term debt transaction differences:**

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

**iv) Pension differences:**

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

**v) OPEB differences:**

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

#### Budgets

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

#### General Fund

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

Appropriations are adopted at the program line item level.

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

Carryover Encumbrances	\$ 393,811
Unanticipated Revenues	75,000
Use of Capital Reserve	2,850,000
Use of Tax Certiorari Reserve	86,859

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.

#### Encumbrances

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

The capital projects had a deficit fund balance of \$296,027. This will be funded when the District obtains permanent financing for its current construction projects.

# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4: CASH (AND CASH EQUIVALENTS)-CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS:

#### Cash

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

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

- A) Uncollateralized \$ -
- B) Collateralized with securities held by the pledging financial institution, or trust department or agent, but not in the District's name. \$ 10,687,106.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$4,286,475 within the governmental funds and \$ 114,099 in the fiduciary funds.

### NOTE 5: RECEIVABLES

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

#### Governmental Activities

<u>Description</u>	General	Buses	Non-Major	Total
Accounts Receivable	33,673	\$ -	\$ 385	\$ 34,058
Due from State and Federal	964,436	-	492,674	1,457,110
Due from Other Governments	968,899	-	-	968,899
Total	<u>\$ 1,967,008</u>	<u>\$ -</u>	<u>\$ 493,059</u>	<u>\$ 2,460,067</u>



# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6: CAPITAL ASSETS:

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

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
<b>Governmental Activities:</b>					
<b>Capital assets that are not depreciated:</b>					
Land	\$ 2,069,400	\$ -	\$ -	\$ -	\$ 2,069,400
Construction in progress	22,436,050	3,042,174	-	(16,092,340)	9,385,884
Total non-depreciable historical cost	24,505,450	3,042,174	-	(16,092,340)	11,455,284
<b>Capital assets that are depreciated:</b>					
Buildings	\$ 66,948,605	\$ 16,138,027	\$ -	\$ -	\$ 83,086,632
Furniture and equipment	12,188,284	592,882	(302,295)	-	12,478,871
Total depreciable historical cost	79,136,889	16,730,909	(302,295)	-	95,565,503
Total non-depreciable and depreciable costs	103,642,339	19,773,083	(302,295)	(16,092,340)	107,020,787
<b>Less accumulated depreciation:</b>					
Buildings	\$ (25,873,728)	\$ (1,615,070)	\$ -	\$ -	\$ (27,488,798)
Furniture and equipment	(9,269,121)	(658,136)	302,004	(457)	(9,625,710)
Total accumulated depreciation	(35,142,849)	(2,273,206)	302,004	(457)	(37,114,508)
Total depreciable historical cost, net	\$ 43,994,040	\$ 14,457,703	\$ (291)	\$ (457)	\$ 58,450,995
Total Capital Assets	<u>\$ 68,499,490</u>	<u>\$ 17,499,877</u>	<u>\$ (291)</u>	<u>\$ (16,092,797)</u>	<u>\$ 69,906,279</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 63,692
Instruction	1,845,175
Pupil Transportation	345,816
Cost of Goods Sold	18,522
	<u>\$ 2,273,205</u>

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7: SHORT-TERM DEBT:**

The District may issue Revenue Anticipation Notes and Tax Anticipation Notes, in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

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

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

<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
8/10/2018	2.25%	\$ 1,020,371	\$ -	\$ 1,020,371	\$ -
8/9/2019	2.03%	-	1,114,384	-	1,114,384
		<u>\$ 1,020,371</u>	<u>\$ 1,114,384</u>	<u>\$ 1,020,371</u>	<u>\$ 1,114,384</u>

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

Interest paid	\$ 22,958
Plus interest accrued in current year	20,081
Less interest accrued in prior year	<u>(20,379)</u>
Total interest on short-term debt	<u>\$ 22,660</u>

# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8: LONG-TERM DEBT:

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

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

Description of issue	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Capital Lease Phase 1	11/5/2009	12/1/2024	5.48%	\$ 1,027,052
Capital Lease Phase 2	4/11/2013	12/30/2026	2.50%	1,923,001
Capital Lease Phase 3	12/21/2012	12/30/2026	2.44%	231,750
<b>Serial Bonds</b>				
2013 Series Refunding	11/7/2012	6/30/1932	2.0-5.0%	22,755,000
2011 Series	6/30/2010	6/6/1930	3.0-5.0%	455,000
2017A Series	6/8/2017	6/15/1930	3.0-5.0%	10,940,000
2017F Series	11/9/2017	6/15/1930	2.0-5.0%	5,235,000
Unamortized Bond Premium	6/30/2011	6/30/1932		2,651,125
				<u>\$45,217,928</u>

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds and notes payable	\$ 41,805,000	\$ -	\$ 2,420,000	\$ 39,385,000	\$ 2,514,000
Unamortized bond premium	2,878,591	-	227,472	2,651,119	
Capital leases payable	3,581,416	-	399,607	3,181,809	419,858
Total bonds and notes payable	<u>48,265,007</u>	<u>-</u>	<u>3,047,079</u>	<u>45,217,928</u>	<u>2,933,858</u>
<b>Other Liabilities:</b>					
Compensated absences	\$ 1,469,250	\$ -	\$ 54,211	\$ 1,415,039	\$ -
Other postemployment benefits payable	118,234,321	-	47,979,363	70,254,958	-
Net pension liability - ERS	1,354,798	-	907,790	447,008	-
Total other liabilities	<u>121,058,369</u>	<u>-</u>	<u>48,941,364</u>	<u>72,117,005</u>	<u>-</u>
Total long-term liabilities	<u>\$ 169,323,376</u>	<u>\$ -</u>	<u>\$ 51,988,443</u>	<u>\$ 117,334,933</u>	<u>\$ 2,933,858</u>

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

Interest paid	\$ 1,858,627
Plus interest accrued in current year	65,717
Less interest accrued in prior year	(70,112)
Plus amortization of deferred amount on refinancing	199,914
Less amortization of bond premium	<u>(227,472)</u>
Total interest on long-term debt	<u>\$ 1,826,674</u>

See independent auditors' report

# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8: LONG-TERM DEBT: (CONTINUED)

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

<b>Fiscal year ended:</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
June 30, 2020	\$ 2,933,858	\$ 2,007,801	\$ 4,941,659
2021	3,023,697	1,887,662	4,911,359
2022	3,129,158	1,749,200	4,878,358
2023	3,280,271	1,578,487	4,858,758
2024	3,422,068	1,410,116	4,832,184
2025-2029	17,927,752	4,238,854	22,166,606
2030-2032	<u>8,850,000</u>	<u>583,894</u>	<u>9,433,894</u>
	<u>\$ 42,566,804</u>	<u>\$ 13,456,014</u>	<u>\$ 56,022,818</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. \$28,086,000 of bonds outstanding are considered defeased.

### NOTE 10: PENSION PLANS:

#### General Information

The District participates in the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). 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 services and final average salary, vesting of retirement benefits, death and disability.

#### Provisions and Administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. The System 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 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](http://www.nystrs.org).



# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10: PENSION PLANS: (CONTINUED)

#### Provisions and Administration (Continued)

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](http://www.osc.state.ny.us/retire/publications/index.php).

#### Funding policies:

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976, who contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary, for their entire working career. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2018 - 2019	\$ 1,755,645	\$ 655,687
2017 - 2018	2,001,797	655,654
2016 - 2017	2,198,140	678,753

ERS has provided additional disclosures through entities that elected to participate in Chapter 260.57 and 105.

JOHNSON CITY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10: PENSION PLANS: (CONTINUED)

Funding policies: (Continued)

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts, relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The District exercised that option. There was no unpaid liability at the end of the year.

**PENSION, LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

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

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	31-Mar-19	30-Jun-17
Net pension liability/(asset)	\$1,010,991	\$ (1,814,979)
District's portion of the Plan's total		
Net pension liability	0.0142688%	0.100371%

For the year ended June 30, 2019, the District's recognized pension expense of \$736,818 for ERS and the actuarial value \$1,389,545 for TRS. At June 30, 2019 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10: PENSION PLANS: (CONTINUED)

#### PENSION, LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS(Continued)

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 199,085	\$ 1,356,319	\$ 67,866	\$ 245,682
Changes in assumptions	254,122	6,344,542	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	259,476	2,014,765
Changes in proportion and differences between the District's contributions and proportionate share of contributions	212,110	86,885	27,904	149,837
District's contributions subsequent to the Measurement date	163,719	1,799,650	-	-
	<u>\$ 829,036</u>	<u>\$ 9,587,396</u>	<u>\$ 355,246</u>	<u>\$ 2,410,284</u>

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

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2019	\$ -	\$ 1,800,160
2020	272,606	1,216,087
2021	(141,203)	111,205
2022	19,589	1,211,811
2023	-	841,443
2024	-	-
Thereafter	-	196,756

See independent auditors' report

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10: PENSION PLANS: (CONTINUED)**

**PENSION, LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

**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:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	4.2%	1.90-4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.5%

For ERS, annuitant mortality rates based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2015. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2014.

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

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate of ranges for expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return of each major asset class included in the target asset allocation are summarized below:

# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10: PENSION PLANS (CONTINUED):

#### PENSION, LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED):

#### ACTUARIAL ASSUMPTIONS (CONTINUED)

#### Long-term Expected Rate of Return

<b>Asset Class</b>	<u>ERS</u>	<b>Asset Class</b>	<u>TRS</u>
Domestic equity	4.55%	Domestic equity	5.8
International equity	6.35	International equity	7.3
Private equity	7.5	7.5Global Equities	6.7
Real Estate	5.55	Real estate equities	4.9
		Private equity	8.9
Absolute return strategies	3.75	Domestic fixed	
Opportunistic portfolio	5.68	income	1.3
Real assets	5.29	Global fixed income	
Bonds and mortgages	1.31	securities	0.9
Cash	(0.25)	Private Debt	6.8
Inflation-indexed bonds	1.25	Real estate debt	2.8
		High-yield fixed income	
		Securities	3.5
		Short-term	0.3

#### DISCOUNT RATE

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

#### SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION

The following presents the District's proportionate share of the net liability calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1- percentage point lower (6.0% of ERS and 6.5% for TRS) or 1-percentage point higher (8.0% for ERS and 8.5% for TRS) than the current rate:



**JOHNSON CITY CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10: PENSION PLANS (CONTINUED):**

**SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION (Continued)**

	<b>ERS</b>		
	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)	\$ 4,420,215	\$ 1,010,991	\$ (1,852,999)

	<b>TRS</b>		
	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability/(asset)	\$ 12,469,201	\$ (1,814,979)	\$ (13,781,152)

**PENSION PLAN FIDUCIARY POSITION**

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Valuation date	March 31, 2019	June 30, 2018
Employers' total pension liability	\$ 189,803,429	\$ 118,107,254
Plan Net Position	<u>182,718,124</u>	<u>119,915,518</u>
Employers' total pension liability/(asset)	\$ 7,085,305	(\$ 1,808,264)
Ratio of plan net position to the Employers' total pension liability/(asset)	96.27%	101.53%

**PAYABLES TO THE PENSION PLAN**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$164,734.

For TRS, employer contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to \$1,633,254.

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11: INTERFUND BALANCES AND ACTIVITY**

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 564,002	\$ -	\$ 143	\$ 4,151,888
Special Aid Funds	-	328,092	46,585	-
School Lunch Fund	-	36	5,303	-
Capital Funds	-	291,054	4,100,000	65,913
Debt Service	<u>55,657</u>	<u>-</u>	<u>65,770</u>	<u>-</u>
Total government activities	<u>619,659</u>	<u>619,182</u>	<u>4,217,801</u>	<u>4,217,801</u>
Fiduciary Agency Fund	<u>-</u>	<u>477</u>	<u>-</u>	<u>-</u>
Totals	<u><u>\$ 619,659</u></u>	<u><u>\$ 619,659</u></u>	<u><u>\$ 4,217,801</u></u>	<u><u>\$ 4,217,801</u></u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Assets.

The District typically transfers from the General Fund to the Special Aid Fund, to fund the local share of the Section 4408, Summer School Handicapped Program.

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

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

JOHNSON CITY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12: POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A) General information about the OPEB Plan

**Plan description** – The District’s defined benefit OPEB plan, provides OPEB for 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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	423
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>445</u>
Total	<u>868</u>

B) Total OPEB Liability

The District’s total OPEB liability of \$70,254,958 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2019.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.6 percent
Discount rate	3.5 percent
Healthcare cost trend rates	6.1% to 4.1% over 57 years
Retirees’ share of benefit-related costs	60 percent of projected health insurance premiums for retirees.



# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 12: POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

#### B) Total OPEB Liability (Continued)

The discount rate was based on the 20-year tax-exempt general obligation municipal bond rated AA/Aa or higher as of the measurement date.

Mortality rates were based on RP-2014 adjusted to 2006 Dataset Mortality table projected to the valuation date, with adjustments for mortality improvements based on Scale MP-2016.

The actuarial assumptions in regards to rates of decrement are based on tables used by the New York State Teachers Retirement System and the New York State Employees State and Local Retirement System.

#### C) Changes in the total OPEB Liability

Balance at June 30, 2018	\$118,234,321
<u>Changes for the Year-</u>	
Service cost	4,773,366
Interest	3,651,877
Changes of benefit terms	-
Demographic gains or losses	(3,476,837)
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(50,351,785)
Benefit payments	(2,575,984)
Net changes	(47,979,363)
Balance at June 30, 2019	<u>\$ 70,254,958</u>

*Sensitivity of the Total OPEB liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5 percent) or 1 percentage point higher (4.5 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	(2.50%)	(3.5%)	(4.50%)
Total OPEB liability	\$81,792,933	\$70,255,958	\$60,958,864

*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 (5.1 percent) or 1 percentage point higher (7.1 percent) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
	(5.1%	(6.1%	(7.1%
	<u>Decreasing to 3.1%)</u>	<u>Decreasing to 4.1%)</u>	<u>Decreasing to 5.1%)</u>
Total OPEB liability	\$59,117,933	\$70,254,958	\$85,809,973

# JOHNSON CITY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 12: POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

#### D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$893,078. At June 30, 2019, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balances as of June 30, 2018	\$ -	\$(1,172,019)
Differences between expected and actual experience	-	(4,014,196)
Changes of assumptions or other inputs	-	(43,454,280)
Total	\$ -	(\$47,468,476)

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$(7,532,165)
2021	(7,532,165)
2022	(7,532,165)
2023	(7,532,165)
2024	(7,532,165)
Thereafter	(9,807,651)

### NOTE 13: RISK MANAGEMENT

#### General

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

#### Health Insurance

The School District administers a District-wide health insurance plan, which is a premium credit plan through BlueCross BlueShield of Central New York and incurs costs related to an employee health insurance plan specifically tailored to meet the needs of School District's employees. The School District's objectives, with their own self-directed health insurance plan, are to formulate, develop, and administer a program of insurance to obtain a high level of medical claim coverage, while containing costs for that coverage, and developing a comprehensive loss control program.

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13: RISK MANAGEMENT (CONTINUED)**

**Health Insurance (Continued)**

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

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

Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Medical claims during the year ended June 30, 2019 amounted to \$7,359,598.

**NOTE 14: FUND BALANCES**

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Funds Balance Sheet.

**NOTE 15: CONTINGENCIES AND COMMITMENTS**

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.

During the year, two of the District's larger taxpayers filed tax certiorari claims seeking significant reductions in assessments. The District has funded a tax reserve for cases of this nature; however, it may impact taxes in the future.

**NOTE 16: DONOR-RESTRICTED FUNDS**

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

The value of donor-restricted funds that are available for authorization for expenditure by the District is \$64,566.

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

**NOTE 17: TAX ABATEMENTS**

The County of Broome, entered into a property tax abatement program for the purpose of economic development. The School District property tax revenue was reduced by \$307,005. The District received payment in lieu of tax (PILOT) payments totaling \$404,323.

See independent auditors' report

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 18: PRIOR PERIOD ADJUSTMENT**

During the year certain assets were reclassified to shorter useful life, resulting in an increase in accumulated depreciation from prior periods.

**NOTE 19: SUBSEQUENT EVENTS**

The District has evaluated events through September 30, 2019, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. No significant matters were noted during the above period.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITIES,  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS-NYSLRS PENSION PLAN  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-  
NYSLRS PENSION PLAN  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS-NYSTRS PENSION PLAN  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-  
NYSTRS PENSION PLAN  
THE SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE BUDGET  
(NON-GAAP BASIS) AND ACTUAL GENERAL FUND**

**AND**

**SUPPLEMENTARY INFORMATION**

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITIES  
JUNE 30, 2019**

Measurement date	2018	2019
	June 30, 2016	June 30, 2019
<b>Total OPEB liability</b>		
Service cost	\$ 4,387,532	\$ 4,773,366
Interest	3,511,175	3,651,877
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(1,330,400)	(3,476,837)
Changes of assumptions	-	(50,351,785)
Benefit payments	<u>(1,956,794)</u>	<u>(2,575,984)</u>
Net change in total OPEB liability	4,611,513	(47,979,363)
Total OPEB liability - beginning	113,622,808	118,234,321
Total OPEB liability - ending	<u>\$ 118,234,321</u>	<u>\$ 70,254,958</u>
Covered payroll	\$ 21,531,698	\$ 19,059,059
Total OPEB liability as a % of covered payroll	549.12%	368.62%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
NYSLRS PENSION PLAN  
LAST 10 FISCAL YEARS  
JUNE 30, 2019**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Contractually required contribution	\$ 357,891	\$ 325,768	\$ 325,768	\$ 489,149	\$ 661,089	\$ 708,911	\$ 1,221,876	\$ 813,564	\$ 685,501	\$ 678,753
Contributions in relation to the contractually required contribution	357,891	325,768	325,768	489,149	661,089	708,911	1,221,876	813,564	685,501	678,753
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered -employee payroll	\$ 4,588,555	\$ 4,565,506	\$ 4,425,044	\$ 4,243,421	\$ 4,293,340	\$ 4,912,085	\$ 4,559,507	\$ 4,345,425	\$ 4,541,685	\$ 4,725,326
Contributions as a percentage of covered-employee payroll	7.80%	7.14%	7.36%	11.53%	15.40%	14.43%	26.80%	18.72%	15.09%	14.36%

See paragraph on supplemental schedules included in the independent auditors' report



**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
NYSLRS PENSION PLAN  
LAST FIVE FISCAL YEARS  
JUNE 30, 2019**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
District's proportion of the net pension liability (asset)	0.0154676%	0.0147408%	0.0144185%	0.0138502%	0.0142688%
District's proportionate share of the net pension liability (asset)	\$ 522,533	\$ 2,365,938	\$ 1,354,798	\$ 447,008	\$ 1,010,991
District's covered - employee payroll	\$ 4,559,507	\$ 4,345,425	\$ 4,541,685	\$ 4,725,326	\$ 4,612,123
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	11.46%	54.45%	29.83%	9.46%	21.92%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	90.70%	94.70%	98.24%	96.27%

See paragraph on supplemental schedules included in the independent auditors' report

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
NYSTRS PENSION PLAN  
LAST 10 FISCAL YEARS  
JUNE 30, 2019**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 945,034	\$ 1,330,263	\$ 1,548,662	\$ 1,717,831	\$ 2,412,641	\$ 2,603,640	\$ 2,089,482	\$ 1,893,544	\$ 1,856,077	\$ 1,602,238
Contributions in relation to the contractually required contribution	945,034	1,330,263	1,548,662	1,717,831	2,412,641	2,603,640	2,089,482	1,893,544	1,856,077	1,602,238
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered - employee payroll	\$ 15,267,102	\$ 15,432,280	\$ 13,939,353	\$ 14,508,706	\$ 14,847,020	\$ 14,877,943	\$ 16,147,287	\$ 16,613,724	\$ 16,665,873	\$ 16,945,857
Contributions as a percentage of covered -employee payroll	6.19%	8.62%	11.11%	11.84%	16.25%	17.50%	12.94%	11.40%	11.14%	9.46%

See paragraph on supplemental schedules included in the independent auditors' report

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)**  
**NYSTRS PENSION PLAN**  
**LAST FIVE FISCAL YEARS**  
**JUNE 30, 2019**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability (asset)	0.100511%	0.097439%	0.104320%	0.099938%	0.100371%
District's proportionate share of the net pension liability (asset)	\$ (11,196,283)	\$ (10,120,766)	\$1,075,673	\$ (759,626)	\$ (1,814,979)
District's covered - employee payroll	\$ 14,847,020	\$ 16,147,287	\$ 16,613,724	\$ 16,665,873	\$ 16,945,857
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	(75.4%)	(12.94%)	11.40%	(4.56%)	(10.70%)
Plan fiduciary net position as a percentage of the total pension liability	111.5%	111.5%	99.0%	100.66%	101.53%

See paragraph on supplemental schedules included in the independent auditors' report

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
<b>REVENUES</b>				
<b>Local Sources</b>				
Real property taxes	\$ 26,084,235	\$ 22,507,329	\$ 22,401,913	\$ (105,416)
Other tax items	450,265	4,027,171	4,032,313	5,142
Charges for services	73,000	73,000	137,982	64,982
Use of money and property	65,000	65,000	277,272	212,272
Sale of property and compensation for loss	2,500	2,500	17,157	14,657
Miscellaneous	482,000	482,000	573,010	91,010
Total Local Sources	27,157,000	27,157,000	27,439,647	282,647
State sources	26,309,304	26,384,304	26,608,502	224,198
Federal sources	105,000	105,000	115,536	10,536
Total Revenues	53,571,304	53,646,304	54,163,685	517,381
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds			143	143
Appropriated fund balance	1,900,000	1,900,000	-	(1,900,000)
Appropriated reserves	393,811	3,330,668	-	(3,330,668)
Total Revenues and Other Financing Sources	\$ 55,865,115	\$ 58,876,972	\$ 54,163,828	\$ (4,713,144)

Budget Basis of Accounting

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

Continued on next page

**JOHNSON CITY CENTRAL SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual And Encumbrances
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of education	\$ 20,150	\$ 27,950	\$ 20,816	\$ 1,800	\$ 5,334
Central administration	246,944	252,271	249,212	86	2,973
Finance	809,589	808,098	769,119	4,201	34,778
Staff	311,280	309,681	290,254	895	18,532
Central services	3,714,058	3,990,570	3,300,496	371,805	318,269
Special items	610,799	697,658	617,750	-	79,908
Total General Support	5,712,820	6,086,228	5,247,647	378,787	459,794
<b>Instruction</b>					
Instruction, administration and improvement	1,840,508	1,783,681	1,741,872	1,026	40,783
Teaching - regular school	12,872,996	12,943,704	12,848,289	30,567	64,848
Programs for children with handicapping conditions	7,311,150	7,112,206	6,950,835	6,129	155,242
Occupational education	696,967	696,967	696,967	-	-
Teaching - special school	138,653	129,950	123,272	-	6,678
Instructional media	1,903,619	2,003,492	1,978,542	3,849	21,101
Pupil services	2,230,779	2,534,968	2,407,209	63,568	64,191
Total Instruction	26,994,672	27,204,968	26,746,986	105,139	352,843
Pupil transportation	2,061,895	1,875,095	1,742,522	1,559	131,014
Employee benefits	14,742,042	14,504,497	13,596,800	3,886	903,811
Debt service	5,032,186	5,032,184	5,032,185	-	(1)
Total Expenditures	54,543,615	54,702,972	52,366,140	489,371	1,847,461
<b>OTHER FINANCING USES</b>					
Transfers (to) other funds	1,321,500	4,174,000	4,151,888	-	22,112
Total Expenditures and Other Uses	\$ 55,865,115	\$ 58,876,972	56,518,028	\$ 489,371	\$ 1,869,573
Net Change in Fund Balances			(2,354,200)		
Fund balance - Beginning			9,830,813		
Prior Period Adjustment			-		
Fund balance - Ending			\$ 7,476,613		

See paragraph on supplemental schedules included in independent auditors' report

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET  
AND USE OF UNRESERVED FUND BALANCE - GENERAL FUND  
JUNE 30, 2019**

**CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET**

Adopted budget	\$ 55,471,304
Add: Prior year's encumbrances	<u>393,811</u>
Original budget	55,865,115
<b>Budget revision:</b>	
Unanticipated revenues	75,000
Appropriated fund balance	-
Appropriated reserves	<u>2,936,859</u>
Final budget	<u><u>\$ 58,876,974</u></u>

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

2019-2020 Voter-approved expenditure budget	\$ 55,462,396
Maximum allowed	<u>2,218,496</u>

## General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:

Unrestricted fund balance:	
Assigned fund balance	\$ 1,239,371
Unassigned fund balance	<u>1,945,807</u>
Total unrestricted fund balance	<u>\$ 3,185,178</u>

## Less:

Reserve for tax reduction	
Appropriated fund balance	750,000
Encumbrances included in assigned fund balance	<u>489,371</u>
Total adjustments	<u>\$ 1,239,371</u>

General Fund Fund Balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,945,807</u></u>
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Actual percentage	3.51%
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See paragraph on supplemental schedules included in independent auditors' report



**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
JUNE 30, 2019**

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Proceeds of Obligations	Method of Financing				Transfer to Debt Service Fund	Fund Balance June 30, 2019
			Prior Years	Current Year	Total			State Aid	Federal Aid	Local Sources	Total		
<b>Major projects:</b>													
1 2017 Buses	\$ 2,136,206	\$ 2,136,206	\$ 1,619,206	\$ 414,877	\$ 2,034,083	\$ 102,123	\$ -	\$ -	\$ -	\$ 929,822	\$ 929,822	\$ 10,123	\$ (1,114,384)
03-15-02-06-2-222-002													
2 2020 Project-High School	\$ 3,163,777	3,163,777	317,909	378,228	696,137	2,467,640	-	-	-	2,850,000	2,850,000		2,153,863
03-15-02-06-0-011-008													
2020 Project-K-8	\$ 21,159,834	21,159,834	-	506,599	506,599	20,653,235	-	-	-	-	-		(506,599)
03-15-02-06-0-020-010													
EPC High School	\$ 841,531	843,531	-	252,459	252,459	591,072	-	-	-	-	-		(252,459)
03-15-02-06-0-011-008													
EPC Project K-8	\$ 2,161,413	2,616,413	-	648,422	648,422	1,967,991	-	-	-	-	-		(648,422)
03-15-02-06-0-020-010													
EPC Bus Storage	\$ 9,650	9,650	-	2,895	2,895	6,755	-	-	-	-	-		(2,895)
03-15-02-06-4-014-004													
EPC Bus Storage	\$ 9,650	9,650	-	2,895	2,895	6,755	-	-	-	-	-		(2,895)
03-15-02-06-4-015-004													
EPC Bus Garage	\$ 106,371	106,371	-	31,911	31,911	74,460	-	-	-	-	-		(31,911)
Total Major projects	<u>29,588,432</u>	<u>30,045,432</u>	<u>1,937,115</u>	<u>2,238,286</u>	<u>4,175,401</u>	<u>25,870,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,779,822</u>	<u>3,779,822</u>	<u>10,123</u>	<u>(405,702)</u>
<b>Non-major capital projects:</b>													
3 High School Phase I	\$ 3,940,137	\$ 3,940,137	\$ 4,015,850	\$ -	\$ 4,015,850	\$ (75,713)	\$ -	\$ -	\$ -	\$ 1,433,935	\$ 1,433,935		\$ (2,581,915)
03-15-02-06-0-011-015													
High School Phase II	11,210,211	11,210,211	11,655,271	-	11,655,271	(445,060)	13,579,455	-	-	1,815,000	15,394,455		3,739,184
03-15-02-06-0-011-015													
Transportation/Bus Garage Renovations	635,630	635,630	572,653	-	572,653	62,977	-	-	-	-	-		(572,653)
03-15-02-06-5-0101-005													
Stadium Renovations-Team Rooms/Storage	859,710	859,710	752,429	-	752,429	107,281	-	-	-	-	-		(752,429)
03-15-02-06-7-030-001													
Stadium Renovations-Concession Stand	1,123,246	1,123,246	782,084	55,648	837,732	285,514	-	-	-	-	-		(837,732)
03-15-02-06-7-029-001													
Stadium Renovations-Pressbox	65,000	65,000	-	-	-	65,000	-	-	927,231	78,313	1,005,544		1,005,544
03-15-02-06-7-028-001													
Softball Concession & Pressbox	100,000	100,000	92,908	-	92,908	7,092	-	-	-	100,000	100,000		7,092
03-15-02-06-2-222-002													
5 K-8 Emergency Project	760,200	770,200	542,001	1,293	543,294	226,906	-	-	-	642,350	642,350		99,056
03-15-02-06-0-020-007													
6 High School Science Roof	1,150,000	1,150,000	28,857	892,942	921,799	228,201	-	-	-	1,150,000	1,150,000		228,201
03-15-02-06-0-011-016													
Smart Bonds Project K-8	1,970,831	1,970,831	-	59,921	59,921	1,910,910	-	-	-	-	-		(59,921)
03-15-02-06-0-020-009													
7 Smart Bonds Project -Cameras/Phones	-	-	-	164,752	164,752	(164,752)	-	-	-	-	-		(164,752)
03-06-15-02-06-7-999-BA1													
8 2019 100K Project	100,000	100,000	-	100,000	100,000	-	-	-	-	100,000	100,000		-
03-15-02-06-0-020-011													
Totals	<u>21,914,965</u>	<u>21,924,965</u>	<u>18,442,053</u>	<u>1,274,556</u>	<u>19,716,609</u>	<u>2,208,356</u>	<u>13,579,455</u>	<u>-</u>	<u>927,231</u>	<u>5,319,598</u>	<u>19,826,284</u>	<u>-</u>	<u>109,675</u>
	<u>\$ 51,503,397</u>	<u>\$ 51,970,397</u>	<u>\$ 20,379,168</u>	<u>\$ 3,512,842</u>	<u>\$ 23,892,010</u>	<u>\$ 28,078,387</u>	<u>\$ 13,579,455</u>	<u>\$ -</u>	<u>\$ 927,231</u>	<u>\$ 9,099,420</u>	<u>\$ 23,606,106</u>	<u>\$ 10,123</u>	<u>\$ (296,027)</u>

See paragraph on supplemental schedules included in independent auditors' report

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	Non-Major				Total
	School Lunch	Special Aid	Capital Projects	Debt Service	Non-Major Funds
<b>ASSETS</b>					
<b>Cash</b>					
Unrestricted	\$ 163,354	\$ 34,978	\$ 398,582	\$ 126,946	\$ 723,860
<b>Receivables</b>					
Due from other funds	-	-	-	55,657	55,657
State and Federal aid	102,785	389,889	-	-	492,674
Other	385	-	-	-	385
Inventories	67,294	-	-	-	67,294
Deferred expenditures	-	-	-	-	-
Total Assets	<u>\$ 333,818</u>	<u>\$ 424,867</u>	<u>\$ 398,582</u>	<u>\$ 182,603</u>	<u>\$ 1,339,870</u>
<b>LIABILITIES</b>					
<b>Payables</b>					
Accounts payable	\$ 154	\$ 40,260	\$ -	\$ -	\$ 40,414
Accrued liabilities	23,880	10,032	-	-	33,912
Due to other funds	36	328,092	288,908	-	617,036
Due to other governments	370	-	-	-	370
<b>Notes payable</b>					
Bond anticipation notes	-	-	-	-	-
<b>Deferred credits</b>					
Unearned revenues	4,559	46,483	-	-	51,042
Total Liabilities	<u>28,999</u>	<u>424,867</u>	<u>288,908</u>	<u>-</u>	<u>742,774</u>
<b>FUND BALANCES</b>					
Nonspendable	67,294	-	-	-	67,294
Restricted	-	-	334,348	182,603	516,951
Assigned	237,525	49,933	688,034	-	975,492
Unassigned	-	(49,933)	(912,708)	-	(962,641)
Total Fund Balances	<u>304,819</u>	<u>-</u>	<u>109,674</u>	<u>182,603</u>	<u>597,096</u>
Total Liabilities and Fund Balances	<u>\$ 333,818</u>	<u>\$ 424,867</u>	<u>\$ 398,582</u>	<u>\$ 182,603</u>	<u>\$ 1,339,870</u>

See paragraph on supplemental schedules included in independent auditors' report

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Total Non-Major			
	School Lunch	Special Aid	Nonmajor Capital Projects	Debt Service Funds
<b>REVENUES</b>				
Use of money and property	\$ 822	\$ -	\$ -	\$ 24,295
Miscellaneous	12,212	-	-	-
State sources	129,040	560,477	138,117	-
Federal sources	1,304,860	2,105,302	-	-
Local sources	-	11,485	-	-
Surplus food	106,526	-	-	-
Sales - school lunch	115,710	-	-	-
Total Revenues	1,669,170	2,677,264	138,117	24,295
<b>EXPENDITURES</b>				
General support	-	3,946	-	-
Instruction	-	2,492,089	-	-
Pupil transportation	-	20,129	-	-
Community service	-	-	-	-
Employee benefits	305,025	207,685	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Cost of sales	1,339,418	-	-	-
Other expenditures	-	-	-	-
Capital outlay	-	-	1,218,767	-
Total Expenditures	1,644,443	2,723,849	1,218,767	-
Excess (Deficiency) of Revenues Over Expenditures	24,727	(46,585)	(1,080,650)	24,295
<b>OTHER FINANCING SOURCES AND USES</b>				
Proceeds from debt	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payments to fiscal agent	-	-	-	-
Operating transfers in	5,303	46,585	1,250,000	65,770
Operating transfers (out)	-	-	(55,790)	-
Total Other Sources (Uses)	5,303	46,585	1,194,210	65,770
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Revenues (Uses)	30,030	-	113,560	90,065
Fund Balances - Beginning of year	274,789	-	(3,886)	92,538
Fund Balances - End of Year	\$ 304,819	\$ -	\$ 109,674	\$ 182,603

See paragraph on supplemental schedules in independent auditors' report

**JOHNSON CITY CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Capital Assets, net</b>		\$ 69,906,279
<b>Add:</b>		
Amount deferred on refunding		2,385,546
<b>Deduct:</b>		
Bond Anticipation Notes	1,114,384	
Premium on bonds payable	-	
Short-term portion of bonds payable	2,933,858	
Long-term portion of bonds payable	39,632,951	
Less: unspent bond proceeds	(1,268,949)	
		<u>42,412,244</u>
Investment in capital assets, net of related debt		<u><u>\$ 29,879,581</u></u>

See paragraph on supplemental schedules included in independent auditors' report

JOHNSON CITY CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures(\$)</i>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through NYS Education Department			
<b>Child Nutrition Cluster</b>			
<b>Non-Cash Assistance (Food Distribution)</b>			
National School Lunch Program	10.555		\$ 106,526
<b>Cash Assistance</b>			
National School Lunch Program	10.555		933,684
School Breakfast Program	10.553		371,176
Total Child Nutrition Cluster			1,411,386
Total United States Department of Agriculture			1,411,386
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through NYS Education Department			
<b>Special Education Cluster (IDEA)-Cluster</b>			
Special Education - Grants to States (IDEA Part B)	84.027	0032-19-0063	655,270
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-19-0063	25,436
Total Special Education Cluster (IDEA)-Cluster			680,706
<b>Title I, Part A</b>			
Title I Grants to Local Educational Agencies	84.010	0021-19-0190	782,551
Title I Grants to Local Educational Agencies	84.010	0021-18-0190	350,397
Title I Grants to Local Educational Agencies (School Improvement)	84.010	0011-18-2090	75,196
Title I Grants to Local Educational Agencies (School Improvement)	84.010	0011-18-2090	13,964
Title I Grants to Local Educational Agencies (School Improvement)	84.010	0011-19-2106	1,000
Total Title I, Part A			1,223,108
<b>Other Programs</b>			
English Language Acquisition State Grants	84.365	0293-19-0190	4,320
English Language Acquisition State Grants	84.365	0293-18-0190	17,756
Supporting Effective Instruction State Grants	84.367	0147-19-0190	80,563
Supporting Effective Instruction State Grants	84.367	0147-18-0190	59,168
Student Support and Academic Enrichment Program	84.424	0204-19-0190	39,681
Total Other Programs			201,488
Total Department of Education			2,105,302
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through NYS Division of Homeland Security and Emergency Services			
Disaster Grants - Presidentially Declared Disasters	97.036	4322-DR-NY	13,590
Total Department of Homeland Security			13,590
Total Federal Awards Expenditures			\$ 3,530,278

See notes to Schedule of Expenditures of Federal Awards

## JOHNSON CITY CENTRAL SCHOOL DISTRICT

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

#### **NOTE 1: SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:**

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

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

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

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

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

#### **NOTE 2: SUBRECIPIENTS:**

No amounts were provided to subrecipients.

#### **NOTE 3: OTHER DISCLOSURES:**

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

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



**JOHNSON CITY CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Section I - Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued: unmodified

	<u>Yes</u>	<u>No</u>	
Internal control over financial reporting:			
Material weakness identified?	___	___X	
Significant deficiencies identified that are not considered to be material weaknesses?	___	___X	none reported
Noncompliance material to financial statements noted?	___	___X	

**Federal Awards**

Internal control over major programs:			
Material weakness identified?	___	___X	
Significant deficiencies identified that are not considered to be material weaknesses?	___	___X	none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR-200.516(a)?	___	___X
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
	<u>Special Education Cluster</u>
84.027	Special Education-Grants to States (IDEA part B)
84.173	Special Education-Preschool Grants (IDEA Preschool)
97.036	Disaster Grants-Presidentially Declared Disasters

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	___X	___
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Section II - Financial Statement Findings: No matters were reported.

Section III - Federal Award Findings and Questioned Costs: No matters were reported.