

**REFUNDING ISSUE**

**STANDARD & POOR'S: "A+/STABLE OUTLOOK"**

**SERIAL BOND**

**See "BOND RATING" herein**

*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 Bonds 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 Bonds 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 Bonds 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 Bonds. See "TAX MATTERS" herein.*

*The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.*

**\$4,205,000\***

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
BROOME AND TIOGA COUNTIES, NEW YORK**



**GENERAL OBLIGATIONS  
CUSIP BASE: 906582**

**\$4,205,000\* School District Refunding (Serial) Bonds, 2021  
(the "Bonds")**

**Dated: Date of Delivery**

**Due: June 15, 2021-2027**

**MATURITIES\***

Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP
2021	\$ 15,000	%	%		2024	\$ 1,160,000	%	%		2026	\$ 20,000	%	%	
2022	1,100,000				2025	765,000				2027	20,000			
2023	1,125,000													

The Bonds are not subject to redemption prior to maturity. The Bonds will be general obligations of the Union-Endicott Central School District, Broome and Tioga Counties, New York 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. (See "TAX LEVY LIMITATION LAW" and "NATURE OF OBLIGATION" herein).

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM").

Interest on the Bonds will be payable on June 15, 2021, December 15, 2021, and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein.

The Bonds 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 Bonds of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Certain legal matters will be passed on for the Underwriter by its Counsel, Trespass & Marquardt, LLP, Syracuse, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey on or about March 30, 2021.

**ROOSEVELT & CROSS INCORPORATED**

March \_\_, 2021

\* Preliminary, subject to change.



**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
BROOME AND TIOGA COUNTIES, NEW YORK**

**SCHOOL DISTRICT OFFICIALS**

**2020-2021 BOARD OF EDUCATION**

RICHARD TESTA

President

JIM TRUILLO

Vice President

GLENN MCIVER  
THOMAS MARTIN  
SHARON WELLS  
LOWELL TAYLOR  
KATHY MARECEK

\* \* \* \* \*

**ADMINISTRATION**

NICOLE WOLFE

Superintendent of Schools

PAMELA RIDDLEBERGER

Assistant Superintendent for Business and Elementary Education

KATHRYN BLACKMAN

Consolidated School Business Controller

STEPHANIE RAJNES

District Treasurer

SUSAN REIF

District Clerk

THOMAS P. RIZZUTO, ESQ.

School District Attorney



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisors



ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
**of the**  
**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**  
**BROOME AND TIOGA COUNTIES, NEW YORK**

**Relating To**  
**\$4,205,000\* School District Refunding (Serial) Bonds, 2021**

This Official Statement, which includes the cover page and appendices, has been prepared by the Union-Endicott Central School District, Broome and Tioga Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the School District of \$4,205,000\* principal amount of School District Refunding (Serial) Bonds, 2021 (the "Bonds").

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

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

**NATURE OF OBLIGATION**

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

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

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

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

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

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

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\* Preliminary, subject to change.

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

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

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

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

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

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

## **THE BONDS**

### **Description of the Bonds**

The Bonds are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State 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 Bonds and interest thereon, without limitation as to rate or amount. (See “NATURE OF OBLIGATION” and “TAX LEVY LIMITATION LAW” herein).

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the cover page. The Bonds are not subject to redemption prior to maturity. The “Record Date” of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on June 15, 2021, December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

### **No Optional Redemption**

The Bonds are not subject to redemption prior to maturity.

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (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 BONDS.

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

### **Certificated Bonds**

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the District upon termination of the book-entry-only system. Interest on the Bonds will be payable on June 15, 2021, December 15, 2021, and semi-annually thereafter on June 15 and December 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

## AUTHORIZATION AND PLAN OF REFUNDING

### Authorization and Purposes

The Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly section 90.00 or 90.10 of the Local Finance Law, a refunding bond resolution adopted by the Board of Education on January 4, 2021 (the “Refunding Bond Resolution”) and other proceedings and determinations related thereto. The Refunding Bond Resolution authorizes the refunding of all or a portion of the \$5,410,000, outstanding principal balance of the School District (Serial) Bonds, 2013, dated June 25, 2013, originally issued by the School District in the aggregate principal amount of \$12,222,234 (“Refunded Bonds”) and authorizes issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were authorized by the Board of Education pursuant to a bond resolution adopted to provide funds for the following purposes and amounts:

#### **\$12,222,234 School District (Serial) Bonds, 2013 – June 25, 2013**

<u>Purpose</u>	<u>Amount Originally Issued</u>
Various improvements to District buildings	\$ 12,222,234

The proceeds of the Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the “Government Obligations”) and pay certain costs of issuance related to the Bonds. The principal of and investment income on the portfolio of Government Obligations together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined) are expected to be sufficient to pay the maturing principal of and interest on the Refunded Bonds.

### The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the District’s refunding financial plan (the “Refunding Financial Plan”). The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be applied to purchase a portfolio of U.S. Treasury securities (the “Government Obligations”) with any remaining amount to be held un-invested in cash. The Government Obligations and un-invested cash are to be placed in an irrevocable escrow fund (the “Escrow Deposit Fund”) with Manufacturers and Traders Trust Company, (the “Escrow Holder”), pursuant to the terms of an escrow contract (the “Escrow Contract”) by and between the District and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations will mature in amounts and bear interest sufficient, together with any un-invested cash, to pay the accrued interest on, and the redemption price of the Refunded Bonds (being equal to 100% of the principal amount thereof) on June 15, 2021 (the “Redemption Date”). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to call the Refunded Bonds for redemption on the Redemption Date. The owners of the Refunded Bonds will have a first lien on all of the cash and Government Obligations necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the un-invested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The District is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the District and will continue to be payable from District sources legally available therefore until they are redeemed on June 15, 2021. However, inasmuch as the Government Obligations and cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all scheduled payments of interest on, and the redemption price of, the Refunded Bonds, it is not anticipated that such District sources of payment will be used. (See “Verification of Mathematical Computations” herein.)

The list of Refunded Bond maturities set forth on the following page, may be changed by the District in its sole discretion due to market or other factors considered relevant by the District at the time of pricing of the Bonds and no assurance can be given that any particular series of bonds listed or that any particular maturity thereof will be refunded.



**\$12,222,234 School District (Serial) Bonds, 2013 – June 25, 2013**  
**CUSIP BASE: 906582**

<u>Due June 15<sup>th</sup></u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CSP</u>
2022	\$ 1,115,000	3.000%	6/15/2021	100.00%	JF9
2023	1,150,000	3.000	6/15/2021	100.00	JG7
2024	1,185,000	3.000	6/15/2021	100.00	JH5
2025	795,000	3.125	6/15/2021	100.00	JJ1
2026	40,000	3.250	6/15/2021	100.00	JK8
2027	<u>40,000</u>	3.250	6/15/2021	100.00	JL6
	<u>\$ 4,325,000</u>				

The proceeds of the Refunded Bonds have been expended.

**Verification of Mathematical Computations**

Causey Demgen & Moore PC, a firm of independent public accountants, will deliver to the District, on or before the date of delivery of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the District and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the maturing principal of and interest on the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” under the Code and the regulations promulgated thereunder.

The verification performed by Causey Demgen & Moore PC will be solely based upon data, information and documents provided to Causey Demgen & Moore PC by the District and its representatives. Causey Demgen & Moore PC reports of its verification will state Causey Demgen & Moore PC has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

**Sources and Uses of Bond Proceeds**

Proceeds of the Bonds are to be applied as follows:

<b>Sources:</b>	Par Amount of the Bonds	\$
	Original Issue Premium (Discount)	
	Total	\$
<b>Uses:</b>	Deposit to Escrow Fund	\$
	Underwriter's Discount	
	Costs of Issuance and Contingency	
	Total	\$

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## **THE SCHOOL DISTRICT**

### **General Information**

The District is located in Upstate New York in the geographical location known as the Southern Tier. The District encompasses approximately 55 square miles. The District's offices are located in the Village of Endicott, four miles west of the City of Binghamton, and the District includes approximately 53% of the Town of Union. The District has 87% of its full valuation in the Town of Union in Broome County, and 13% in the Town of Owego in Tioga County. The District is located within the Binghamton Metropolitan Statistical Area, also called the "Greater Binghamton Area" or the "Triple Cities", and is made up of the City of Binghamton and the Villages of Johnson City and Endicott.

Residents may be employed in any of over 100 manufacturing firms in the County including: i3 Electronics, supplier of advanced electronic packaging solutions including printed circuit board fabrication, semiconductor packaging and assembly services; BAE Systems, manufacturer of cockpit displays, simulation systems, engine controls and condition monitoring, and spacecraft controls; Universal Instruments Corporation, manufacturer of printed circuit board assembly machines, component preparation machines and semi-automatic wire-termination machines; Raymond Corporation, manufacturer of narrow-aisle electric fork-lift trucks; and Lockheed Martin supplier of federal systems and defense solutions. Major employers located within the area are shown under "Larger Employers" herein.

Several utilities also have offices in the County including New York State Electric and Gas Corporation and Verizon.

The Village of Endicott owns and operates a library and an airport which accommodates private and corporate aircraft. The En-Joie Public Golf Club, which is the site of the Legends Annual Dick's Senior Open Golf Tournament, is located in the Village.

Source: District officials.

### **Population**

The current estimated population of the District is 30,298. (Source: 2019 U.S. Census Bureau estimate)

### **Banking Facilities**

The following commercial banks are located in the District:

- Manufacturers & Traders Trust Company
- NBT Bank, N.A.
- RBS Citizens, N.A.
- Visions Federal Credit Union

Source: District officials.

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## Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the below listed Towns and Counties. The figures set below with respect to such Towns and Counties are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the Counties is 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>2015-2019</u>	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>
Towns of:						
Union	\$ 20,077	\$ 25,732	\$ 29,958	\$ 46,170	\$ 57,913	\$ 68,504
Owego	17,068	29,083	36,946	43,139	67,301	89,714
Counties of:						
Broome	19,168	24,314	28,699	45,422	57,545	68,775
Tioga	18,673	24,596	31,822	46,509	59,907	77,901
State of:						
New York	23,389	30,948	39,326	51,691	67,405	84,385

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

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

## Larger Employers

Some of the major employers located within the Binghamton, New York Metropolitan Statistical Area (MSA) include:

<u>Employer</u>	<u>Location</u>	<u>Employees</u>	<u>Type</u>
Binghamton University	Vestal	5,943	Education
United Health Services	Binghamton	5,428	Healthcare
Lockheed Martin	Owego	2,700	Systems Integration
Broome County Government	Binghamton	2,500	Government
BAE Systems	Endicott	2,311	Mission Systems
Broome-Tioga BOCES	Binghamton	1,300	Education
i3 Electronics	Endicott	1,100	Electronics
IBM Corp.	Endicott	1,100	Technology

Source: Broome County Industrial Development Agency.

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

	<u>Annual Average</u>							
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Broome County	8.7%	7.8%	6.6%	6.0%	5.4%	5.6%	4.9%	4.7%
Tioga County	7.9	7.1	6.1	5.5	5.1	5.1	4.4	4.1
New York State	8.5	7.7	6.3	5.3	4.8	4.7	4.1	4.0

	<u>2020-2021 Monthly Figures</u>											
	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>July</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
Broome County	15.2%	10.7%	11.3%	12.8%	9.6%	5.9%	6.2%	5.6%	6.4%	N/A	N/A	N/A
Tioga County	15.0%	10.2%	10.3%	11.3%	8.5%	5.0%	5.3%	4.6%	5.3%	N/A	N/A	N/A
New York State	15.1%	14.2%	15.5%	16.0%	12.6%	9.4%	9.0%	8.1%	8.1%	N/A	N/A	N/A

Note: Unemployment rates for January, February and March 2021 are not available as of the date of this Official Statement. Due to the COVID-19 pandemic, unemployment rates are expected to remain substantially higher than prior periods.

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 so that as nearly as possible an equal number is elected to the Board each year. 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.

## **Budgetary Procedures**

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

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

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

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

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

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

The budget for the District’s 2019-20 fiscal year was approved by the qualified voters of the District on May 21, 2019 by a vote of 605 (yes) to 210 (no). The District’s budget for 2019-20 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The District’s budget for 2019-20 calls for a tax levy increase of 1.96%, which was equal to the State’s maximum allowable tax levy increase of 1.96%.

Due to the COVID-19 pandemic, the proposed budget for the 2020-21 fiscal year was voted on by the qualified voters by absentee ballot on June 9, 2020. The budget for the District’s 2020-21 fiscal year was approved by the qualified voters of the District on June 16, 2020 by a vote of 3682 (yes) to 1293 (no). The District’s budget for 2020-21 remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The District’s budget for 2020-21 calls for a tax levy increase of 1.8%, which is equal to the State’s maximum allowable tax levy increase of 1.8%.

## **Investment Policy**

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 and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

## State Aid

The District receives financial assistance from the State. In its adopted budget for the 2020-2021 fiscal year, approximately 46.00% 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 amount of State aid to school districts is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically. (See "State Aid History" herein).

It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020 the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projects a \$13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including "aid-to-localities," a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. (See "Stat Aid History" herein).

On August 20, 2020, The State Education Department released a notice based on the August 13, 2020 New York State Division of Budget's (the "DOB") Fiscal Year 2021 Quarterly State Budget Financial Plan Update, which states that, in the absence of Federal action since enactment of the Fiscal Year 2021 budget, DOB began withholding 20 percent of most local aid payments in June, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any. In July, DOB began approving General Support for Public Schools (GSPS) payments to school districts (including 3609-a General Aid, 3609-b Excess Cost Aid, and 3609-d BOCES Aid payments) at 80% of the otherwise scheduled amounts. DOB's Updated Financial Plan includes \$8.2 billion in recurring local aid reductions, and states that the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's Fiscal Year 2021, and that, in the absence of unrestricted Federal aid, DOB will continue to withhold a range of payments through the second quarter of FY 2021.

Source: NYS Dept. Of Education, State Aid Website. This source pertains only to the August 2020 updates detailed in the paragraph above. Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

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

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

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

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.

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.

#### *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 such as the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

The State 2020-2021 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. 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.

#### *Building aid*

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2020-2021 preliminary building aid ratios, the District expects to receive State building aid of approximately 88.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

## *State aid history*

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, as discussed below the COVID-19 outbreak has affected and is expected to continue to affect State aid to the District.

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

*Gap Elimination Adjustment (GEA).* The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called “Deficit Reduction Assessment”) as a way to help close the State’s then \$10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately \$25,642,156. 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. The State 2017-2018 Enacted Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected. The Legislature then will have 90 days to approve the Governor’s plan.

*School district fiscal year (2018-2019):* The State’s 2018-2019 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. The State 2018-2019 Enacted Budget continued to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected.

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

*School district fiscal year (2020-2021):* The State’s 2020-2021 Enacted Budget includes a year-to-year funding increase for State aid of \$95.0 million or .035% percent. Foundation Aid to school districts is frozen at the same level as the 2019-2020 fiscal year; while other aids, calculated according to formulas in current law, are responsible for the increase. The State’s 2020-2021 Enacted Budget includes \$10 million in new funding for grants to school districts for student mental health services. It should be noted that there was an actual year-to-year decrease of State aid implemented through a reduction of each school district’s State aid allocation from the 2019-2020 year. The reduction is being referred to as a “Pandemic Adjustment”. However, the decrease in State aid is expected to be fully offset by an allocation received by the State of funds from the recently approved federal stimulus bill. Absent the

federal stimulus funds, there would have been a \$1.127 billion decrease in State aid from the 2019-2020 year. In addition, the State's 2020-2021 Enacted Budget authorizes the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "State Aid" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget.

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

### **State Aid Revenues**

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2015-2016	\$ 75,740,254	\$ 33,893,031	44.75%
2016-2017	78,446,108	36,055,267	45.96
2017-2018	79,851,651	37,164,951	46.54
2018-2019	82,521,659	38,600,578	46.78
2019-2020	84,442,646	39,751,957	47.08
2020-2021 (Budgeted)	87,289,972	40,154,833	46.00

<sup>(1)</sup> Includes inter-fund transfers.

Source: Audited financial statements for the 2015-2016 fiscal year through and including the 2019-2020 fiscal year and adopted budget of the District for the 2020-2021 fiscal year. This table is not audited.



## District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built</u>
L.W. West Elementary School <sup>(1)</sup>	K-12	250	1930, '55, '61, '64, '00, '04, '09, '16
A.G. McGuiness Elementary School	K-5	387	1967, '00, '04
T.J. Watson Elementary School	K-5	302	1967, '00, '04
Charles F. Johnson Elementary School	K-5	414	1955, '93, '00, '04
George F. Johnson Elementary School	K-5	630	2000, '04
J.F. Snapp Middle School	7-8	904	1902, '35, '61, '00, '04, '09
Union-Endicott High School	9-12	1,298	1915, '28, '64, '73, '00, '04, '09

- <sup>(1)</sup> L.W. West Elementary School was closed in 2011-12 but remains District property. The District renovated the building to house some special education and alternative education classrooms as well as a small business incubator which offers mentoring to students. The building reopened this year and is functioning as a K-12 building for high-need students who were at Broome BOCES.

Source: District officials.

## Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2016-17	3,874	2021-22	3,900
2017-18	3,790	2022-23	3,900
2018-19	3,800	2023-24	3,900
2019-20	3,850	2024-25	3,900
2020-21	3,700	2025-26	3,900

Source: District officials.

## Employees

The District employs approximately 670 full-time and 90 part-time persons, the collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreements, are as follows:

<u>Members</u>	<u>Bargaining Unit</u>	<u>Expiration Date</u>
48	Cafeteria	June 30, 2022
45	Transportation Employees	June 30, 2021
56	Office Personnel	June 30, 2022
148	Aids/Monitors	June 30, 2021
366	Endicott Teachers' Association - ETA	June 30, 2022
23	Union-Endicott Administrators Association - UEAA	June 30, 2022
61	Maintenance	June 30, 2022
6	Confidential Secretaries	June 30, 2022
1	Computer Services	June 30, 2022
3	Union-Endicott Central Office Administrators	June 30, 2022
4	Unaffiliated	N/A

Source: District officials.

## Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law

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

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2020-2021 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2015-2016	\$ 780,964	\$ 2,885,246
2016-2017	776,908	2,643,769
2017-2018	802,790	2,274,409
2018-2019	793,003	2,499,081
2019-2020	837,000	2,331,505
2020-2021 (Budgeted)	883,000	2,328,246

Source: District records.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District 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 (2017 to 2021) is shown below:

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

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

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

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

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

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

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

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS reserve fund in June of 2019. The district funded the TRS reserve sub-fund in June of 2020 using \$520,000, with \$275,000 being transferred from the Retirement Contribution Reserve and \$245,000 coming from the General Fund.

## Other Post Employee Benefits

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

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

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

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

The District contracted with Armory Associates, LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2019 and 2020. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

Balance beginning at:	June 30, 2018	June 30, 2019
	<u>\$ 237,974,517</u>	<u>\$ 206,939,122</u>
<b>Changes for the year:</b>		
Service cost	8,735,735	7,631,740
Interest	8,788,092	8,196,287
Differences between expected and actual experience	(30,252,799)	-
Changes in Benefit Terms	-	(1,342,610)
Changes in assumptions or other inputs	(13,113,241)	364,547
Benefit payments (including implicit subsidy)	<u>(5,193,182)</u>	<u>(5,560,998)</u>
Net Changes	<u>\$ (31,035,395)</u>	<u>\$ 9,288,966</u>
Balance ending at:	June 30, 2019	June 30, 2020
	<u>\$ 206,939,122</u>	<u>\$ 216,228,088</u>

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

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

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

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

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

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

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

### **Other Information**

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Bonds 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 Bonds 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.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

### **Financial Statements**

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2021 and is attached hereto as "APPENDIX – D". In addition, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

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

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

The State Comptroller's office released an audit report of the District on March 22, 2019. The purpose of the audit was to determine whether District officials appropriately monitored and controlled overtime for noninstructional employees for the period July 1, 2016 through June 22, 2018.

#### Key Findings:

- The Office of the State Comptroller's review of records for 15 noninstructional employees paid overtime totaling \$54,041 during our audit period disclosed that District officials often did not document that prior approval was granted for overtime worked and that start and end times were documented on the time sheets in accordance with the overtime policy.
- The Superintendent told the Office of the State Comptroller's that she permitted two noninstructional employees to earn overtime while they worked from home. However, this is neither specifically authorized nor prohibited by Board policy or in the employees' memorandum of understanding (MOU) with District officials. Although there was no documentation that these employees received prior approval for overtime worked, they were paid for 392 hours of overtime totaling \$8,513 while working at home.

#### Key Recommendations:

- Document prior approval and justification for overtime worked.
- In consultation with legal counsel, review the overtime policy, MOU and procedures and, if appropriate, clarify whether employees may earn overtime when working from home.

The District provided a complete response to the State Comptroller's office on January 23, 2019. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

The State Comptroller's office released an audit report of the District on July 15, 2016. The purpose of the audit was to evaluate the District's financial management practices for the period July 1, 2014 through January 6, 2016.

#### Key Findings:

- The Board appropriated more fund balance than needed, resulting in an estimated net budget variance of \$20.6 million from 2011-12 through 2015-16.
- The retirement contribution reserve and the employee benefit accrued liability reserve had significant balances in excess of their respective liabilities.
- Unrestricted fund balance consistently exceeded statutory limits.

#### Key Recommendations:

- Discontinue the practice of adopting budgets with the appropriation of fund balance that will not be used.
- Review all reserve balances and transfer excess funds to unrestricted fund balance, where allowed by law, or other reserves established and maintained in compliance with statutory directives.
- Reduce the amount of unrestricted fund balance, as appropriate, and use the excess funds in a manner that benefits District residents.

The District provided a complete response to the State Comptroller's office on May 27, 2016. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other State Comptrollers audits of the District that are currently in progress or pending release.

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

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

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

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

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

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

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, nor incorporation herein by reference.

## TAX INFORMATION

### Taxable Assessed Valuation

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Towns of:					
Owego	\$ 139,202,094	\$ 139,084,063	\$ 139,112,864	\$ 139,316,270	\$ 139,405,875
Union	<u>56,339,575</u>	<u>56,108,031</u>	<u>55,714,654</u>	<u>55,635,783</u>	<u>55,465,531</u>
Total Assessed Values	<u>\$ 195,541,669</u>	<u>\$ 195,192,094</u>	<u>\$ 194,827,518</u>	<u>\$ 194,952,053</u>	<u>\$ 194,871,406</u>

### State Equalization Rates

Towns of:					
Owego	75.90%	75.90%	74.90%	72.50%	68.00%
Union	4.38%	4.32%	4.32%	4.25%	4.11%

### Taxable Full Valuations

Towns of:					
Owego	\$ 183,401,968	\$ 183,246,460	\$ 185,731,461	\$ 192,160,372	\$ 205,008,640
Union	<u>1,286,291,667</u>	<u>1,298,797,014</u>	<u>1,289,691,065</u>	<u>1,309,077,247</u>	<u>1,349,526,302</u>
Total Taxable Full Valuation	<u>\$ 1,469,693,635</u>	<u>\$ 1,482,043,474</u>	<u>\$ 1,475,422,525</u>	<u>\$ 1,501,237,619</u>	<u>\$ 1,554,534,941</u>

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

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Towns of:					
Owego	\$ 35.57	\$ 35.74	\$ 37.31	\$ 38.62	\$ 40.51
Union	616.52	628.13	646.95	658.98	670.44

### Tax Collection Procedure

Tax payments are due on the third day of September. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged for the next 30 days. On or about November 15th, uncollected taxes are returnable to the respective Counties for collection. The District receives this amount from said Counties prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually.

### Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Tax Levy	\$ 32,847,544	\$ 33,473,533	\$ 34,662,019	\$ 35,803,686	\$ 36,885,932
Amount Uncollected <sup>(1)</sup>	1,793,476	1,700,968	1,906,905	1,979,224	N/A
% Uncollected	5.46%	5.08%	5.50%	5.53%	N/A

<sup>(1)</sup> See "Tax Collection Procedure" herein.

Note: The Total Tax Levies listed above is amount after STAR aid.

## Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total Real Property Taxes &amp; Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2015-2016	\$ 75,740,254	\$ 39,660,394	52.36%
2016-2017	78,446,108	39,743,603	50.66
2017-2018	79,851,651	40,210,628	50.36
2018-2019	82,521,659	41,304,783	50.05
2019-2020	84,442,646	42,179,816	49.95
2020-2021 (Budgeted)	87,289,972	42,596,537	48.79

<sup>(1)</sup> Includes inter-fund transfers.

Source: Audited financial statements for the 2015-2016 fiscal year through and including the 2019-2020 fiscal year and adopted budget of the District for the 2020-2021 fiscal year. This table is not audited.

## Larger Taxpayers 2020 for 2020-2021 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
Huron	Manufacturing	\$ 48,184,914
NYSEG	Utility	40,494,573
Glencott Realty	Manufacturing	29,884,598
602 Partners LLC	Apartments	8,929,269
Park Manor Plaza LLC	Commercial	7,907,542
Summit Chase	Apartments	7,705,109
Feinberg-Feinstein Investments	Apartments	6,717,761
Cottrnc Realty LLC	Real Estate	5,886,131
Gault Realty Co., LLC	Commercial	4,653,284
GNDJ, LLC	Commercial	4,598,539
DTRT Endicott Pipe LLC	Commercial	4,248,175
FGR Realty LLC	Commercial	3,729,927
Frazier Jon D Trustee	Commercial	3,440,389
Verizon NY	Utility	3,093,472

The fourteen larger taxpayers listed above have a total taxable full valuation of \$179,473,683, which represents 11.55% of the tax base of the District.

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris that are known or believed to have a material impact on the District.

Source: District Tax Rolls.

## Additional Tax Information

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

Senior citizens' and Veterans' exemptions are offered to those who qualify.

The total assessed valuation of the District is estimated to be categorized as follows: 2% Agricultural, 10% Commercial, 5% Industrial and 83% Residential.

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



## STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities (“STAR Adjusted Gross Income”) of \$86,300 or less for 2019 benefits and \$88,050 or less for 2020 benefits, 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 \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of \$250,000 or less have the option to select the credit or the exemption.

The 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to \$250,000, compared with a \$500,000 limit for the credit.

The below table lists the basic and enhanced exemption amounts for the 2020-21 District tax roll for the municipalities applicable to the District:

<b><u>Town of:</u></b>	<b><u>Enhanced Exemption</u></b>	<b><u>Basic Exemption</u></b>	<b><u>Date Certified</u></b>
Owego	\$ 50,610	\$ 21,750	4/10/2020
Union	2,970	1,280	4/10/2020

\$6,232,525 of the District’s \$42,034,686 school tax levy for the 2019-2020 fiscal year was exempt by the STAR program. The District received full reimbursement of such exempt taxes from the State by January, 2020.

Approximately, \$5,939,896 of the District’s \$42,596,537 school tax levy for the 2020-2021 fiscal year expected to be exempt by the STAR program. The District expects to receive full reimbursement of such exempt taxes from the State by January, 2021.

## TAX LEVY LIMITATION LAW

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

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

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020 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 due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

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

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

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

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, and was signed into law by the Governor on June 26, 2015. The program began in 2016, and was fully phased in 2019.

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 Years Ending June 30<sup>th</sup>:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$ 36,332,806	\$ 37,345,620	\$ 32,790,000	\$ 28,045,000	23,185,000
Bond Anticipation Notes	6,998,000	967,000	12,026,000	20,353,960	19,471,360
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	\$ 43,330,806	\$ 38,312,620	\$ 44,816,000	\$ 48,398,960	\$ 42,656,360

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of March 2, 2021.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2021-2032	\$ 23,185,000
<u>Bond Anticipation Notes</u>		
Capital Project	June 25, 2021	18,078,560
Purchase of Buses	October 21, 2021	<u>1,402,200</u>
Total Indebtedness		<u>\$ 42,665,760</u>

## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of March 2, 2021:

Full Valuation of Taxable Real Property .....	\$ 1,554,534,941
Debt Limit 10% thereof .....	155,453,494

### Inclusions:

Bonds.....	\$ 23,185,000
Bond Anticipation Notes .....	19,480,760
Principal of this Issue .....	<u>4,205,000 *</u>
Total Inclusions.....	<u>\$ 46,870,760</u>

### Exclusions:

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

Total Net Indebtedness .....\$ 46,870,760

Net Debt-Contracting Margin.....\$ 108,582,734

The percent of debt contracting power exhausted is ..... 30.15%

- <sup>(1)</sup> Based on preliminary 2021-2022 building aid estimates, the District anticipates State Building aid of 89.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: \$4,325,000 of the serial bonds listed above are expected to be refunded with the proceeds of the Bonds.

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.

\* Preliminary, subject to change.

## **Capital Project Plans**

On December 8, 2015, District voters approved a \$14,219,000 capital project using \$3,500,000 capital reserves and \$10,719,000 borrowed funds. The District is also using \$2,984,982 of SMART School Bonds grant money to improve the technology of the District. On June 29, 2017, the District issued \$10,719,000 bond anticipation notes to mature June 29, 2018, which represented the first borrowing against said authorization. The District, along with \$20,000 in appropriations, redeemed and renewed these maturing bond anticipation notes to June 28, 2018. On June 27, 2019 the District issued \$10,023,000 bond anticipation notes which along with \$676,000 available funds of the District partially redeemed and renewed 10,699,000 bond anticipation notes maturing June 28, 2019. A portion of the \$18,078,560 bond anticipation notes issued June 25, 2020 along with \$742,000 available funds of the District partially redeemed and renewed the \$10,023,000 bond anticipation notes for the above mentioned project.

On December 5, 2017, District voters approved a \$12,157,560 capital project for the replacement of the high school's roof, installing air conditioning in the elementary schools, upgrading the bleachers at Jennie F. Snapp Middle School and replacing asphalt topping at the bus garage. On June 27, 2019 the District issued \$8,882,560 bond anticipation notes as the first borrowing against said authorization. A portion of the \$18,078,560 bond anticipation notes issued June 25, 2020 along with \$85,000 available funds of the District to partially redeem and renew the \$8,882,560 outstanding bond anticipation notes for the above mentioned project.

The District annually issues bond anticipation notes to finance its acquisition of school buses. On May 21, 2019, the qualified voters of the District approved a \$405,000 proposition for the purchase of school buses. On October 22, 2019 the District, along with \$460,600 available funds issued \$1,392,800 bond anticipation notes to partially redeem and renew \$1,448,400 bond anticipation notes maturing October 25, 2019 and provide \$405,000 new monies for the purchase of buses. On June 16, 2020 the qualified voters of the District approved \$460,000 for the purchase of buses. On October 21, 2020, the District issued \$1,402,200 bond anticipation notes which, along with \$450,600 available funds of the District, partially redeemed and renewed the \$1,392,800 bond anticipation notes that matured October 22, 2020 and provided \$460,000 new monies for the purchase of buses.

On December 3, 2019 the qualified voters of the District approved a \$15,402,000 capital project for various reconstruction and improvements to District buildings and facilities. The project will use \$1,000,000 of fund balance. Borrowings will be pursuant on State approval and construction cash flow needs and are expected to begin in summer 2021.

Other than as stated above, the District has no other authorized and unissued indebtedness for capital or other purposes.

## **Cash Flow Borrowings**

While the District has had to issue revenue anticipation notes in the past, it has not done so recently. On June 10, 2003, the District issued \$2,000,000 revenue anticipation notes in anticipation of 2002-2003 State aid. These notes matured on September 30, 2003 and were paid in full at maturity with available funds. During the 2002-2003 fiscal year State aid was delayed to districts necessitating many to issue short term cash flow borrowings. The District is not a historical issuer of cash flow borrowings.

The District does not anticipate issuing any revenue or tax anticipation notes in the foreseeable future.

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## Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed of the respective 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>Net Overlapping Indebtedness</u>
County of:						
Broome	12/31/2018	\$ 138,974,947	\$ 10,744,947	\$ 128,230,000	13.58%	\$ 17,413,634
Tioga	12/31/2018	12,280,000	-	12,280,000	6.73%	826,444
Town of:						
Union	12/31/2018	12,886,854	166,420	12,720,434	16.29%	2,072,159
Owego	12/31/2018	7,006,272	3,226,272	3,780,000	46.92%	1,773,576
Village of:						
Endicott	5/31/2019	17,470,331	152,722	17,317,609	100.00%	17,317,609
Fire Districts of:						
Endwell	12/31/2018	2,670,000	-	2,670,000	20.00%	534,000
West Corners	12/31/2018	151,900	151,900	-	100.00%	-
West Endicott	12/31/2018	95,500	-	95,500	100.00%	95,500
					Total:	<u>\$ 40,032,922</u>

<sup>(1)</sup> Bonds and bond anticipation notes not adjusted to include subsequent bond 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.

Note: The 2020 Comptroller's Special Report for the Counties, Towns, and Fire Districts above is currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2018 and 2019.

## Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of March 2, 2021:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 46,870,760	\$ 1,546.99	3.02%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	86,903,682	2,868.30	5.59

<sup>(a)</sup> The current estimated population of the District is 30,298. (See "THE SCHOOL DISTRICT - Population" herein.)

<sup>(b)</sup> The District's full value of taxable real estate for 2020-2021 is \$1,554,534,941. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

<sup>(c)</sup> See "Calculation of Net Direct Indebtedness" herein.

<sup>(d)</sup> Estimated net overlapping indebtedness is \$40,032,922. (See "Estimated Overlapping Indebtedness" herein.)

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

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

**State Aid Intercept for School Districts.** In the event of a default in the payment of the principal of and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds. 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 Bond when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the 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 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 Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

**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 District may not be enforced by levy and execution against property owned by the 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. See "THE BONDS – Nature of the Obligation" herein.

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

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the State's ability to borrow funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the impact to the State's economy and financial condition due to the novel coronavirus ("COVID-19") outbreak and other circumstances, including State fiscal stress. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid. (See also "THE SCHOOL DISTRICT – State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District could have an impact upon the market price of the Bonds. 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 Bonds 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 Bonds 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 Bonds, or the tax status of interest on the Bonds. See "TAX MATTERS" herein.

**COVID 19.** An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by



governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and intends to take such proactive measures as may be required to maintain its operations and meet its obligations. (See “THE SCHOOL DISTRICT – State Aid” 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 Bonds 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 Bonds 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 – E”.

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 Bonds. The District has covenanted to comply with certain restrictions designed to insure that interest on the Bonds 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 Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. 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 Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. 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 Bonds.

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 Bonds) 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 which would limit the exclusion from gross income of interest on obligations like the Bonds 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 Bonds. 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 Bonds. Prospective purchasers of the Bonds 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 Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX – E".

Certain legal matters will be passed upon for the underwriter by its Counsel, Trespasz & Marquardt, LLP, Syracuse, New York.

## **CONTINUING DISCLOSURE**

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

## **Historical Compliance**

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

## **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 sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the District.

## **UNDERWRITING**

The Bonds are being purchased by Roosevelt & Cross Incorporated (the "Underwriter") for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to \$\_\_\_\_\_ (being the par amount of the Bonds plus a net original issue premium of \$\_\_\_\_\_, less an underwriter's discount for the transaction of \$\_\_\_\_\_). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

## **BOND RATING**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its rating of "A+" with a stable outlook to the Bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

## **MUNICIPAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal 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 Bonds. The advice on the plan of financing and the structuring of the Bonds 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 Bonds.

## **MISCELLANEOUS**

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

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

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

Neither Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the District, nor Trespasz & Mardquardt, LLP, Syracuse, New York, Counsel to the Underwriter, express an opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

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

Concurrently with the delivery of the Bonds, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the District, as to which no representation can be made.

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

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](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 or hacking in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District will act as Paying Agent for the Bonds. The District's contact information is as follows: Ms. Pamela Riddleberger, Assistant Superintendent for Business, Union-Endicott Central School District, 1100 East Main Street, Endicott, New York 13760, Phone: (607) 757-2119, Fax: (607) 757-2556, Email address: [priddleb@uek12.org](mailto:priddleb@uek12.org).

This Official Statement has been duly executed and delivered by the President of the Board of Education of the Union-Endicott Central School District.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**Dated: March \_\_, 2021**

**/s/**  
**PRESIDENT OF THE BOARD OF EDUCATION AND**  
**CHIEF FISCAL OFFICER**

**GENERAL FUND**

**Balance Sheets**

Fiscal Year Ending June 30:	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>	<u><b>2020</b></u>
<b><u>ASSETS</u></b>					
Unrestricted Cash	\$ 7,906,618	\$ 6,474,433	\$ 8,827,343	\$ 9,153,585	\$ 7,795,231
Restricted Cash	9,965,137	12,056,228	10,440,591	11,383,746	11,695,552
Due from Other Funds	277,240	495,564	423,934	442,530	1,013,891
Due from Fiduciary Funds	161,793	162,430	1,262	6,149	1,220
State and Federal Aid Receivable	1,070,721	1,620,570	1,134,310	1,168,731	1,230,319
Due from Other Governments	1,631,656	1,986,021	1,840,039	2,167,248	2,142,411
Other Receivables	26,987	86,782	60,474	72,755	125,074
Deferred Expenditures	-	-	19,752	3,179	-
<b>TOTAL ASSETS</b>	<u><b>\$ 21,040,152</b></u>	<u><b>\$ 22,882,028</b></u>	<u><b>\$ 22,747,705</b></u>	<u><b>\$ 24,397,923</b></u>	<u><b>\$ 24,003,698</b></u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Accounts Payable	\$ 1,875,496	\$ 1,794,192	\$ 3,595,066	\$ 3,592,564	\$ 3,526,328
Accrued Liabilities	92,268	167,236	135,799	259,580	142,241
Due to Fiduciary Funds	-	-	-	-	5,127
Due to Other Funds	-	-	22,642	14,872	17,935
Due to Other Governments	93	-	13	20	-
Due to Teachers' Retirement System	3,268,130	2,994,214	2,624,340	2,876,802	2,474,309
Due to Employees' Retirement System	220,882	218,583	220,155	220,947	229,878
Revenue Anticipation Notes	-	-	-	-	-
Compensated Absences	-	-	-	-	-
Deferred Revenues	696,253	777,305	712,441	752,155	770,904
<b>TOTAL LIABILITIES</b>	<u><b>\$ 6,153,122</b></u>	<u><b>\$ 5,951,530</b></u>	<u><b>\$ 7,310,456</b></u>	<u><b>\$ 7,716,940</b></u>	<u><b>\$ 7,166,722</b></u>
<b><u>FUND EQUITY</u></b>					
Reserved	\$ 9,965,137	\$ 12,056,228	\$ 10,460,343	\$ 11,386,925	\$ 11,695,552
Unreserved:					
Appropriated	2,030,345	1,877,687	1,996,390	1,903,363	1,782,867
Unappropriated	2,891,548	2,996,583	2,980,516	3,390,695	3,358,557
<b>TOTAL FUND EQUITY</b>	<u><b>\$ 14,887,030</b></u>	<u><b>\$ 16,930,498</b></u>	<u><b>\$ 15,437,249</b></u>	<u><b>\$ 16,680,983</b></u>	<u><b>\$ 16,836,976</b></u>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<u><b>\$ 21,040,152</b></u>	<u><b>\$ 22,882,028</b></u>	<u><b>\$ 22,747,705</b></u>	<u><b>\$ 24,397,923</b></u>	<u><b>\$ 24,003,698</b></u>

**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	\$ 32,245,121	\$ 32,645,636	\$ 32,839,079	\$ 33,401,648	\$ 34,597,748
Real Property Tax Items	6,914,900	7,014,758	6,904,524	6,808,980	6,707,035
Charges for Services	114,589	71,344	128,756	114,354	104,003
Use of Money & Property	541,725	382,221	194,152	436,372	665,845
Sale of Property and Compensation for Loss	21,583	13,380	32,355	12,252	27,572
Miscellaneous	1,810,415	1,554,928	2,087,828	1,699,369	1,569,052
Revenues from State Sources	34,287,452	33,893,031	36,055,267	37,164,951	38,600,578
Revenues from Federal Sources	174,093	158,792	110,768	213,084	237,918
Total Revenues	<u>\$ 76,109,878</u>	<u>\$ 75,734,090</u>	<u>\$ 78,352,729</u>	<u>\$ 79,851,010</u>	<u>\$ 82,509,751</u>
Other Sources:					
Interfund Transfers	3,327	6,164	93,379	641	11,908
Reserve Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 76,113,205</u>	<u>\$ 75,740,254</u>	<u>\$ 78,446,108</u>	<u>\$ 79,851,651</u>	<u>\$ 82,521,659</u>
<b><u>EXPENDITURES</u></b>					
General Support	\$ 9,241,102	\$ 9,059,302	\$ 9,455,810	\$ 10,011,983	\$ 10,317,746
Instruction	35,909,380	37,749,226	38,424,473	39,742,275	40,395,318
Pupil Transportation	1,513,023	1,421,131	1,530,385	1,536,429	1,704,823
Community Services	-	-	-	-	-
Employee Benefits	20,597,543	20,111,485	20,650,257	20,960,782	21,494,600
Debt Service	5,818,201	5,865,845	6,168,691	6,365,860	7,186,426
Total Expenditures	<u>\$ 73,079,249</u>	<u>\$ 74,206,989</u>	<u>\$ 76,229,616</u>	<u>\$ 78,617,329</u>	<u>\$ 81,098,913</u>
Other Uses:					
Interfund Transfers	<u>186,069</u>	<u>3,812,514</u>	<u>173,024</u>	<u>2,727,572</u>	<u>179,013</u>
Total Expenditures and Other Uses	<u>\$ 73,265,318</u>	<u>\$ 78,019,503</u>	<u>\$ 76,402,640</u>	<u>\$ 81,344,901</u>	<u>\$ 81,277,926</u>
Excess (Deficit) Revenues Over Expenditures	<u>2,847,887</u>	<u>(2,279,249)</u>	<u>2,043,468</u>	<u>(1,493,250)</u>	<u>1,243,733</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	14,318,394	17,166,279	14,887,030	16,930,498	15,437,249
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Fund Balance - End of Year	<u>\$ 17,166,281</u>	<u>\$ 14,887,030</u>	<u>\$ 16,930,498</u>	<u>\$ 15,437,249</u>	<u>\$ 16,680,983</u>

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

**GENERAL FUND**

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

Fiscal Years Ending June 30:	2020			2021
	Adopted <u>Budget</u>	Modified <u>Budget</u>	<u>Actual</u>	Adopted <u>Budget</u>
<b><u>REVENUES</u></b>				
Real Property Taxes	\$ 42,034,686	\$ 35,802,161	\$ 35,795,076	\$ 42,825,363
Real Property Tax Items	152,042	6,384,567	6,384,740	157,668
Charges for Services	107,100	107,100	146,714	112,100
Use of Money & Property	333,693	333,693	476,130	200,163
Sale of Property and Compensation for Loss	5,700	76,377	93,706	5,700
Miscellaneous	1,083,000	1,093,212	1,608,552	1,195,000
Revenues from State Sources	39,610,381	39,685,380	39,751,957	40,154,833
Revenues from Federal Sources	200,000	200,000	185,771	200,000
Total Revenues	<u>\$ 83,526,602</u>	<u>\$ 83,682,490</u>	<u>\$ 84,442,646</u>	<u>\$ 84,850,827</u>
Other Sources:				
Interfund Transfers	6,566	6,566	115,880	6,145
Reserve Revenues	405,283	758,363	-	933,000
Total Revenues and Other Sources	<u>\$ 83,938,451</u>	<u>\$ 84,447,419</u>	<u>\$ 84,558,526</u>	<u>\$ 85,789,972</u>
<b><u>EXPENDITURES</u></b>				
General Support	\$ 10,462,031	\$ 10,912,999	\$ 10,291,587	\$ 10,585,070
Instruction	42,538,386	42,631,442	41,646,666	42,928,949
Pupil Transportation	1,865,560	2,007,991	1,792,340	2,009,272
Community Services	-	-	-	-
Employee Benefits	22,849,423	22,768,305	22,018,608	23,746,892
Debt Service	7,538,050	7,538,050	7,481,685	7,834,789
Total Expenditures	<u>\$ 85,253,450</u>	<u>\$ 85,858,787</u>	<u>\$ 83,230,886</u>	<u>\$ 87,104,972</u>
Other Uses:				
Interfund Transfers	185,000	1,185,000	1,171,643	185,000
Total Expenditures and Other Uses	<u>\$ 85,438,450</u>	<u>\$ 87,043,787</u>	<u>\$ 84,402,529</u>	<u>\$ 87,289,972</u>
Excess (Deficit) Revenues Over Expenditures	<u>(1,500,000)</u>	<u>(2,596,368)</u>	<u>155,997</u>	<u>(1,500,000)</u>
<b><u>FUND BALANCE</u></b>				
Fund Balance - Beginning of Year	1,500,000	2,596,368	16,680,983	1,500,000
Prior Period Adjustments (net)	-	-	(4)	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,836,976</u>	<u>\$ -</u>

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

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th	NOT INCLUDING THE BONDS			REFUNDED BONDS DEBT SERVICE	REFUNDING BONDS			TOTAL NEW DEBT SERVICE
	Principal	Interest	Total		Principal	Interest	Total	
2021	\$ 4,700,000	\$ 841,212.50	\$ 5,541,212.50	\$ -	\$ -	\$ -	\$ -	\$ 5,541,212.50
2022	4,595,000	683,937.50	5,278,937.50	-	-	-	-	5,278,937.50
2023	3,340,000	526,287.50	3,866,287.50	-	-	-	-	3,866,287.50
2024	3,445,000	422,131.25	3,867,131.25	-	-	-	-	3,867,131.25
2025	3,025,000	308,681.25	3,333,681.25	-	-	-	-	3,333,681.25
2026	1,040,000	202,600.00	1,242,600.00	-	-	-	-	1,242,600.00
2027	1,095,000	151,300.00	1,246,300.00	-	-	-	-	1,246,300.00
2028	425,000	97,250.00	522,250.00	-	-	-	-	522,250.00
2029	445,000	76,000.00	521,000.00	-	-	-	-	521,000.00
2030	470,000	53,750.00	523,750.00	-	-	-	-	523,750.00
2031	495,000	30,250.00	525,250.00	-	-	-	-	525,250.00
2032	110,000	5,500.00	115,500.00	-	-	-	-	115,500.00
<b>TOTALS</b>	<b>\$ 23,185,000</b>	<b>\$3,398,900.00</b>	<b>\$26,583,900.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,583,900.00</b>



**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending June 30th	2012 - DASNY			2013		
	Refunding of 2002 Bonds ('98, '99, '02 Portion)			Serial Bonds - Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$485,000	\$197,250	\$682,250	\$1,085,000	\$163,494	\$1,248,494
2022	510,000	173,000	683,000	1,115,000	130,944	1,245,944
2023	535,000	147,500	682,500	1,150,000	97,494	1,247,494
2024	565,000	120,750	685,750	1,185,000	62,994	1,247,994
2025	585,000	92,500	677,500	795,000	27,444	822,444
2026	615,000	63,250	678,250	40,000	2,600	42,600
2027	650,000	32,500	682,500	40,000	1,300	41,300
TOTALS	\$ 3,945,000	\$ 826,750	\$ 4,771,750	\$ 5,410,000	\$ 486,269	\$ 5,896,269

Fiscal Year Ending June 30th	2014		
	Refunding of 2007 Serial Bonds		
	Principal	Interest	Total
2021	\$1,550,000	\$116,400	\$1,666,400
2022	1,360,000	54,400	1,414,400
TOTALS	\$ 2,910,000	\$ 170,800	\$ 3,080,800

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending June 30th	2014			2016		
	Serial Bonds - Capital Project			Refunding of 2008 & 2010 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$980,000	\$123,206	\$1,103,206	\$290,000	\$26,312.50	\$316,312.50
2022	1,000,000	102,381	1,102,381	290,000	21,062.50	311,062.50
2023	1,025,000	79,881	1,104,881	295,000	15,262.50	310,262.50
2024	1,050,000	55,538	1,105,538	295,000	10,100.00	305,100.00
2025	1,065,000	29,288	1,094,288	210,000	4,200.00	214,200.00
<b>TOTALS</b>	<b>\$ 5,120,000</b>	<b>\$ 390,294</b>	<b>\$ 5,510,294</b>	<b>\$ 1,380,000</b>	<b>\$ 76,938</b>	<b>\$ 1,456,938</b>

Fiscal Year Ending June 30th	2017		
	DASNY - Capital Project		
	Principal	Interest	Total
2021	\$310,000	\$214,550	\$524,550
2022	320,000	202,150	522,150
2023	335,000	186,150	521,150
2024	350,000	172,750	522,750
2025	370,000	155,250	525,250
2026	385,000	136,750	521,750
2027	405,000	117,500	522,500
2028	425,000	97,250	522,250
2029	445,000	76,000	521,000
2030	470,000	53,750	523,750
2031	495,000	30,250	525,250
2032	110,000	5,500	115,500
<b>TOTALS</b>	<b>\$ 4,420,000</b>	<b>\$ 1,447,850</b>	<b>\$ 5,867,850</b>

## CONTINUING DISCLOSURE UNDERTAKING

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

- (i) In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the District has agreed to provide, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Official Statement dated March \_\_, 2021 of the District relating to the Bonds under the headings "THE SCHOOL DISTRICT", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other than Appendix C and other than any Appendix related to bond insurance), and (ii) a copy of the audited financial statements, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2021; such information, data, and audit will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if the audited financial statements are not available at that time, within sixty days following receipt by the District of its audited financial statements for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year;
- (ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
  - (a) principal and interest payment delinquencies
  - (b) non-payment related defaults, if material
  - (c) unscheduled draws on debt service reserves reflecting financial difficulties
  - (d) 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 securities
  - (g) modifications to rights of securityholders, if material
  - (h) Bond calls, if material and tender offers
  - (i) defeasances
  - (j) release, substitution, or sale of property securing repayment of the securities
  - (k) rating changes
  - (l) bankruptcy, insolvency, receivership or similar event of the District
  - (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a “financial obligation” 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 Bond holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

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

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

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

- (iii) in a timely manner to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

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

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

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**  
**BROOME AND TIOGA COUNTIES, NEW YORK**

**FINANCIAL STATEMENTS**  
**AND OTHER FINANCIAL INFORMATION**

**JUNE 30, 2020**

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

# UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

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### **INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Union-Endicott Central School District  
1100 East Main Street  
Endicott, New York 13760

#### **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 Union-Endicott Central School District, as of, and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Union-Endicott 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.

#### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 in 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Union-Endicott Central School District, as of June 30, 2020, 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 liability, 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 17, and 61 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Union-Endicott Central School District's basic financial statements. The change from adopted budget to final budget and the real property tax limit, 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 basic financial statements.

The change from adopted budget to final budget and the real property tax limit, 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, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements 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 adopted budget to final budget and the real property tax limit, 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 basic financial statements as a whole.

***Prior Year Comparative Information***

We have previously audited the District's June 30, 2019 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated September 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020 on our consideration of Union-Endicott 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 Union-Endicott's internal control over financial reporting and compliance.

We have also issued our report dated October 5, 2020, 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 Union-Endicott's internal control over each major program and compliance.

***Vieira & Associates CPAs, P.C.***

October 5, 2020  
Endicott, New York

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

The following is a discussion and analysis of the Union-Endicott Central School District's (the School District) financial performance for the fiscal year ended June 30, 2020. 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 revenues exceeded expenditures by \$155,997 in 2019-2020, compared to revenues exceeding expenditures by \$1,243,733 in 2018-2019.
- The General Fund adjusted budgeted expenditures and other financing uses were underspent by \$2,358,390, while actual revenues and other financing sources came in under the adjusted budget by \$2,485,261.
- Capital asset equipment and building additions during 2019-2020 amounted to \$3,341,315. Net depreciation expense totaled \$3,920,068.
- Indebtedness of the School District at June 30, 2020, in the amount of \$23,185,000 decreased \$4,860,000 from June 30, 2019 due to scheduled debt service payments.
- Total fund balance in the General Fund, including reserves, was \$16,836,976 at June 30, 2020. Restricted fund balance of \$11,695,552 consisted of General Fund restricted reserves; assigned fund balance of \$1,782,867 consisted of encumbrances of \$282,867 and appropriations to support the 2019- 2020 budget of \$1,500,000. Unassigned fund balance was \$3,358,557, which is below the maximum limit (4% of 2020-2021 appropriations) permitted under New York State Real Property Tax.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**District-wide 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 position and how it has 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.

**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.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

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

*Figure 1*

<b>Condensed Statement of Net Position</b>	<b>Governmental Activities &amp; Total School District</b>		<b>Total Dollar Change</b>
	<b>2018-2019</b>	<b>2019-2020</b>	<b>2019-2020</b>
<i>Current assets and other assets</i>	\$ 37,064,800	\$ 32,747,707	\$ (4,317,093)
<i>Net capital assets</i>	106,508,437	110,849,376	4,340,939
<b>Total assets</b>	<b>143,573,237</b>	<b>143,597,083</b>	<b>23,846</b>
<b>Deferred cash outflows</b>	<b>21,180,057</b>	<b>22,169,358</b>	<b>989,301</b>
<i>Current liabilities</i>	30,499,756	28,183,536	(2,316,220)
<i>Noncurrent liabilities</i>	237,680,150	245,619,897	7,939,747
<b>Total liabilities</b>	<b>268,179,906</b>	<b>273,803,433</b>	<b>5,623,527</b>
<b>Deferred cash inflows</b>	<b>63,514,617</b>	<b>50,183,361</b>	<b>(13,331,256)</b>
<i>Invested in capital assets, net of debt</i>	64,017,914	69,327,874	5,309,960
<i>Restricted</i>	13,470,006	13,967,221	497,215
<i>Unrestricted (deficit)</i>	(244,429,149)	(241,515,448)	2,913,701
<b>Total net position</b>	<b>\$ (166,941,229)</b>	<b>\$ (158,220,353)</b>	<b>\$ 8,720,876</b>

Total assets increased just .02% in 2019-2020.

Deferred cash outflows increased 4.7% and deferred cash inflows decreased 21%. These are a 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.

Total liabilities increased by 2.1%. This change stems from increases in both the School District's OPEB liability and net pension liability for the NYSLRS pension plan.

Total net position (deficit) decreased 5.2%. 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.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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>2018-2019</b>	<b>2019-2020</b>	<b>2019-2020</b>
<b>REVENUES</b>			
<i>Program revenues:</i>			
Charges for service	\$ 489,742	\$ 387,664	\$ (102,078)
Operating grants and contributions	4,231,810	4,123,638	(108,172)
<i>General revenues:</i>			
Real property taxes	41,304,783	42,179,816	875,033
State and federal sources	41,091,074	43,602,052	2,510,978
Use of money and property	1,178,855	985,449	(193,406)
Other general revenues	1,433,392	1,911,031	477,639
<b>Total revenues</b>	<b>89,729,656</b>	<b>93,189,650</b>	<b>3,459,994</b>
<b>PROGRAM EXPENSES</b>			
General support	9,889,018	10,224,621	335,603
Instruction	43,408,361	45,253,497	1,845,136
Pupil transportation	1,729,143	1,830,416	101,273
Employee benefits	18,479,124	20,138,273	1,659,149
Debt service	1,466,448	1,409,083	(57,365)
School lunch program	1,604,583	1,736,226	131,643
Depreciation	4,092,076	3,931,824	(160,252)
<b>Total expenses</b>	<b>80,668,753</b>	<b>84,523,940</b>	<b>3,855,187</b>
<b>CHANGE IN NET POSITION</b>	<b>9,060,903</b>	<b>8,665,710</b>	<b>(395,193)</b>

Total revenues for the School District's Governmental Activities increased by \$3,459,994 or 4% while total expenditures increased \$3,855,187 or 5%. The increase in revenue is mostly due to increases in property tax revenue and state sources. The increase in program expense is primarily due to a net increase in OPEB and instruction expense in comparison to expenses recorded the prior year.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

Figures 3 and 4 show the percentage of sources of revenue for 2019-2020 and 2018-2019.

Figure 3

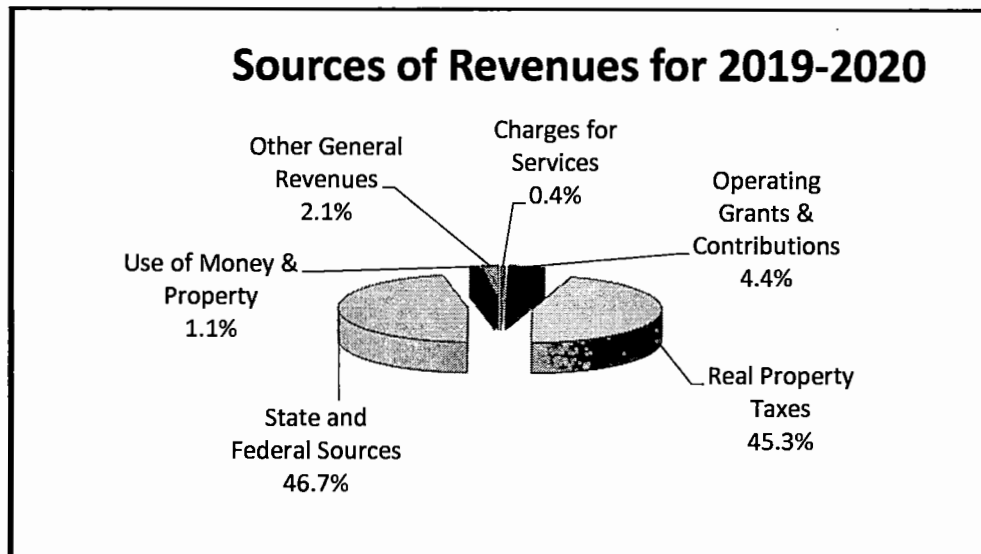
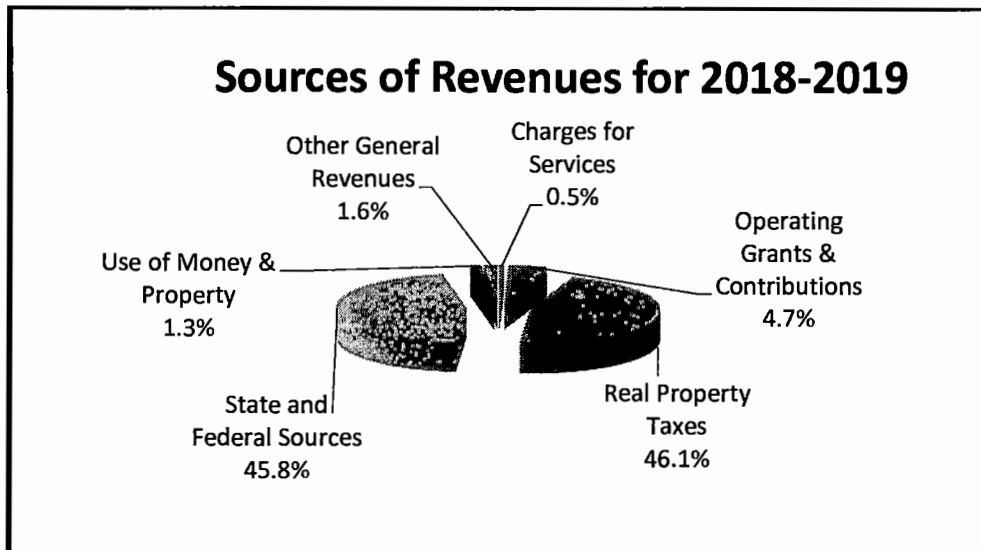


Figure 4



**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

Figures 5 and 6 present the cost for each of the School District's programs for 2019-2020 and 2018-2019.

Figure 5

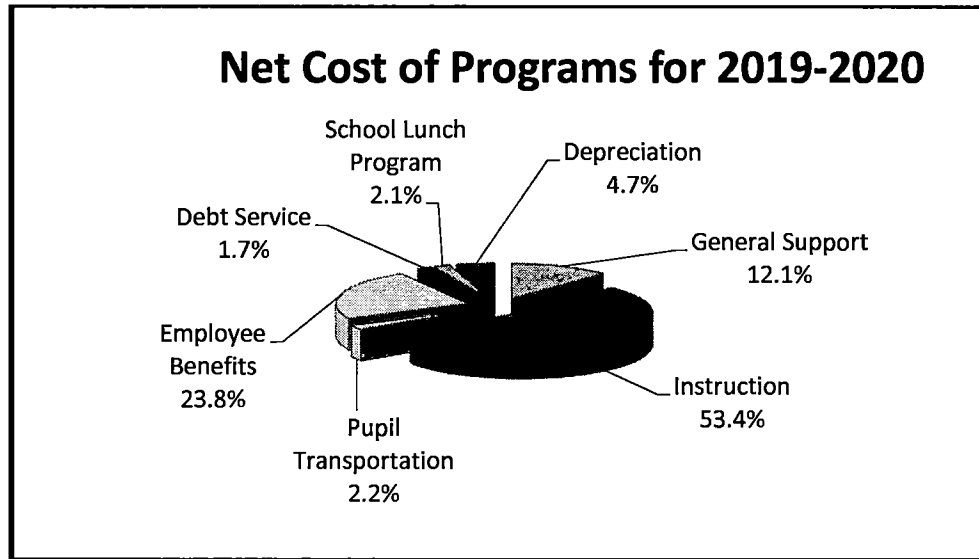
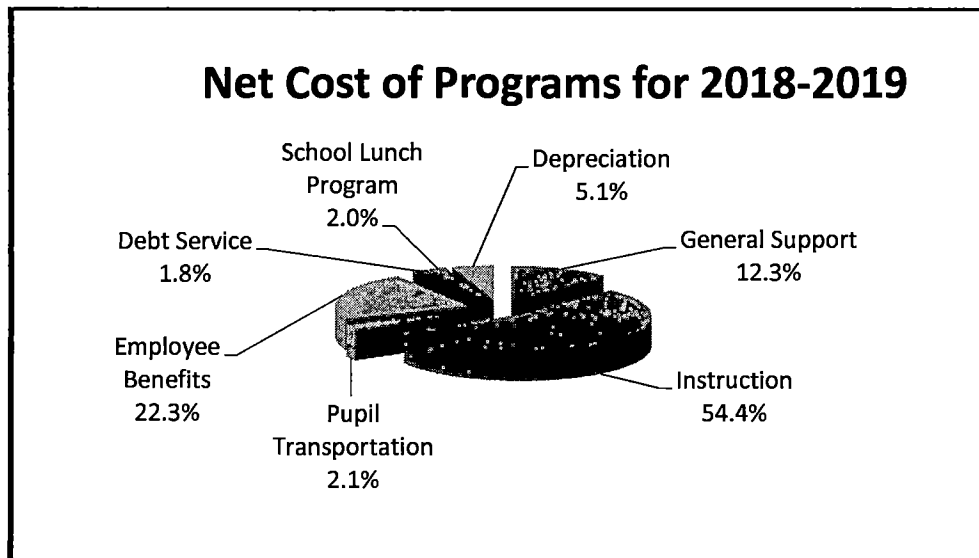


Figure 6



**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

Figure 7 shows the changes in fund balances for the year for the School District's funds. As the School District completed the year, its governmental funds, as presented in the Balance Sheet, reported a combined total fund balance of \$595,992 which is a decrease from the prior year's balance of \$3,293,662. The decrease is primarily attributable to restructuring debt for ongoing capital projects.

*Figure 7*

<b>Governmental Fund Balances</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>Total Dollar Change 2019-2020</b>
<i>General Fund</i>	\$ 16,680,979	\$ 16,836,976	\$ 155,997
<i>Special Aid</i>	0	0	0
<i>School Lunch</i>	447,908	805,728	357,820
<i>Debt Service</i>	2,086,261	2,271,669	185,408
<i>Capital project</i>	<u>(15,325,494)</u>	<u>(19,318,381)</u>	<u>(3,992,887)</u>
<i>Total Fund Balance</i>	3,889,654	595,992	(3,293,662)



**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference between the original budget and the final amended budget was \$1,605,336.15 or 1.9% of total general fund expenditures and may be summarized as follows:

403,363	June 30, 2019 Encumbrance Carryover
75,000	19-20 D. Lupardo Bullet Aid (BOE 8/26/19)
650	Visions FCU Donations (BOE 8/26/19)
1,000,000	Use of Fund Balance (12/3/19 Capital Vote)
1,025	Visions FCU - Literacy/Reading Kits (BOE 12/9/19)
475	Visions FCU Loves Educators Donations (BOE 1/6/20)
	Power Outage Insurance Recovery (\$20,978.70); Technology with
22,833	SWD (\$468); JFS Scholastic Book Fair (\$1,386.17) (BOE 3/9/20)
6,208	United Way/UEEF - CFJ Boys & Girls Club Program (BOE 3/9/20)
95,782	Emergency Bus Purchase (BOE 6/1/20)
<u>1,605,336</u>	

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

- All transfers \$5,000 and greater require prior board approval with the exception of all salary transfers; transfers under \$5,000 and salary transfers require District approval. All transfers are reported to the board.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ending June 30, 2020.

*Figure 8*

<b>Condensed Budgetary Comparison General Fund - 2019-2020</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	\$ 42,034,686	\$ 35,802,161	\$ 35,795,076	\$ (7,085)
Real property tax items	152,042	6,384,567	6,384,740	173
State and federal sources	39,810,381	39,885,380	39,937,728	52,348
All other - other financing sources	1,529,493	1,610,382	2,325,102	714,720
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 83,526,602</b>	<b>\$ 83,682,490</b>	<b>\$ 84,442,646</b>	<b>\$ 760,156</b>
Transfers from other fund	\$ 6,566	\$ 6,566	\$ 115,880	\$ 109,314
Appropriated fund balance	1,500,000	2,596,368	0	(2,596,368)
Appropriated reserves	403,363	758,363	0	(758,363)
<b>Budget Grand Total</b>	<b>\$ 85,436,531</b>	<b>\$ 87,043,787</b>	<b>\$ 84,558,526</b>	<b>\$ (2,485,261)</b>
<b>EXPENDITURES</b>				
General Support	10,796,928	10,912,999	10,459,408	453,591
Instruction	42,606,522	42,631,442	41,752,213	879,229
Pupil transportation	1,865,710	2,007,991	1,801,840	206,151
Employee benefits	22,849,605	22,768,305	22,018,608	749,697
Debt service	7,538,050	7,538,050	7,481,685	56,365
Transfers to other funds	175,500	1,185,000	1,171,643	13,357
<b>Total Expenditures, and Other Financing Uses</b>	<b>\$ 85,832,315</b>	<b>\$ 87,043,787</b>	<b>\$ 84,685,397</b>	<b>\$ 2,358,390</b>

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2020, the School District had invested in a broad range of capital assets. Capital assets had a net increase of \$4,340,939 over last year as shown in *Figure 9* below.

*Figure 9*

<b>Capital Assets (Net of Depreciation)</b>	<b>Government Activities &amp; Total School District</b>				
	<b>Beginning Bal. 7/1/2019</b>	<b>Additions</b>	<b>Retire.</b>	<b>Reclass.</b>	<b>Ending Bal. 6/30/2020</b>
<i>Land</i>	\$ 350,000	\$ 0	\$ 0	\$ 0	\$ 350,000
<i>Construction in Progress</i>	18,634,170	7,637,705	0	(2,642,687)	23,629,188
<i>Buildings</i>	84,261,259	(696,364)	0	0	83,564,895
<i>Equipment</i>	3,263,008	117,611	(63,570)	(11,756)	3,305,293
<b>Totals</b>	<b>\$ 106,508,437</b>	<b>\$ 7,058,952</b>	<b>\$ (63,570)</b>	<b>\$ (2,654,443)</b>	<b>\$ 110,849,376</b>

Capital asset activity for the year ended June 30, 2020 included the following:

\$ 520,306	Buses (5)
34,553	Security Cameras
41,917	Maintenance & Groundskeeping Equipment
101,852	Misc. Equipment
698,628	Subtotal - Equipment Additions
10,280,392	Add: Construction Additions, net
10,979,020	Grand Total - Additions
(63,570)	Retirements, net
(2,654,443)	Reclassifications, net
(3,920,068)	Depreciation
<b>\$ 4,340,939</b>	

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Debt Administration**

Debt, both short and long-term, considered a liability of Governmental Activities, decreased by \$5,742,600 in 2019-2020, as shown in *Figure 10*. Total indebtedness represented 54.8% of the constitutional debt limit, exclusive of building aid estimates.

*Figure 10*

Outstanding Debt	Governmental Activities & Total School District		Total Dollar Change
	2018-2019	2019-2020	2019-2020
Bond anticipation notes	\$ 20,353,960	\$ 19,471,360	\$ (882,600)
Serial bonds	28,045,000	23,185,000	(4,860,000)
<b>Totals</b>	<b>\$ 48,398,960</b>	<b>\$ 42,656,360</b>	<b>\$ (5,742,600)</b>

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

- The budget for the 2020-21 fiscal year was voted on by qualified voters on June 16, 2020. The District's 2020-21 budget proposal of \$87,289,972 called for a tax levy increase of 1.88%, which was equal to the State's maximum allowable tax levy increase for the 2020-21 fiscal year. The budget passed by 74%.
- As part of a twelve-year replacement schedule designed to strategically maintain the fleet of vehicles, (3) 65 passenger diesel school buses and (1) 35 passenger gas school bus will be purchased for a total cost not to exceed \$460,000.
- Union-Endicott's Total Reserves after Adjustments as of 6/30/20 include:
  - Unemployment Insurance Reserve - \$267,645
  - Retirement Contribution Reserve - \$3,948,766
  - Retirement Contribution Sub-Reserve - \$1,016,319
  - Reserve for Tax Certiorari - \$1,240,388
  - Reserve for EBALR - \$911,367
  - Capital Reserve - \$4,311,067
- This year the District's Bond Rating continues to be rated by Standard and Poor as A+.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

This financial report is designed to provide the Union-Endicott Central School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office of the Union-Endicott Central School District, 1100 E. Main Street, Endicott, New York 13760.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>Cash</b>		
Unrestricted	\$ 12,161,336	\$ 18,847,056
Restricted	11,695,552	11,383,746
<b>Receivables</b>		
Due from fiduciary funds	1,220	6,149
State and Federal aid	2,499,836	1,756,794
Due from other governments	2,197,577	2,167,248
Other	125,854	92,300
Inventories	87,722	48,455
Deferred expenditures	-	3,179
Net pension asset	3,978,610	2,759,873
Capital assets, net	110,849,376	106,508,437
<b>Total Assets</b>	<b>\$ 143,597,083</b>	<b>\$ 143,573,237</b>
 <b>Deferred cash outflows</b>		
Pensions	\$ 16,022,812	\$ 15,619,059
OPEB	6,146,546	5,560,998
	<b>\$ 22,169,358</b>	<b>\$ 21,180,057</b>
 <b>LIABILITIES</b>		
<b>Payables</b>		
Accounts payable	\$ 4,954,369	\$ 5,887,210
Accrued liabilities	212,616	346,373
Due to fiduciary funds	5,127	-
Due to other governments	77	693
Due to Teachers' Retirement System	2,474,309	2,876,802
Due to Employees' Retirement System	229,878	220,947
<b>Notes payable</b>		
Bond anticipation	19,471,360	20,353,960
<b>Deferred credits</b>		
Unearned revenues	835,800	813,771
<b>Long-term liabilities</b>		
Due and payable within one year		
Bonds payable	4,700,000	4,860,000
Compensated absences payable	1,292,320	1,358,539
Other postemployment benefits payable	216,228,088	206,939,122
Net pension liability	4,914,489	1,337,489
<b>Other liabilities</b>		
Bonds payable	18,485,000	23,185,000
<b>Total Liabilities</b>	<b>\$ 273,803,433</b>	<b>\$ 268,179,906</b>
 <b>Deferred cash inflows</b>		
Unamortized bond premium	\$ 1,786,456	\$ 2,089,832
Economic gain on defeasance of debt	202,270	374,137
Pensions	5,610,451	4,068,353
OPEB	42,584,184	56,982,295
	<b>\$ 50,183,361</b>	<b>\$ 63,514,617</b>
 <b>NET ASSETS</b>		
Investment in capital assets, net of related debt	\$ 69,327,874	\$ 64,017,914
Restricted	13,967,221	13,470,006
Unrestricted (deficit)	(241,515,448)	(244,429,149)
<b>Total Net Position</b>	<b>\$ (158,220,353)</b>	<b>\$ (166,941,229)</b>

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019**

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants	2020	2019
<b>FUNCTIONS/PROGRAMS</b>						
General support	\$ (10,224,621)	\$ (3,248,146)	\$ -	\$ -	\$ (13,472,767)	\$ (12,944,858)
Instruction	(45,253,497)	(19,405,320)	146,714	3,963,269	(60,548,834)	(57,520,930)
Pupil transportation	(1,830,416)	(1,048,256)	-	-	(2,878,672)	(2,745,161)
Employee benefits	(20,138,273)	20,138,273	-	-	-	-
Debt service	(1,409,083)	-	-	-	(1,409,083)	(1,466,448)
Depreciation	(3,931,824)	3,931,824	-	-	-	-
School food service	(1,736,226)	(368,375)	240,950	160,369	(1,703,282)	(1,390,305)
Total Functions and Programs	<u>\$ (84,523,940)</u>	<u>\$ -</u>	<u>\$ 387,664</u>	<u>\$ 4,123,638</u>	<u>\$ (80,012,638)</u>	<u>(76,067,702)</u>
<b>GENERAL REVENUES</b>						
Real property taxes	\$ 35,795,076	\$ -	\$ -	\$ -	\$ 35,795,076	\$ 34,597,748
Other tax items	6,384,740	-	-	-	6,384,740	6,707,035
Use of money and property	985,449	-	-	-	985,449	1,178,855
Sale of property and compensation for loss	30,136	-	-	-	30,136	(236,311)
Miscellaneous	1,880,895	-	-	-	1,880,895	1,790,204
State sources	41,516,211	-	-	(733,697)	40,782,514	39,526,620
Federal sources	5,311,736	-	-	(2,677,969)	2,633,767	1,326,536
Local sources	711,972	-	-	(711,972)	-	-
Medicaid reimbursement	185,771	-	-	-	185,771	237,918
Total General Revenues	<u>\$ 92,801,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,123,638)</u>	<u>88,678,348</u>	<u>85,128,605</u>
Change in Net Position					8,665,710	9,060,903
Total Net Position - Beginning of Year					(166,941,229)	(176,002,132)
Prior Period Adjustment *					55,166	-
Total Net Position - End of Year					<u>\$ (158,220,353)</u>	<u>\$ (166,941,229)</u>

\* See Notes to Financial Statements Note 16

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019**

	General	Major 2016 Project	2018 Project	Total Non-Major Funds	Total Governmental Funds 2020	2019
<b>ASSETS</b>						
<b>Cash</b>						
Unrestricted	\$ 7,795,231	\$ -	\$ 739,245	\$ 3,626,860	\$ 12,161,336	\$ 18,847,056
Restricted	11,695,552	-	-	-	11,695,552	11,383,746
<b>Receivables</b>						
Due from other funds	1,013,891	-	-	19,158	1,033,049	457,585
Due from fiduciary funds	1,220	-	-	-	1,220	6,149
State and Federal aid	1,230,319	-	-	1,269,517	2,499,836	1,756,794
Due from other governments	2,142,411	-	-	-	2,142,411	2,167,248
Other	125,074	-	-	780	125,854	92,300
Inventories	-	-	-	87,722	87,722	48,455
Deferred expenditures	-	-	-	-	-	3,179
Total Assets	<u>\$ 24,003,698</u>	<u>\$ -</u>	<u>\$ 739,245</u>	<u>\$ 5,004,037</u>	<u>\$ 29,746,980</u>	<u>\$ 34,762,512</u>
<b>LIABILITIES</b>						
<b>Payables</b>						
Accounts payable	\$ 3,526,328	\$ 531,604	\$ 76,648	\$ 819,789	\$ 4,954,369	5,887,210
Accrued liabilities	142,241	-	-	4,778	147,019	261,890
Due to other funds	17,935	-	-	1,015,114	1,033,049	457,585
Due to fiduciary funds	5,127	-	-	-	5,127	-
Due to other governments	-	-	-	77	77	693
Due to Teachers' Retirement System	2,474,309	-	-	-	2,474,309	2,876,802
Due to Employees' Retirement System	229,878	-	-	-	229,878	220,947
<b>Notes payable</b>						
Bond anticipation	-	9,281,000	8,797,560	1,392,800	19,471,360	20,353,960
<b>Deferred credits</b>						
Unearned revenues	770,904	-	-	64,896	835,800	813,771
<b>Long-term liabilities</b>						
Compensated absences payable	-	-	-	-	-	-
Total Liabilities	<u>7,166,722</u>	<u>9,812,604</u>	<u>8,874,208</u>	<u>3,297,454</u>	<u>29,150,988</u>	<u>30,872,858</u>
<b>FUND BALANCES</b>						
Non-spendable	-	-	-	87,721	87,721	51,635
Restricted	11,695,552	-	-	2,271,669	13,967,221	13,470,006
Committed	-	-	-	-	-	-
Assigned	1,782,867	1,568,322	-	718,007	4,069,196	7,179,767
Unassigned	3,358,557	(11,380,926)	(8,134,963)	(1,370,814)	(17,528,146)	(16,811,754)
Total Fund Balances	<u>16,836,976</u>	<u>(9,812,604)</u>	<u>(8,134,963)</u>	<u>1,706,583</u>	<u>595,992</u>	<u>3,889,654</u>
Total Liabilities and Fund Balances	<u>\$ 24,003,698</u>	<u>\$ -</u>	<u>\$ 739,245</u>	<u>\$ 5,004,037</u>	<u>\$ 29,746,980</u>	<u>\$ 34,762,512</u>

See independent auditors' report and notes to financial statements



**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019**

	General	Major 2016 Project	2018 Project	Total Non-Major Funds	Total Governmental Funds 2020	2019
<b>REVENUES</b>						
Real property taxes	\$ 35,795,076	\$ -	\$ -	\$ -	\$ 35,795,076	\$ 34,597,748
Other tax items	6,384,740	-	-	-	6,384,740	6,707,035
Charges for services	146,714	-	-	-	146,714	104,003
Use of money and property	476,130	-	-	34,076	510,206	692,668
Sale of property and compensation for loss	93,706	-	-	-	93,706	27,572
Miscellaneous	1,608,552	-	-	272,343	1,880,895	1,790,204
State sources	39,751,957	1,030,557	-	733,697	41,516,211	40,316,416
Medicaid reimbursement	185,771	-	-	-	185,771	237,918
Federal sources	-	-	-	5,180,857	5,180,857	3,926,774
Local sources	-	-	-	711,972	711,972	600,606
Surplus food	-	-	-	130,879	130,879	120,669
Sales - school lunch	-	-	-	240,950	240,950	385,739
<b>Total Revenues</b>	<b>84,442,646</b>	<b>1,030,557</b>	<b>-</b>	<b>7,304,774</b>	<b>92,777,977</b>	<b>89,507,352</b>
<b>EXPENDITURES</b>						
General support	10,291,587	-	-	-	10,291,587	10,317,746
Instruction	41,646,666	-	-	3,833,492	45,480,158	43,833,365
Pupil transportation	1,792,340	-	-	38,076	1,830,416	1,729,143
Employee benefits	22,018,608	-	-	383,971	22,402,579	22,368,256
<b>Debt service</b>						
Principal	6,147,600	-	-	-	6,147,600	5,784,900
Interest	1,334,085	-	-	93,884	1,427,969	1,468,402
Cost of sales	-	-	-	1,736,224	1,736,224	1,702,742
Capital outlay	-	469,689	5,940,002	1,633,015	8,042,706	6,347,568
<b>Total Expenditures</b>	<b>83,230,886</b>	<b>469,689</b>	<b>5,940,002</b>	<b>7,718,662</b>	<b>97,359,239</b>	<b>93,552,122</b>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,211,760</u>	<u>560,868</u>	<u>(5,940,002)</u>	<u>(413,888)</u>	<u>(4,581,262)</u>	<u>(4,044,770)</u>
<b>OTHER FINANCING SOURCES AND USES</b>						
Proceeds from debt	-	742,000	85,000	460,600	1,287,600	1,039,600
Proceeds of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Operating transfers in	115,880	-	150,000	1,298,643	1,564,523	242,171
Operating transfers (out)	(1,171,643)	-	-	(392,880)	(1,564,523)	(242,171)
<b>Total Other Sources (Uses)</b>	<b>(1,055,763)</b>	<b>742,000</b>	<b>235,000</b>	<b>1,366,363</b>	<b>1,287,600</b>	<b>1,039,600</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	<u>155,997</u>	<u>1,302,868</u>	<u>(5,705,002)</u>	<u>952,475</u>	<u>(3,293,662)</u>	<u>(3,005,170)</u>
Fund Balances - Beginning of Year	<u>16,680,979</u>	<u>(11,115,472)</u>	<u>(2,429,961)</u>	<u>754,108</u>	<u>3,889,654</u>	<u>6,894,824</u>
Fund Balances - End of Year	<u>\$ 16,836,976</u>	<u>\$ (9,812,604)</u>	<u>\$ (8,134,963)</u>	<u>\$ 1,706,583</u>	<u>\$ 595,992</u>	<u>\$ 3,889,654</u>

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
<b>Cash</b>				
Unrestricted	\$ 12,161,336	\$ -	\$ -	\$ 12,161,336
Restricted investments	11,695,552	-	-	11,695,552
<b>Receivables</b>				
Due from other funds	1,033,049	-	(1,033,049)	-
Due from fiduciary funds	1,220	-	-	1,220
State and Federal aid	2,499,836	-	-	2,499,836
Due from other governments	2,142,411	55,166	-	2,197,577
Other	125,854	-	-	125,854
Inventories	87,722	-	-	87,722
Deferred expenditures	-	-	-	-
Proportion of net pension asset	-	3,978,610	-	3,978,610
Capital assets, net	-	110,849,376	-	110,849,376
<b>Total Assets</b>	<b>29,746,980</b>	<b>114,883,152</b>	<b>(1,033,049)</b>	<b>143,597,083</b>
<b>Deferred cash outflows</b>				
Pensions	-	16,022,812	-	16,022,812
OPEB	-	6,146,546	-	6,146,546
<b>LIABILITIES</b>				
<b>Payables</b>				
Accounts payable	\$ 4,954,369	\$ -	\$ -	\$ 4,954,369
Accrued liabilities	147,019	65,597	-	212,616
Due to other funds	1,033,049	-	(1,033,049)	-
Due to fiduciary funds	5,127	-	-	5,127
Due to other governments	77	-	-	77
Due to Teachers' Retirement System	2,474,309	-	-	2,474,309
Due to Employees' Retirement System	229,878	-	-	229,878
<b>Notes payable</b>				
Bond anticipation	19,471,360	-	-	19,471,360
<b>Deferred credits</b>				
Unearned revenues	835,800	-	-	835,800
<b>Long-term liabilities</b>				
Bonds payable	-	23,185,000	-	23,185,000
Compensated absences payable	-	1,292,320	-	1,292,320
Other postemployment benefits payable	-	216,228,088	-	216,228,088
Proportionate share of pension liability	-	4,914,489	-	4,914,489
<b>Total Liabilities</b>	<b>29,150,988</b>	<b>245,685,494</b>	<b>(1,033,049)</b>	<b>273,803,433</b>
<b>Deferred cash inflows</b>				
Unamortized bond premium	-	1,786,456	-	1,786,456
Economic gain on defeasance of debt	-	202,270	-	202,270
Pensions	-	5,610,451	-	5,610,451
OPEB	-	42,584,184	-	42,584,184
<b>FUND EQUITY\NET POSITION</b>				
Investment in capital assets, net	-	87,664,376	-	87,664,376
<b>Restricted for:</b>				
Debt service	2,271,669	-	-	2,271,669
Other legal restrictions	11,695,552	-	-	11,695,552
Unrestricted (deficit)	(13,371,229)	(246,480,721)	-	(259,851,950)
<b>Total Net Position</b>	<b>\$ 595,992</b>	<b>\$ (158,816,345)</b>	<b>\$ -</b>	<b>\$ (158,220,353)</b>

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT 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, 2020**

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
<b>REVENUES</b>					
Real property taxes	\$ 35,795,076	\$ -	\$ -	\$ -	\$ 35,795,076
Other tax items	6,384,740	-	-	-	6,384,740
Charges for services	146,714	-	-	-	146,714
Use of money and property	510,206	-	-	475,243	985,449
Sale of property and compensation for loss	93,706	-	(63,570)	-	30,136
Miscellaneous	1,880,895	-	-	-	1,880,895
State sources	41,516,211	-	-	-	41,516,211
Medicaid reimbursement	185,771	-	-	-	185,771
Federal sources	5,180,857	-	-	-	5,180,857
Local sources	711,972	-	-	-	711,972
Surplus food	130,879	-	-	-	130,879
Sales - school lunch	240,950	-	-	-	240,950
<b>Total Revenues</b>	<b>92,777,977</b>	<b>-</b>	<b>(63,570)</b>	<b>475,243</b>	<b>93,189,650</b>
<b>EXPENDITURES\EXPENSES</b>					
General support	10,291,587	-	(66,966)	-	10,224,621
Instruction	45,480,158	-	(226,661)	-	45,253,497
Pupil transportation	1,830,416	-	-	-	1,830,416
Employee benefits	22,402,579	-	-	(2,264,306)	20,138,273
<b>Debt service</b>					
Principal	6,147,600	-	-	(6,147,600)	-
Interest	1,427,969	-	-	(18,886)	1,409,083
Cost of sales	1,736,224	-	2	-	1,736,226
Depreciation	-	-	3,931,824	-	3,931,824
Capital outlay	8,042,706	-	(8,042,706)	-	-
<b>Total Expenditures</b>	<b>97,359,239</b>	<b>-</b>	<b>(4,404,507)</b>	<b>(8,430,792)</b>	<b>84,523,940</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>(4,581,262)</b>	<b>-</b>	<b>4,340,937</b>	<b>8,906,035</b>	<b>8,665,710</b>
<b>OTHER SOURCES AND USES</b>					
Proceeds from debt	1,287,600	-	-	(1,287,600)	-
Proceeds of refunding bonds	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Operating transfers in	1,564,523	-	-	-	1,564,523
Operating transfers (out)	(1,564,523)	-	-	-	(1,564,523)
<b>Total Other Sources (Uses)</b>	<b>1,287,600</b>	<b>-</b>	<b>-</b>	<b>(1,287,600)</b>	<b>-</b>
<b>Net Change for the Year</b>	<b>\$ (3,293,662)</b>	<b>\$ -</b>	<b>\$ 4,340,937</b>	<b>\$ 7,618,435</b>	<b>\$ 8,665,710</b>

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
STATEMENTS OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2020 AND 2019**

	Private Purpose Trusts		Agency	
	2020	2019	2020	2019
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ 92,791	\$ 102,027
Restricted cash	214,329	217,407	166,676	158,170
Due from other funds	-	-	5,127	-
Total Assets	<u>\$ 214,329</u>	<u>\$ 217,407</u>	<u>\$ 264,594</u>	<u>\$ 260,197</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ 1,220	\$ 6,149
Extraclassroom activity balances	-	-	166,676	158,170
Other liabilities	-	-	96,698	95,878
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 264,594</u>	<u>\$ 260,197</u>
<b>NET POSITION</b>				
Reserved for scholarships	<u>\$ 214,329</u>	<u>217,407</u>		

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019**

	Private Purpose Trusts	
	2020	2019
<b>ADDITIONS</b>		
Gifts and contributions	\$ 555	\$ 14,112
Investment earnings	3,794	4,508
Total Additions	<u>4,349</u>	<u>18,620</u>
<b>DEDUCTIONS</b>		
Scholarships and awards	<u>7,427</u>	<u>21,650</u>
Change in Net Position	(3,078)	(3,030)
Net Position - Beginning of year	<u>217,407</u>	<u>220,437</u>
Net Position - End of Year	<u>\$ 214,329</u>	<u>\$ 217,407</u>

See independent auditors' report and notes to financial statements

## UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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

The financial statements of the Union-Endicott 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 used by the District are described below:

##### **A) Reporting entity:**

The Union-Endicott 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) Extraclassroom Activity Funds**

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

**UNION-ENDICOTT 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 that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the District was billed \$16,202,933 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$5,945,525.

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 those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

**UNION-ENDICOTT 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 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. 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 each type of fiduciary fund. 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 acquisition, construction, or major repair of capital facilities. For these 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.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**C) Basis of presentation (Continued):**

**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.

There are two classes of fiduciary funds:

**Private purpose trust funds:** These funds are used to account for trust arrangements under which principal and income benefits 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 student groups or Extraclassroom activity funds and for payroll or employee withholding.

**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, State Aid, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from State Aid 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 governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The 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 as it matches the liquidation of related obligations.



**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**D) Measurement focus and basis of accounting (Continued):**

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, pensions, and other post-employment benefits 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 resources.

**E) Property taxes:**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1, 2019 through March 31, 2020. 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) Restricted resources:**

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

**G) Inter-fund transactions:**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with inter-fund 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 inter-fund 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 9 for a detailed disclosure by individual fund for inter-fund receivables, payables, expenditures, and revenues activity.

# **UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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

#### **H) Estimates:**

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

#### **I) Cash (and cash equivalents) and 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 and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

#### **J) 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.

#### **K) Inventories and prepaid items:**

Inventories of food in the School Food Service 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 receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**K) Inventories and prepaid items (Continued):**

A reserve for those non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**L) 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 issuance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

**M) Capital assets:**

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2005. For assets acquired prior to June 30, 2005, they are reported at estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

Land and construction in progress 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	\$ 5,000	SL	40
Building improvements	5,000	SL	25
Site improvements	5,000	SL	25
Furniture and equipment	5,000	SL	5-15

**N) 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 reciprocated as an outflow of resources (expense/expenditures) until then. The District 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 refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The second item is related to pensions reported in the district-wide Statement of Net Position.

# **UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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

#### **N) Deferred outflows and inflows of resources (Continued):**

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 systems not included in pension expense. The third item is the District's contributions to the pension systems (TRS and ERS Systems) 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 or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. 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 proportional share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. 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.

#### **O) Unearned credits:**

Unearned credit 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.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available. Many unearned revenues recorded in governmental funds are not recorded in the District-wide statements.

#### **P) Vested employee benefits:**

##### **Compensated absences**

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**P) Vested employee benefits (Continued):**

**Compensated absences (Continued)**

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 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.

**Q) Other benefits:**

District employees participate in the New York State Teachers' Retirement System or the New York State and Local Employees' 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 cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure.

**R) Short-term debt:**

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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

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 be converted to long-term financing within five years after the original issue date.

**S) Accrued liabilities and long-term obligations:**

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

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**T) Equity classifications:**

**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, construction 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** - 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 Food Service Fund of \$87,721 and prepaid expenses of \$ - in the General Fund.

**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. The School District has established the following restricted fund balances:

**Debt Service Reserve Fund**

According to General Municipal Law §6-I, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from proceeds of the sale of District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**T) Equity classifications (Continued):**

**Funds statements (Continued):**

**Restricted (Continued):**

**Capital Reserve Fund**

According to Education Law §3651, expenditures made from the capital reserve fund must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. 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.

**Unemployment Insurance Payment Reserve Fund**

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. This reserve is accounted for in the General Fund.

**Employee Benefits and Accrued Liability Reserve Fund**

According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund must be used 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.



# **UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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

#### **T) Equity classifications (Continued):**

##### **Funds statements (Continued):**

##### **Restricted (Continued):**

##### **Retirement Contribution Reserve Fund**

According to general Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. 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.

##### **Tax Certiorari Reserve Fund**

According to Education Law §3651.1-a, funds 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. This reserve is accounted for in the General Fund.

##### **Encumbrances**

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**T) Equity classifications (Continued):**

**Funds statements (Continued):**

**Restricted (Continued):**

Restricted fund balance includes the following:

**General Fund**

Capital Reserve	\$ 4,311,067
Employee Benefits and Accrued Liabilities	911,367
Retirement Contributions	3,948,766
Retirement Contribution Sub-Fund	1,016,319
Tax Certiorari	1,240,388
Unemployment Insurance	267,645

Capital Projects Fund*	-
Debt Service Fund*	2,271,669
School Food Service Fund*	<u>-</u>

Total restricted funds	<u>\$ 13,967,221</u>
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\*includes remaining fund balance in these funds not otherwise classified as non-spendable, committed or assigned.

**Committed** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.

**Assigned** – Includes amounts that are constrained by the 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 fiscal year.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**T) Equity classifications (Continued):**

**Funds statements (Continued):**

**Unassigned** – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned. NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

**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.

**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.

# **UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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

#### **T) Equity classifications (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 determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

#### **U) Implementation of New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standards issued by GASB. These standards had no significant impact on the District.

GASB issued Statement 83, Certain Asset Retirement Obligations, effective for the year ending June 30, 2020.

GASB has issued Statement 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements, effective for the year ending June 30, 2020.

#### **V) Future Changes in Accounting Standards**

GASB Statement No. 84 -Fiduciary Activities	Effective for the year ending June 30, 2021
GASB Statement No. 87 -Leases	Effective for the year ending June 30, 2022
GASB Statement No. 89 -Accounting for Interest Cost Incurred Before the End of a Construction Period	Effective for the year ending June 30, 2022
GASB Statement No. 91 -Conduit Debt Obligations	Effective for the year ending June 30, 2023

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**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 district-wide statements, 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 differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the 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 and other post-employment benefits.

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

Differences between the funds' Statement of Revenues, Expenditures and Changes in Fund Balances 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 for the sale of capital assets reported on 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 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 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.

# UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

#### 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.

### NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgets

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

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	\$ 403,363
Other Unanticipated Revenue	80,889
State Aid	75,000
Use of Capital Reserve	1,046,084

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.

General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2020.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**Budgets (Continued)**

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

**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 restrictions or assignments 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.

**Deficit fund balance**

The capital projects fund had a deficit fund balance of \$19,318,381. This will be funded when the District obtains permanent financing for its current construction projects.

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

**Cash and investments**

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:

<b>A)</b>	Uncollateralized	\$	-
<b>B)</b>	Collateralized with securities held by the pledging financial institution, or trust department or agent, but not in the District's name	\$	22,685,711

Restricted cash and investments represent cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$11,695,552 restricted for the voter approved capital project in the capital projects fund, \$166,676 restricted for extraclassroom in the fiduciary funds and \$214,329 restricted for scholarships in the fiduciary funds.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**Deposits**

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2020 all deposits were fully insured and collateralized by the District's agent in the District's name.

**Investment and deposit policy**

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

**Credit risk**

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

**Custodial risk**

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- 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.



# UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5: CAPITAL ASSETS

Capital asset balances and activities for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
<b>Governmental Activities:</b>					
<b>Capital assets that are not depreciated:</b>					
Land	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
Construction in progress	18,634,170	7,637,705	-	(2,642,687)	23,629,188
Total non-depreciable historical cost	18,984,170	7,637,705	-	(2,642,687)	23,979,188
<b>Capital assets that are depreciated:</b>					
Buildings	\$ 131,252,551	\$ 2,642,687	\$ -	\$ -	\$ 133,895,238
Furniture and equipment	11,820,432	698,628	(421,087)	-	12,097,973
Total depreciable historical cost	143,072,983	3,341,315	(421,087)	-	145,993,211
Total non-depreciable and depreciable costs	162,057,153	10,979,020	(421,087)	(2,642,687)	169,972,399
<b>Less accumulated depreciation:</b>					
Buildings	\$ 46,991,292	\$ 3,339,051	\$ -	\$ -	\$ 50,330,343
Furniture and equipment	8,557,424	581,017	(357,517)	11,756	8,792,680
Total accumulated depreciation	55,548,716	3,920,068	(357,517)	11,756	59,123,023
Total depreciable historical cost, net	\$ 106,508,437	\$ 7,058,952	\$ (63,570)	\$ (2,654,443)	\$ 110,849,376

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 1,150,643
Instruction	2,328,416
Pupil Transportation	406,640
Cost of Goods Sold	34,369
	<u>\$ 3,920,068</u>

See independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6: SHORT-TERM DEBT**

**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>
10/25/2019	3.00%	\$ 1,448,400	\$ -	\$ (1,448,400)	\$ -
6/27/2020	2.00%	\$ 18,905,560	\$ -	\$ (18,905,560)	\$ -
10/22/2020	2.00%	\$ -	\$ 1,392,800	\$ -	\$ 1,392,800
6/25/2021	1.25%	\$ -	\$ 18,078,560	\$ -	\$ 18,078,560

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

Interest paid	\$ 420,513
Plus interest accrued in current year	22,328
Less interest accrued in prior year	<u>(32,631)</u>
Total interest on short-term debt	<u>\$ 410,210</u>

**NOTE 7: LONG-TERM OBLIGATIONS**

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

**Serial Bonds**

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

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

Interest paid	\$ 1,007,456
Plus interest accrued in current year	43,269
Less interest accrued in prior year	<u>(51,852)</u>
Total interest on long-term debt	<u>\$ 998,873</u>

# UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7: LONG-TERM OBLIGATIONS (CONTINUED)

Noncurrent liability balances and activity for the year are as follows:

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Long-Term Liabilities:</b>					
Bonds and notes payable	\$ 28,045,000	\$ -	\$ 4,860,000	\$ 23,185,000	\$ 4,700,000
General obligation debt	-	-	-	-	-
<b>Total Long-Term Liabilities</b>	<b>28,045,000</b>	<b>-</b>	<b>4,860,000</b>	<b>23,185,000</b>	<b>4,700,000</b>
<b>Other Long-Term Liabilities:</b>					
Compensated absences payable	1,358,539	-	66,219	1,292,320	-
Other post-employment benefits obligation	206,939,122	9,288,966	-	216,228,088	-
Proportionate share of net pension liability	1,337,489	3,577,000	-	4,914,489	-
<b>Total other liabilities</b>	<b>209,635,150</b>	<b>12,865,966</b>	<b>66,219</b>	<b>222,434,897</b>	<b>-</b>
<b>Total Other Long-Term Liabilities</b>	<b>\$ 237,680,150</b>	<b>\$ 12,865,966</b>	<b>\$ 4,926,219</b>	<b>\$ 245,619,897</b>	<b>\$ 4,700,000</b>

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

Bonds payable is comprised of the following:

<b>Description of issue</b>	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Interest Rate</b>	<b>Outstanding at Year End</b>
Serial Bonds	2012	2027	3.00-5.00%	\$ 3,945,000
Serial Bonds	2013	2027	2.75-3.25%	5,410,000
Serial Bonds	2014	2025	2.00-2.75%	5,120,000
Serial Bonds	2015	2022	2.00-4.00%	2,910,000
Serial Bonds	2017	2025	1.25-4.00%	1,380,000
Serial Bonds	2017	2032	3.00-5.00%	4,420,000

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

<b>Fiscal year ended:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
June 30, 2021	\$ 4,700,000	\$ 841,213	\$ 5,541,213
2022	4,595,000	683,938	5,278,938
2023	3,340,000	526,287	3,866,287
2024-2028	9,030,000	1,181,963	10,211,963
2029-2032	1,520,000	165,500	1,685,500
	<b>\$ 23,185,000</b>	<b>\$ 3,398,901</b>	<b>\$ 26,583,901</b>

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. \$10,073,000 of bonds outstanding is considered defeased. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$90,590.

See independent auditors' report

# **UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 8: PENSION PLANS**

#### **General Information**

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

#### **Plan descriptions and benefits provided**

##### **Teachers' Retirement System (TRS)**

The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a Statute. The 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).

##### **Employee's Retirement System (ERS)**

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). 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. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to NYSERS, 110 State Street, Albany, New York 12244.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Funding Policies**

The Systems are noncontributory except for employees who joined the Systems after July 27, 1976, who contribute 3% of their salary for the first 10 years of membership, and employees who joined after January 1, 2010 who generally contribute 3% to 3.5% of their salary for their entire length of service. 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 annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For NYSTRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

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>
2019 - 2020	\$ 2,874,387	\$ 882,755
2018 - 2019	2,588,831	865,022
2017 - 2018	2,957,320	859,430

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 did not exercise that option. There was no unpaid liability at the end of the year.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8: PENSION PLANS (CONTINUED)**

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

At June 30, 2020, the District reported the following liability (asset) for its proportionate share of the net pension liability (asset) for each of the Systems. The net pension liability (asset) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension liability (asset) used to calculate the net position liability (asset) was determined by an actuarial valuation. The District's portion of the net pension liability (asset) 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.

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Actuarial valuation date	31-Mar-20	30-Jun-19
Net pension liability (asset)	\$4,914,489	\$ (3,978,610)
District's portion of the Plan's total		
Net pension liability (asset)	0.0185588%	0.153141%

For the year ended June 30, 2020, the District's recognized pension expense of \$1,783,585 for ERS and the actuarial value \$2,714,653 for TRS. At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>		<b><u>Deferred Inflows of Resources</u></b>	
	<b><u>ERS</u></b>	<b><u>TRS</u></b>	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Differences between expected and actual experience	\$ 289,238	\$ 2,696,202	\$ -	\$ 295,857
Changes of assumptions	98,955	7,516,127	85,446	1,832,644
Net difference between projected and actual earnings on pension plan investments	2,519,406	-	-	3,190,640
Changes in proportion and differences between the District's contributions and proportionate share of contributions	285,886	85,842	32,884	172,979
District's contributions subsequent to the measurement date	<u>229,878</u>	<u>2,301,278</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,423,363</u>	<u>\$ 12,599,449</u>	<u>\$ 118,330</u>	<u>\$ 5,492,120</u>

See independent auditors' report

# UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8: PENSION PLANS (CONTINUED)

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

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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2020	\$ -	\$1,785,981
2021	570,200	100,215
2022	786,183	1,779,457
2023	958,951	1,163,275
2024	759,820	115,836
2025	-	-
Thereafter	-	(138,714)

#### **ACTUARIAL ASSUMPTIONS**

The total pension liability (asset) 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 (asset) to the measurement date. The actuarial valuations used the following assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.8%	7.10%
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%	2.20%

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

See independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8: PENSION PLANS (CONTINUED)**

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

**ACTUARIAL ASSUMPTIONS (Continued)**

For ERS, the actuarial assumptions used in the April 1, 2019 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, 2019 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 ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return of each major asset class included in the target asset allocation are summarized below:

Measurement date	<u>ERS</u> March 31, 2020		<u>TRS</u> June 30, 2019
<b>Asset Type</b>	<b>%</b>	<b>Asset Type</b>	<b>%</b>
Domestic equities	4.05	Domestic equities	6.3
International equities	6.15	International equities	7.8
Private equities	6.75	Global equities	7.2
Real estate	4.95	Real estate equities	4.6
Absolute return strategies	3.25	Domestic fixed	
Opportunistic portfolio	4.65	income	1.3
Real assets	5.95	Global fixed income	
Bonds and mortgages	0.75	securities	0.9
Cash	0.00	Private equities	9.9
Inflation-indexed bonds	0.50	Cash equivalents	0.3
		Private debt	6.5
		Real estate debt	2.9
		High-yield fixed	
		Income securities	3.6

**DISCOUNT RATE**

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.10% 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.

See independent auditors' report



**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8: PENSION PLANS (CONTINUED)**

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

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

The following presents the District's proportionate share of the net liability (asset) calculated using the discount rate of 6.8% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1- percentage point lower (5.8% of ERS and 6.10% for TRS) or 1-percentage point higher (7.8% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease <u>(5.8%)</u>	Current Assumption <u>(6.8%)</u>	1% Increase <u>(7.8%)</u>
Employer's proportionate share of the net pension (asset) liability	\$9,019,474	\$4,914,489	\$1,133,780
TRS	1% Decrease <u>(6.10%)</u>	Current Assumption <u>(7.10)%</u>	1% Increase <u>(8.10%)</u>
Employer's proportionate share of the net pension (asset) liability	\$17,959,030	\$(3,978,610)	(\$22,381,815)

**PENSION PLAN FIDUCIARY POSITION**

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

(Dollars in Thousands)

	<u>ERS</u> March 31, 2020	<u>TRS</u> June 30, 2019
Valuation date		
Employers' total pension liability/(asset)	\$194,596,261	\$119,879,474
Plan Net Position	<u>168,115,682</u>	<u>122,477,481</u>
Employers' total pension liability	26,480,579	(2,598,007)
Ratio of plan net position to the Employers' total pension liability	86.39%	102.2%

See independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8: PENSION PLANS (CONTINUED)**

**PAYABLES TO THE PENSION PLAN**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$229,878.

For TRS, employer contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 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, 2020 amounted to \$2,474,309.

**NOTE 9: INTER-FUND TRANSACTIONS – GOVERNMENTAL FUNDS**

**Inter-fund transactions and balances are as follows:**

	<u>Inter-fund</u> <u>Receivable</u>	<u>Payable</u>	<u>Inter-fund</u> <u>Revenues</u>	<u>Expenditures</u>
General	\$ 1,015,111	\$ 23,062	\$ 115,880	\$ 1,171,643
Special Aid	-	1,015,094	58,299	150,000
School Food Service	19,154	-	13,344	-
Capital Projects	-	20	1,250,000	236,314
Debt Service	<u>4</u>	<u>-</u>	<u>127,000</u>	<u>6,566</u>
Total government funds	<u>1,034,269</u>	<u>1,038,176</u>	<u>1,564,523</u>	<u>1,564,523</u>
 Fiduciary	 <u>5,127</u>	 <u>1,220</u>	 <u>-</u>	 <u>-</u>
Total	<u>\$ 1,039,396</u>	<u>\$ 1,039,396</u>	<u>\$ 1,564,523</u>	<u>\$ 1,564,523</u>

See independent auditors' report

# **UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 9: INTER-FUND TRANSACTIONS – GOVERNMENTAL FUNDS (CONTINUED)**

Inter-fund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

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 inter-fund payables are expected to be repaid within one year.

### **NOTE 10: POST-EMPLOYMENT BENEFITS (HEALTH INSURANCE) OBLIGATION PAYABLE**

#### **A) General information about the OPEB Plan**

**Plan description** – The District administers a defined benefit OPEB plan that provides OPEB for permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

#### **Funding Policy**

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2020 approximately \$6,020,158 was paid on behalf of 554 retirees.

**Benefits Provided** – The District provides for continuation of healthcare and life insurance benefits for certain retirees, their spouses, 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.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10: POST-EMPLOYMENT BENEFITS (HEALTH INSURANCE) OBLIGATION PAYABLE  
(CONTINUED)**

**A) General information about the OPEB Plan (Continued)**

**Employees Covered by Benefit Terms** – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	539
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>689</u>
Total plan members	<u>1,228</u>

**B) Net OPEB Liability**

The District's total OPEB liability of \$216,228,088 was measured as of July 1, 2019 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability at June 30, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4 percent
Salary increases	3.5 percent, average, including inflation
Discount rate	3.5 percent
Healthcare cost trend rates	7.0 percent to 3.94 percent over 69 years

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

Mortality rates were based on the RPH-2014, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions in regard 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.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10: POST-EMPLOYMENT BENEFITS (HEALTH INSURANCE) OBLIGATION PAYABLE  
(CONTINUED)**

**C) Changes in the Total OPEB Liability**

Balance at July 1, 2018	\$ 206,939,122
<u>Changes for the Year:</u>	
Service cost	7,631,740
Interest	8,196,287
Changes of benefit terms	(1,342,610)
Differences between expected and actual experience	-
Changes in assumptions or other inputs	364,547
Benefit payments	<u>(5,560,998)</u>
<b>Net change in total OPEB liability</b>	<b><u>9,288,966</u></b>
Balance at July 1, 2019	<b><u>\$ 216,228,088</u></b>

Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent on July 1, 2018 to 3.5 percent on July 1, 2019, and the actuarial cost method was changed from Projected Unit Credit to Entry Age Normal – Level of Pay.

*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 (2.50 percent) or 1 percentage point higher (4.50 percent) than the current discount rate:

	1% Decrease <u>(2.50%)</u>	Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Total OPEB liability	\$ 254,660,910	\$ 216,228,088	\$ 185,655,520

*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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current healthcare cost trend rate:

	1% Decrease (6.0% Decreasing <u>to 2.94%</u> )	Healthcare Cost Trend Rates (7.0% Decreasing <u>to 3.94%</u> )	1% Increase (8.0% Decreasing <u>to 5.94%</u> )
Total OPEB liability	\$ 180,779,139	\$ 216,228,088	\$ 262,318,848

# UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10: POST-EMPLOYMENT BENEFITS (HEALTH INSURANCE) OBLIGATION PAYABLE (CONTINUED)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$154,940. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (19,027,721)
Changes of assumptions or other inputs	296,913	(23,556,913)
Employer Contributions subsequent to the measurement date	<u>5,849,633</u>	<u>-</u>
Total	<u>\$ 6,146,546</u>	<u>\$ (42,584,184)</u>

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>
2021	\$(14,330,477)
2022	(14,330,477)
2023	(10,582,523)
2024	(3,070,171)
2025	26,377
2026 and Thereafter	-

### NOTE 11: 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.

#### Consortiums and self-insured plans

The District participates in the Broome-Tioga, Delaware Health Insurance, a non-consortium-risk-retained public entity risk pools for its employee health and accident insurance coverage. The pool is operated for the benefit of seventeen individual governmental units located within the pools geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$1,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$1,000,000 limit, and the District has essentially transferred all related risk to the pool. At June 30, 2020, the estimated Incurred But Not Reported (INBR) amount for claims to be paid in 2020/21 is \$1,035,639.

See independent auditors' report

# **UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 12: 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 13: COMMITMENTS AND CONTINGENCIES**

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.

### **NOTE 14: 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 \$214,329.

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 15: TAX ABATEMENTS**

The County of Broome enters various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced by \$74,961. The District received payment in lieu of tax (PILOT) payments totaling \$82,042.

### **NOTE 16: PRIOR PERIOD ADJUSTMENT**

There is a prior period adjustment for receivables from New York State which pertain to prior years, for which no payment date is available. This adjustment has been added to fund balance as it would have been prior years' revenue had the funds been available.

### **NOTE 17: SUBSEQUENT EVENTS**

The District has evaluated events through October 5, 2020, which is the date the financial statements are available to be issued, for possible disclosure and recognition in the financial statements. On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact revenue and the COVID-19 pandemic has created a high degree of uncertainty. Since a large percentage of the District's revenues are obtained through federal and state funding, the District will adjust and update the budget in conjunction with changes to these funding sources. There has been a reduction in state aid thus far and New York State may continue to adjust state aid in the 2020-21 fiscal year. If state revenues are below projections and the federal government does not provide additional aid to the state, then a reduction in aid to school districts may continue. The implications of COVID-19 will be long term; we expect changes to federal and state funding. The extent of these adjustments are unknown at this time.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

**AND**

**SUPPLEMENTARY INFORMATION**



**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
LAST THREE FISCAL YEARS**

	<b>JUNE 30, 2020</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>			
Service cost	\$ 7,631,740	\$ 8,735,735	\$ 11,318,591
Interest	8,196,287	8,788,092	7,614,645
Changes of benefit terms	(1,342,610)	-	-
Difference between expected and actual experience	-	(30,252,799)	-
Changes of assumptions	364,547	(13,113,241)	(34,366,830)
Benefit payments	<u>(5,560,998)</u>	<u>(5,193,182)</u>	<u>(4,907,640)</u>
<b>Net change in total OPEB liability</b>	9,288,966	(31,035,395)	(20,341,234)
<b>Total OPEB liability - beginning</b>	<u>206,939,122</u>	<u>237,974,517</u>	<u>258,315,751</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 216,228,088</u></u>	<u><u>\$ 206,939,122</u></u>	<u><u>\$ 237,974,517</u></u>
<b>Covered payroll</b>	\$ 32,109,215	\$ 30,993,527	\$ 30,609,714
<b>Total OPEB liability as a % of covered payroll</b>	673.41%	667.68%	777.45%

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.

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
NYSLRS  
LAST 10 FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 825,226	\$ 1,217,681	\$ 1,309,618	\$ 1,087,379	\$ 1,066,724	\$ 1,104,311	\$ 919,993	\$ 855,039	\$ 859,430	\$ 865,022
Contributions in relation to the contractually required contribution	825,226	1,217,681	1,309,618	1,087,379	1,066,724	1,104,311	919,993	859,430	865,022	882,755
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered -employee payroll	7,441,628	7,631,412	7,156,345	6,466,581	5,983,363	6,058,968	5,813,840	5,950,697	6,199,537	6,444,928
Contributions as a percentage of covered-employee payroll	11.09%	15.96%	18.30%	16.82%	17.83%	18.23%	15.82%	14.37%	13.86%	13.42%

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
NYSLRS PENSION PLAN  
LAST SIX FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	\$ 638,709	\$ 3,101,118	\$ 1,730,248	\$ 618,827	\$ 1,337,489	\$ 4,914,489
District's proportionate share of the net pension liability	0.0189065%	0.0193213%	0.0184143%	0.0191739%	0.0188769%	0.0185588%
District's covered-employee payroll	\$ 5,983,363	\$ 6,058,968	\$ 5,813,840	\$ 5,950,697	\$ 6,199,537	\$ 6,444,928
Plan fiduciary net position as a percentage of the total pension liability	97.90%	90.70%	94.70%	98.24%	96.27%	86.39%

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
NYSTRS  
LAST 10 FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<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>	<b>2020</b>
Contractually required contribution	\$ 2,131,691	\$ 2,116,359	\$ 2,622,518	\$ 3,704,574	\$ 3,676,931	\$ 4,000,230	\$ 3,064,399	\$ 2,795,022	\$ 2,436,377	\$ 2,714,653
Contributions in relation to the contractually required contribution	2,131,691	2,116,359	2,622,518	3,704,574	3,676,931	4,000,230	3,064,399	2,795,022	2,436,377	2,714,653
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered -employee payroll	24,729,593	23,798,607	22,760,645	23,365,591	23,536,326	24,049,396	24,533,203	25,729,891	26,486,115	26,766,620
Contributions as a percentage of covered-employee payroll	8.62%	8.89%	11.52%	15.85%	15.62%	16.63%	12.49%	10.86%	9.20%	10.14%

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)  
NYSTRS PENSION PLAN  
LAST SIX FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
District's proportion of the net pension liability (asset)	\$ (17,063,445)	\$ (15,778,879)	\$ 1,604,035	\$ (1,143,902)	\$ (2,759,873)	\$ (3,978,610)
District's proportionate share of the net pension liability (asset)	0.1531810%	0.1519130%	0.1497640%	0.1504940%	0.1526260%	0.1531410%
District's covered-employee payroll	\$ 23,536,326	\$ 24,049,396	\$ 24,533,203	\$ 25,729,891	\$ 26,486,115	\$ 26,766,620
Plan fiduciary net position as a percentage of the total pension liability (asset)	110.46%	111.48%	99.10%	100.66%	101.53%	102.20%

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

**UNION-ENDICOTT 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, 2020**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
<b>REVENUES</b>				
<b>Local Sources</b>				
Real property taxes	\$ 42,034,686	\$ 35,802,161	\$ 35,795,076	\$ (7,085)
Other tax items	152,042	6,384,567	6,384,740	173
Charges for services	107,100	107,100	146,714	39,614
Use of money and property	333,693	333,693	476,130	142,437
Sale of property and compensation for loss	5,700	76,377	93,706	17,329
Miscellaneous	1,083,000	1,093,212	1,608,552	515,340
Total Local Sources	43,716,221	43,797,110	44,504,918	707,808
State sources	39,610,381	39,685,380	39,751,957	66,577
Federal sources	200,000	200,000	185,771	(14,229)
Total Revenues	83,526,602	83,682,490	84,442,646	760,156
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	6,566	6,566	115,880	109,314
Appropriated fund balance	1,500,000	2,596,368	-	(2,596,368)
Appropriated reserves	\$ 403,363	758,363	-	(758,363)
Total Revenues and Other Financing Sources	\$ 85,436,531	\$ 87,043,787	\$ 84,558,526	\$ (2,485,261)

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

**UNION-ENDICOTT 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, 2020**

	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	\$ 87,416	\$ 97,627	\$ 85,632	\$ 183	\$ 11,812
Central administration	268,610	269,595	266,066	-	3,529
Finance	1,295,148	1,277,897	1,202,472	8,524	66,901
Staff	580,303	628,990	591,557	4,583	32,850
Central services	7,277,636	7,690,643	7,213,199	153,081	324,363
Special items	952,917	948,247	932,661	1,450	14,136
Total General Support	10,462,030	10,912,999	10,291,587	167,821	453,591
<b>Instruction</b>					
Instruction, administration and improvement	2,815,363	2,664,601	2,546,091	14,429	104,081
Teaching - regular school	20,215,817	20,107,894	19,699,776	48,230	359,888
Programs for children with handicapping conditions	12,818,931	12,697,191	12,509,252	7,660	180,279
Occupational education	1,045,577	1,039,393	974,757	500	64,136
Teaching - special school	86,480	129,069	116,973	-	12,096
Instructional media	2,284,379	2,287,489	2,236,420	568	50,501
Pupil services	3,271,841	3,705,805	3,563,397	34,160	108,248
Total Instruction	42,538,388	42,631,442	41,646,666	105,547	879,229
Pupil transportation	1,865,561	2,007,991	1,792,340	9,500	206,151
Employee benefits	22,849,423	22,768,305	22,018,608	-	749,697
Debt service	7,538,050	7,538,050	7,481,685	-	56,365
Total Expenditures	85,253,452	85,858,787	83,230,886	282,868	2,345,033
<b>OTHER FINANCING USES</b>					
Transfers (to)/from other funds	185,000	1,185,000	1,171,643	-	13,357
Total Expenditures and Other Uses	\$ 85,438,452	\$ 87,043,787	84,402,529	\$ 282,868	\$ 2,358,390
Net Change in Fund Balances			155,997		
Fund balance - Beginning			16,680,979		
Fund balance - Ending			\$ 16,836,976		

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET  
AND SECTION 1318 OF REAL PROPERTY TAX LIMIT CALCULATION  
JUNE 30, 2020**

**CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET**

Adopted budget	\$ 85,438,451
Add: Prior year's encumbrances	<u>403,363</u>
Original budget	85,841,814
<b>Budget revision:</b>	
Unanticipated revenues	155,889
Appropriated reserves	<u>1,046,084</u>
Final budget	<u><u>\$ 87,043,787</u></u>

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

2020-2021 Voter-approved expenditure budget	\$ 87,289,972
Maximum allowed	\$ 3,491,599

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

Unrestricted fund balance:	
Assigned fund balance	\$ 1,782,867
Unassigned fund balance	<u>3,358,557</u>
Total unrestricted fund balance	<u>\$ 5,141,424</u>

## Less:

Appropriated fund balance	1,500,000
Encumbrances included in assigned fund balance	<u>282,868</u>
Total adjustments	<u>\$ 1,782,868</u>

General Fund Fund Balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,358,556</u></u>
Actual percentage	3.85%

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



UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
JUNE 30, 2020

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Proceeds of Obligations	Method of Financing				Transfer to Debt Sevice Fund	Fund Balance 06/30/20
			Prior Years	Current Year	Total			State Aid	Federal Aid	Local Sources	Total		
Major capital projects:													
GF Johnson 2016 Smart Bonds 03-15-01-06-0-003-007	\$ 124,103	\$ 403,103	\$ 351,181	\$ 24,150	\$ 375,331	\$ 27,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (375,331)
GF Johnson 2016 Cap Improv 03-15-01-06-0-003-008	82,767	722,803	1,821,026	-	1,821,026	(1,098,223)	742,000	-	-	-	742,000	-	(1,079,026)
LW West 2016 Smart Bonds 03-15-01-06-0-004-014	72,323	125,823	104,213	81,254	185,467	(59,644)	-	-	-	-	-	-	(185,467)
LW West 2016 Cap Improv 03-15-01-06-0-004-015	10,398	276,425	496,661	-	496,661	(220,236)	-	1,030,557	-	-	1,030,557	-	533,896
CF Johnson 2016 Smart Bonds 03-15-01-06-0-006-016	180,606	328,782	217,037	24,150	241,187	87,595	-	-	-	-	-	-	(241,187)
CF Johnson 2016 Cap Improv 03-15-01-06-0-006-017	56,264	822,447	1,689,571	-	1,689,571	(867,124)	-	-	-	-	-	-	(1,689,571)
SR HS 2016 Smart Bonds 03-15-01-06-0-011-035	103,011	383,095	848,027	93,310	941,337	(558,242)	-	14,280	-	-	14,280	-	(927,057)
SR HS Cap Improv 03-15-01-06-0-011-036	88,144	4,344,937	5,562,692	-	5,562,692	(1,217,755)	-	1,405,265	-	-	1,405,265	-	(4,157,427)
JF Snapp 2016 Smart Bonds 03-15-01-06-0-012-018	96,736	240,766	159,800	101,932	261,732	(20,966)	-	-	-	3,500,000	3,500,000	-	3,238,268
TJ Watson 2016 Smart Bonds 03-15-01-06-0-016-015	51,786	383,388	397,606	24,150	421,756	(38,368)	696,000	-	-	-	696,000	-	274,244
TJ Watson Cap Improv 03-15-01-06-0-016-016	43,184	1,110,493	1,572,444	-	1,572,444	(461,951)	-	-	-	-	-	-	(1,572,444)
Bus Garage Cap Improv 03-15-01-06-5-021-009	27,384	549,959	669,652	-	669,652	(119,693)	-	-	-	-	-	-	(669,652)
Bus Garage Cap Improv 03-15-01-06-5-021-010	-	-	9,100	-	9,100	(9,100)	-	-	-	-	-	-	(9,100)
AG McGuiness 2016 Cap Improv 03-15-01-06-0-017-016	513,359	1,309,361	1,876,501	-	1,876,501	(567,140)	-	-	-	-	-	-	(1,876,501)
AG McGuiness Smart Bonds 03-15-01-06-0-017-015	67,163	396,190	395,561	24,150	419,711	(23,521)	-	-	-	-	-	-	(419,711)
District Admin Smart Bonds 03-15-01-06-1-030-005	33,115	74,847	125,835	-	125,835	(50,988)	-	-	-	-	-	-	(125,835)
District Admin 2016 Cap Improv 03-15-01-06-1-030-006	41,982	409,946	421,751	130	421,881	(11,935)	-	-	-	-	-	-	(421,881)
2018 Capital Improv. Proj. - DO 03-15-01-06-1-030-007	-	201,128	46,831	187,018	233,849	(32,721)	-	-	-	-	-	-	(233,849)
2018 Capital Improv. Proj. - GFJ 03-15-01-06-0-003-009	295,934	295,934	208,673	347,689	556,362	(260,428)	85,000	-	-	2,850,000	2,935,000	-	2,378,638
2018 Capital Improv. Proj. - LWW 03-15-01-06-0-004-015	5,394,769	5,394,769	861,696	4,291,296	5,152,992	241,777	-	-	-	-	-	-	(5,152,992)
2018 Capital Improv. Proj. - CFJ 03-15-01-06-0-006-018	1,709,860	1,709,860	556,442	379,242	935,684	774,176	-	-	-	-	-	-	(935,684)
2018 Capital Improv. Proj. - UEHS 03-15-01-06-0-011-038	50,000	591,168	1,566,009	-	1,566,009	(974,841)	-	-	-	-	-	-	(1,566,009)
2018 Capital Improv. Proj. - UEHS 03-15-01-06-0-011-039	2,245,726	1,704,559	199,289	235,792	435,081	1,269,478	-	-	-	-	-	-	(435,081)
2018 Capital Improv. Proj. - UEHS 03-15-01-06-0-011-041	215,000	246,211	12,362	96,463	108,825	137,386	-	-	-	-	-	-	(108,825)
2018 Capital Improv. Proj. - JFS 03-15-01-06-0-012-019	124,805	124,805	90,936	-	90,936	33,869	-	-	-	-	-	-	(90,936)
2018 Capital Improv. Proj. - JFS PH 2 03-15-01-06-0-012-020	-	14,050	11,048	11,094	22,142	(8,092)	-	-	-	-	-	-	(22,142)
2018 Capital Imp. Proj. - TJW PH 2 03-15-01-06-0-016-019	837,059	837,059	412,998	249,734	662,732	174,327	-	-	-	-	-	-	(662,732)
2018 Capital Improv. Proj. - AGM 03-15-01-06-0-017-018	945,442	945,442	574,395	-	574,395	371,047	-	-	-	-	-	-	(574,395)
2018 Capital Imp. Proj. - AGM PH 2 03-15-01-06-0-017-019	401,000	401,000	362,095	238,134	600,229	(199,229)	-	-	-	-	-	-	(600,229)
2018 Capital Imp. Proj. - Bus Gar 03-15-01-06-5-021-011	152,965	152,965	239,549	-	239,549	(86,584)	-	-	-	-	-	-	(239,549)
Major projects (balance forward):	\$ 13,964,885	\$ 24,501,315	\$ 21,860,981	\$ 6,409,688	\$ 28,270,669	\$ (3,769,354)	\$ 1,523,000	\$ 2,450,102	\$ -	\$ 6,350,000	\$ 10,323,102	\$ -	\$ (17,947,567)

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (CONTINUED)**  
**JUNE 30, 2020**

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Proceeds of Obligations	Method of Financing				Transfer to Debt Service Fund	Fund Balance 06/30/20
			Prior Years	Current Year	Total			State Aid	Federal Aid	Local Sources	Total		
<b>Major projects (balance brought forward):</b>	\$ 13,964,885	\$ 24,501,315	\$ 21,860,981	\$ 6,409,688	\$ 28,270,669	\$ (3,769,354)	\$ 1,523,000	\$ 2,450,102	\$ -	\$ 6,350,000	\$ 10,323,102	\$ -	\$ (17,947,567)
<b>Non-major capital projects:</b>													
Buses	2,708,000	2,708,000	2,303,000	278,000	2,581,000	127,000	1,067,200	-	-	248,000	1,315,200	127,000	(1,392,800)
03-15-01-06-2-222-002													
2019 Project GJ Elem	366,000	404,203	-	182,617	182,617	221,586	-	-	-	1,000,000	1,000,000	-	817,383
03-15-01-06-0-003-010													
2019 Project GJ Elem Ph2	-	7,251	-	1,851	1,851	5,400	-	-	-	-	-	-	(1,851)
03-15-01-06-0-003-011													
2019 Project LW Elem	314,000	268,391	-	90,075	90,075	178,316	-	-	-	-	-	-	(90,075)
03-15-01-06-0-004-016													
2019 Project LW Elem Ph2	-	108,756	-	27,759	27,759	80,997	-	-	-	-	-	-	(27,759)
03-15-01-06-0-004-017													
2019 Project CFJ Elem	902,000	803,393	-	339,311	339,311	464,082	-	-	-	-	-	-	(339,311)
03-15-01-06-0-006-019													
2019 Project CFJ Elem Ph2	-	101,506	-	25,908	25,908	75,598	-	-	-	-	-	-	(25,908)
03-15-01-06-0-006-020													
2019 Project High School	13,191,000	12,541,213	-	173,430	173,430	12,367,783	-	-	-	-	-	-	(173,430)
03-15-01-06-0-011-043													
2019 Project High School Ph2	-	435,024	-	111,036	111,036	323,988	-	-	-	-	-	-	(111,036)
03-15-01-06-0-011-044													
2019 Project JFS Ph2	-	7,251		1,851	1,851	5,400	-	-	-	-	-	-	(1,851)
03-15-01-06-0-012-021													
2019 Project TJW Elem	429,000	458,229	-	138,848	138,848	319,381	-	-	-	-	-	-	(138,848)
03-15-01-06-0-016-020													
2019 Project TJW Elem Ph2	-	29,002	-	7,402	7,402	21,600	-	-	-	-	-	-	(7,402)
03-15-01-06-0-016-021													
2019 Project AGM Elem	205,000	206,527	-	18,675	18,675	187,852	-	-	-	-	-	-	(18,675)
03-15-01-06-0-017-020													
2019 Project AGM Elem Ph2	-	14,501	-	3,701	3,701	10,800	-	-	-	-	-	-	(3,701)
03-15-01-06-0-017-021													
2019 Project Admin Ph2	-	7,251	-	1,850	1,850	5,401	-	-	-	-	-	-	(1,850)
03-15-01-06-1-030-008													
2019 Project Bus Garage Ph2	-	14,501	-	3,701	3,701	10,800	-	-	-	-	-	-	(3,701)
03-15-01-06-5-021-012													
19-20 Project	100,000	100,000	-	100,000	100,000	-	-	-	-	100,000	100,000	-	-
03-15-01-06-0-011-042													
Emergency carbon monoxide project	140,000	140,000	121,572	18,428	140,000	-	-	-	-	140,000	140,000	-	-
03-15-01-06-7-999-002													
JFS Building	29,757,000	31,048,570	29,482,569	123,011	29,605,580	1,442,990	24,175,439	1,392,398	-	4,037,744	29,605,581	-	1
03-15-01-06-0-013													
SR HS Recons	118,603	2,158,693	2,158,693	-	2,158,693	-	975,207	-	-	1,183,486	2,158,693	-	-
03-15-01-06-0-011-033													
SR HS Recons	679,542	732,597	1,065,007	3,829	1,068,836	(336,239)	1,068,836	-	-	-	1,068,836	-	-
03-15-01-06-0-011-034													
JF Snapp Recons	214,600	568,696	568,916	161	569,077	(381)	569,077	-	-	-	569,077	-	-
03-15-01-06-0-012-017													
2009 Improvement Project	1,282,000	1,282,000	1,102,856	29,144	1,132,000	150,000	-	-	-	1,282,000	1,282,000	-	150,000
Flood - 2011	775,145	4,055,053	4,055,053	61,742	4,116,795	(61,742)	-	621,155	2,581,442	914,198	4,116,795	-	-
	<u>51,181,890</u>	<u>58,200,608</u>	<u>40,857,666</u>	<u>1,742,330</u>	<u>42,599,996</u>	<u>15,600,612</u>	<u>27,855,759</u>	<u>2,013,553</u>	<u>2,581,442</u>	<u>8,905,428</u>	<u>41,356,182</u>	<u>127,000</u>	<u>(1,370,814)</u>
Totals	<u>\$ 65,146,775</u>	<u>\$ 82,701,923</u>	<u>\$ 62,718,647</u>	<u>\$ 8,152,018</u>	<u>\$ 70,870,665</u>	<u>\$ 11,831,258</u>	<u>\$ 29,378,759</u>	<u>\$ 4,463,655</u>	<u>\$ 2,581,442</u>	<u>\$ 15,255,428</u>	<u>\$ 51,679,284</u>	<u>\$ 127,000</u>	<u>\$ (19,318,381)</u>

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<b>Debt Service</b>	<b>School Food Service</b>	<b>Special Aid</b>	<b>Non-Major Capital Projects</b>	<b>Total Non-Major Funds</b>
<b>ASSETS</b>					
<b>Cash</b>					
Unrestricted	\$ 2,271,665	\$ 568,505	\$ 27,781	\$ 758,909	\$ 3,626,860
<b>Receivables</b>					
Due from other funds	4	19,154	-	-	19,158
Due from fiduciary funds	-	-	-	-	-
State and Federal aid	-	224,541	1,044,976	-	1,269,517
Other	-	780	-	-	780
Inventories	-	87,722	-	-	87,722
<b>Total Assets</b>	<u>\$ 2,271,669</u>	<u>\$ 900,702</u>	<u>\$ 1,072,757</u>	<u>\$ 758,909</u>	<u>\$ 5,004,037</u>
<b>LIABILITIES</b>					
<b>Payables</b>					
Accounts payable	\$ -	\$ 65,441	\$ 17,445	\$ 736,903	\$ 819,789
Accrued liabilities	-	1,938	2,840	-	4,778
Due to other funds	-	-	1,015,094	20	1,015,114
Due to fiduciary funds	-	-	-	-	-
Due to other governments	-	77	-	-	77
<b>Notes payable</b>					
Bond anticipation notes	-	-	-	1,392,800	1,392,800
<b>Deferred credits</b>					
Unearned	-	27,518	37,378	-	64,896
<b>Total Liabilities</b>	<u>-</u>	<u>94,974</u>	<u>1,072,757</u>	<u>2,129,723</u>	<u>3,297,454</u>
<b>FUND BALANCES</b>					
Nonspendable	-	87,721	-	-	87,721
Restricted	2,271,669	-	-	-	2,271,669
Assigned	-	718,007	-	-	718,007
Unassigned	-	-	-	(1,370,814)	(1,370,814)
<b>Total Fund Balances</b>	<u>2,271,669</u>	<u>805,728</u>	<u>-</u>	<u>(1,370,814)</u>	<u>1,706,583</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,271,669</u>	<u>\$ 900,702</u>	<u>\$ 1,072,757</u>	<u>\$ 758,909</u>	<u>\$ 5,004,037</u>

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

**UNION-ENDICOTT 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, 2020**

	<b>Debt Service</b>	<b>School Food Service</b>	<b>Special Aid</b>	<b>Non-Major Capital Projects</b>	<b>Total Non-Major Funds</b>
Use of money and property	\$ 33,214	\$ 862	\$ -	\$ -	\$ 34,076
Miscellaneous	125,644	146,699	-	-	272,343
State sources	-	29,490	704,207	-	733,697
Federal sources	-	1,915,791	2,547,090	717,976	5,180,857
Local sources	-	-	711,972	-	711,972
Surplus food	-	130,879	-	-	130,879
Sales - school lunch	-	240,950	-	-	240,950
<b>Total Revenues</b>	<b>158,858</b>	<b>2,464,671</b>	<b>3,963,269</b>	<b>717,976</b>	<b>7,304,774</b>
<b>EXPENDITURES</b>					
Instruction	-	-	3,833,492	-	3,833,492
Pupil transportation	-	-	38,076	-	38,076
Employee benefits	-	383,971	-	-	383,971
Debt service					
Principal	-	-	-	-	-
Interest	93,884	-	-	-	93,884
Cost of sales	-	1,736,224	-	-	1,736,224
Capital outlay	-	-	-	1,633,015	1,633,015
<b>Total Expenditures</b>	<b>93,884</b>	<b>2,120,195</b>	<b>3,871,568</b>	<b>1,633,015</b>	<b>7,718,662</b>
Excess (Deficiency) of Revenues Over Expenditures	64,974	344,476	91,701	(915,039)	(413,888)
<b>OTHER FINANCING SOURCES AND USES</b>					
Proceeds from debt	-	-	-	460,600	460,600
Operating transfers in	127,000	13,344	58,299	1,100,000	1,298,643
Operating transfers (out)	(6,566)	-	(150,000)	(236,314)	(392,880)
<b>Total Other Sources (Uses)</b>	<b>120,434</b>	<b>13,344</b>	<b>(91,701)</b>	<b>1,324,286</b>	<b>1,366,363</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Revenues (Uses)	185,408	357,820	-	409,247	952,475
<b>Fund Balances - Beginning of year</b>	<b>2,086,261</b>	<b>447,908</b>	<b>-</b>	<b>(1,780,061)</b>	<b>754,108</b>
<b>Fund Balances - End of Year</b>	<b>\$ 2,271,669</b>	<b>\$ 805,728</b>	<b>\$ -</b>	<b>\$ (1,370,814)</b>	<b>\$ 1,706,583</b>

See paragraph on supplementary schedules in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Capital Assets, net</b>		<b>\$ 110,849,376</b>
<b>Deduct:</b>		
Bond Anticipation Notes	19,471,360	
Premium on bonds payable	(125,644)	
Short-term portion of bonds payable	4,700,000	
Long-term portion of bonds payable	18,485,000	
Less: unspent bond proceeds	<u>(1,009,214)</u>	
		<u>41,521,502</u>
Investment in capital assets, net of related debt		<u><u>\$ 69,327,874</u></u>

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

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures(\$)</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Passed Through NYS Education Department:</b>			
<b>Child Nutrition Cluster</b>			
<b>Non-Cash Assistance (Food Distribution)</b>			
National School Lunch Program	10.555		\$ 130,879
<b>Cash Assistance</b>			
School Breakfast Program	10.553		267,937
National School Lunch Program	10.555		598,329
Summer Food Service Program For Children	10.559		<u>1,033,839</u>
Total Child Nutrition Cluster			<u>2,030,984</u>
Fresh Fruit and Vegetable Program	10.582		<u>15,686</u>
Total Department of Agriculture			<u>2,046,670</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Passed Through NYS Education Department:</b>			
<b>Special Education Cluster (IDEA) Cluster</b>			
Special Education - Grants to States (IDEA, Part B)	84.027A	0032-20-0059	1,035,721
Special Education - Preschool Grants (IDEA Preschool)	84.173A	0033-20-0059	<u>31,370</u>
Total Special Education Cluster (IDEA) Cluster			<u>1,067,091</u>
<b>Title I, Part A and Part D</b>			
Title I Grants to Local Educational Agencies	84.010A	0021-19-0185	6,721
Title I Grants to Local Educational Agencies	84.010A	0021-20-0185	1,166,571
Title I Grants to Local Educational Agencies	84.010A	0016-20-0185	352
Title I Grants to Local Educational Agencies	84.010A	0016-19-0185	<u>780</u>
Total Title I, Part A and Part D			<u>1,174,424</u>
<b>Other Programs</b>			
Supporting Effective Instruction State Grants	84.367A	0147-20-0185	166,957
Student Support and Academic Enrichment Grants	84.424A	0204-20-0185	128,256
Student Support and Academic Enrichment Grants	84.424A	0204-19-0185	10,045
Hurricane Education Recovery	84.938C	0080-19-0185	<u>317</u>
Total Other Programs			<u>305,575</u>
Total Department of Education			<u>2,547,090</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Passed through NYS Division of Homeland Security and Emergency Services</b>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4322-DR-NY	717,976
Total Department of Homeland Security			<u>717,976</u>
Total Expenditures of Federal Awards			<u>\$ 5,311,736</u>

See notes to Schedule of Expenditures of Federal Awards

## **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.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

Type of auditors' report issued on whether  
The financial statements were prepared in  
accordance with GAAP: unmodified

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



# VIEIRA & ASSOCIATES

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To the Board of Education  
Union-Endicott Central School District  
1100 East Main Street  
Endicott, New York 13760

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

#### **Independent Auditors' Report**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union-Endicott Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Union-Endicott Central School District's basic financial statements, and have issued our report thereon dated October 5, 2020.

#### **Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

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

*Vieira & Associates CPAs, P.C.*

October 5, 2020  
Endicott, New York

# VIEIRA & ASSOCIATES

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To the Board of Education  
Union-Endicott Central School District  
1100 East Main Street  
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### **REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

#### **Independent Auditor's Report**

##### **Report on Compliance for Each Major Federal Program**

We have audited Union-Endicott Central School District's compliance with the types of compliance requirements described in the **OMB Compliance Supplement** that could have a direct and material effect on each of Union-Endicott Central School District's major federal programs for the year ended June 30, 2020. Union-Endicott Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

##### **Management's Responsibility**

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

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

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Union-Endicott Central School District's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, Union-Endicott Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control Over Compliance**

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

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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Union-Endicott Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Union-Endicott Central School District's basic financial statements. We issued our report thereon dated October 5, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements themselves, and certain additional procedures, including comparing and reconciling directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Vieira & Associates CPAs, P.C.*

October 5, 2020  
Endicott, New York

## FORM OF BOND COUNSEL'S OPINION

March 30, 2021

Union-Endicott Central School District,  
 Counties of Broome and Tioga,  
 State of New York

Re: Union-Endicott Central School District, Broome and Tioga Counties, New York  
 \$4,205,000\* School District Refunding (Serial) Bonds, 2021

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$4,205,000\* School District Refunding (Serial) Bonds, 2021 (the "Obligations"), of the Union-Endicott Central School, Broome and Tioga Counties, State of New York (the "Obligor"), dated March 30, 2021, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of \_\_\_\_ hundredths per centum (\_\_\_\_%) per annum as to bonds maturing in \_\_\_\_, payable on June 15, 2021, December 15, 2021, and semi-annually thereafter on June 15 and December 15, and maturing in the amount of \$\_\_\_\_ on June 15, 2021, \$\_\_\_\_ on June 15, 2022, \$\_\_\_\_ on June 15, 2023, \$\_\_\_\_ on June 15, 2024, \$\_\_\_\_ on June 15, 2025, \$\_\_\_\_ on June 15, 2026, and \$\_\_\_\_ on June 15, 2027.

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 Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations, including the form of the Obligations. 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.

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\* Preliminary, subject to change.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligations: (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 Obligations; 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 Obligations 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 Obligations 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 Obligations.

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 Obligations) 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 Obligations 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 Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP