PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Bond, Schoeneck & King, PLLC, Utica, New York, Bond Counsel, assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statute, regulations and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the federal alternative minimum tax imposed by the Code. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision therein (including The City of New York). See "TAX MATTERS" herein.

The Notes will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

$14,975,000

CITY SCHOOL DISTRICT OF THE CITY OF UTICA

ONEIDA COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE NO. 917763

$14,975,000 Bond Anticipation Notes, Series 2020 (Renewals)

(referred to herein as the "Notes")

Dated: October 8, 2020 **Due: July 22, 2021**

The Notes are general obligations of the City School District of the City of Utica, Oneida County, New York (the "District"), all of the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "TAX INFORMATION – Tax Cap Law."

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued as registered notes registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at maturity at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by the successful bidder(s). In such case, the Notes will be issued as registered in the name of the purchaser in denominations of $5,000 or multiples thereof, as may be determined by such successful bidder(s).

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

The Notes are offered when, as and if issued and received by the Purchaser(s) and subject to the receipt of the unqualified legal opinion as to the validity of the Notes of Bond, Schoeneck & King, PLLC, Bond Counsel, Utica, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon by the purchaser(s), on or about October 8, 2020.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on September 24, 2020 by no later than 11:00 A.M. EDT. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

September 17, 2020

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

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

SCHOOL DISTRICT OFFICIALS

2020-2021 BOARD of EDUCATION

LOUIS D. LAPOLLA
President

ROBERT CARDILLO
Vice President

DONALD DAWES
CHRISTOPHER J. SALATINO
ANTHONY LAPOLLA
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* * * * * * * * * * *

BRUCE J. KARAM
Superintendent of Schools

MICHELE A. ALBANESE
School Business Official

PAMELA BACKMAN
District Treasurer

KATHY HUGHES
District Clerk

DONALD R. GERACE, ESQ.
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisors

BOND SCHOENECK & KING PLLC
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051
http://www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

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

Relating To

$14,975,000 Bond Anticipation Notes, Series 2020 (Renewals)

This Official Statement, which includes the cover page and appendices, has been prepared by the City School District of the City of Utica, Oneida County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the School District of $14,975,000 principal amount of Bond Anticipation Notes, Series 2020 (Renewals) (referred to herein as the "Notes").

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

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

THE NOTES

Description of the Notes

The Notes will be dated October 8, 2020 and will mature July 22, 2021. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The Notes are general obligations of the District, all of the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon without limitation as to rate or amount. See "TAX INFORMATION – Tax Cap Law."

At the option of the purchaser, the Notes will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as Securities Depository for the Notes. Individual purchases will be made in book-entry form only, in the principal amount of $5,000, or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes.

Principal and interest on the Notes are payable at 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 Notes, as described herein. The Notes may be transferred in the manner described on the Notes and as referenced in certain proceedings of the District referred to therein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law and three bond resolutions adopted by the Board of Education of the School District on June 26, 2018 authorizing the issuance of $14,975,000 serial bonds to finance improvements to District athletic facilities at Proctor High School, John F. Kennedy Middle School, and James Donovan Middle School.

District Facilities	Authorization Date	Amount Authorized	Amount Outstanding	Amount to be Renewed
Proctor H.S.	6/26/2018	$ 5,925,000	$ 5,925,000	$ 5,925,000
John F. Kennedy M.S. and James Donovan M.S.	6/26/2018	4,725,000	4,725,000	4,725,000
Proctor H.S., John F. Kennedy M.S. and James Donovan M.S.	6/26/2018	4,325,000	4,325,000	4,325,000
	Totals:	$ 14,975,000	$ 14,975,000	$ 14,975,000

The issuance of the Notes will fully redeem and renew $14,975,000 bond anticipation notes maturing October 9, 2020 for the aforementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

If this option is chosen, DTC, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued bearing the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.2 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"). DTC has Standard & Poor's highest rating: AAA. 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.

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

Certificated Notes

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

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office to be named by the District. The Notes are not subject to redemption prior to their stated final maturity date.

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THE SCHOOL DISTRICT

General Information

The City of Utica (the "City"), the boundaries of which are coterminous with the boundaries of the District, is located in the central part of the State with a land area of 17 square miles.

The City's principal industries are light manufacturing, electronics, data processing and service industries. Locally owned firms are supplemented by divisions of such nationally known corporations as Special Metals of Allegheny Ludlum Corporation and West End Brewery, maker of Utica Club and Matts beer. Recent economic developments within the City include the planning of a downtown hospital, the expansion of the Utica Auditorium and a new professional indoor soccer team of the Major Arena Soccer League.

Major highways serving the City are New York State Routes 5, 8, 12 and 49 as well as the New York State Thruway (I-90). Interstate Routes 81 and 87 provide limited access north-south with connections via Syracuse and Albany short distances away. The City is also served by the Conrail system with switching facilities.

Source: District officials.

Population Trends

The current estimated population of the District is 60,675. (Source: 2018 U.S. Census Bureau estimate)

Year	City of Utica	Oneida County	New York State
1960	100,410	264,401	16,782,304
1970	91,611	273,070	18,236,882
1980	75,632	253,466	17,558,072
1990	68,637	250,836	17,990,455
2000	60,651	235,469	18,976,457
2010	62,235	234,878	19,378,102
2017 (estimate)	60,635	231,332	19,849,399
2018 (estimate)	60,100	229,577	19,542,209
2019 (estimate)	59,750	228,671	19,453,561

Source: U.S. Census Bureau.

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2014-2018	2000	2006-2010	2014-2018
City of:						
Utica	$ 15,248	$ 17,754	$ 21,581	$ 33,818	$ 40,817	$ 41,904
County of:						
Oneida	18,516	23,458	28,548	45,341	58,017	67,773
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

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.

Major Employers

Name of Employer	Type of Business	Number of Employees
Oneida Indian Nation	Resort Casino	4,572
Mohawk Valley Network	Medical facilities	4,005
Resource Center for Independent Living Inc	Human Services	1,935
Upstate Cerbral Palsy	Social Services	1,700
Metlife Inc.	Insurance/Finance	1,317
Utica School District	Education	1,232
Remington Arms	Manufacturing	1,200
Utica National Insurance Group	Finance/Insurance	1,061
Rome Memorial Hospital	Healthcare	1,051
Wal-Mart Stores Distribution Center	Warehousing/Transportation	1,011
Defense Finance and Accounting Services (Federal Govt)	Insurance/Finance	1,000
The Masonic Care Community of NY	Healthcare	900
ConMed	Manufacturing	900
Rome City School District	Education	879
BNY Mellon	Insurance/Finance	835
Air Force Research Lab	Research and Development	800
The Hartford	Insurance/Finance	693
Hamilton College	Education	668
Bank of America	Insurance/Finance	600
The Arc, Oneida-Lewis Chapter	Insurance/Finance	561
Utica College	Education	552
Carbone Auto Group	Auto Services	525
Expert Global Solutions	Manufacturing	450
Indium Corporation	Manufacturing	444
Special Metals Corp	Manufacturing	430
Mohawk Valley Community College	Education	423
Lutheran Ministries	Healthcare	413
SUNY Polytechnic Institute	Education	407
Herkimer ARC	Social Services	405
Giotto Enterprises	Manufacturing	402
PAR Technology Corp	Manufacturing	400
Excellus BCBS	Insurance/Finance	375
Revere Cooper	Manufacturing	362
Family Dollar	Warehouse/Transportation	350

In addition to the above, the Federal, State, and County governments and school districts in the Utica-Rome Metropolitan Statistical Area employ approximately 22,700 people.

Source: Mohawk Valley Economic Development Growth Enterprises Corporation (EDGE).

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 City of Utica and the County of Oneida. The information set forth below with respect to the City, County, and 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 City, County or State is necessarily representative of the District, or vice versa.

	Annual Average							
	2012	2013	2014	2015	2016	2017	2018	2019
City of Utica	10.0%	8.8%	7.5%	6.3%	5.7%	6.2%	5.4%	5.2%
Oneida County	8.2	7.5	6.1	5.4	4.8	5.1	5.7	4.3
New York State	8.5	7.7	6.3	5.3	4.8	4.7	4.1	4.0

	2020 Monthly Figures							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
City of Utica	5.4%	4.8%	5.1%	17.9%	14.5%	14.8%	17.2%	N/A
Oneida County	4.9	4.5	4.9	15.1	11.3	11.0	12.5	N/A
New York State	4.1	3.9	4.2	15.1	14.2	15.5	16.0	N/A

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

ECONOMIC DEVELOPMENT EFFORTS

Northeast UAS Airspace Integration Research Alliance

In December 2014, Northeast UAS Airspace Integration Research Alliance (NUAIR Alliance) and Griffiss International Airport announced they were awarded $4 million in grant funding through the fourth round of Governor Cuomo's competitive Regional Economic Development Council (REDC) process. The grant will support the installation of state-of-the-art instrumentation for tracking of unmanned aircraft systems (UAS) operations at Griffiss International Airport and at approved locations in Central and Northern New York, and the Mohawk Valley.

This investment will allow NUAIR and its alliance partners to deploy state-of-the-art range instrumentation which can track UAS in the air and provide safety-enhancing sense and avoid capabilities. This testing capability is the first of its kind at any UAS test site in the country, making Griffiss International Airport a strategic location for the emerging UAS industry.

A recent development is the adoption of a plan for Gryphon Sensors to move forward with phase one of the UAS Flight Environment Capital Project. In September 2017 NUAIR Alliance announced the launch of the first part of the 50 mile Central New York Drone Air Corridor as the first air corridor in the nation where unmanned aerial vehicles can safely fly beyond line of sight for testing and development.

In February of 2020 it was announced that NUAIR and The New York UAS Test Site joins AiRXOS as an industry-leading partner, helping to scale and accelerate the adoption of safe and compliant unmanned aircraft system traffic management (UTM) solutions. AiRXOS recently announced the expansion of their Air Mobility Platform Ecosystem with the addition of 11 unmanned aircraft system (UAS) technology, service, and business partners, including NUAIR. New partnership advances the safe integration of unmanned aircraft, also known as "drones", into the manned airspace and the adoption of UAS technology by New York State agencies.

Turning Stone Resort Casino

The Oneida Indian Nation opened the Point Place Casino in Bridgeport on March 1, 2018 and employs approximately 200 people.

On August, 1, 2019, the Oneida Indian Nation opened The Lounge with Caesars Sports, a sports book venue at Turning Stone and Point Place Casino, in development with Caesars Entertainment.

ConMed

ConMed is a leading orthopedic products company that distributes products to hospitals, surgical centers and physician's offices. The business is headquartered in Utica, with facilities nationwide, and is certified to sell products in European markets. ConMed employs 700 people in Central New York and has annual revenues in excess of $300 million.

Griffiss Business & Technology Park

Griffiss Business and Technology Park ("Griffiss Park") is a 3,500-acre multi-use business, technology and industrial park on the grounds of the former Griffiss Air Force Base in nearby Rome. There are approximately 75 employers at Griffiss Park, and total employment of approximately 6,000. Major employers include the Air Force Research Laboratory, Defense Finance and Accounting Service, Eastern Air Defense Sector, Goodrich Corporation, BAE Systems, Cathedral Corporation, ITT Technology, Premier Aviation, MGS Manufacturing, Birnie Bus Services and the Rome City School District.

Approximately $600 million in public and private funding has been invested in the development of Griffiss Park over the last 20 years. These capital projects included demolition of more than 2.5 million square feet of obsolete former military buildings and housing to make way for new development; construction of a new parkway and other roads to improve the transportation system; construction of a new public high school; a project to consolidate and improve space occupied by the Air Force Research Lab; construction of a new distribution center for Family Dollar, a research and development facility for Renmatix Inc., a cellulosic fuel research company, and new manufacturing plants for UTC Aerospace, MGS Manufacturing, Sovena USA, and Kris-Tech Wire; construction of new office buildings for various private sector uses; capital improvements to numerous facilities for industrial use; and infrastructure improvements to make various parcels shovel ready for development.

- Griffiss Park employees commute from 30 different counties including Oneida County.
- The Griffiss Institute ("GI") facilitates the cooperation of private industry, academia and government in developing solutions to critical cyber security problems. Their services included: 300 students using the Prometric test center for IT testing services, tenants include BAE Systems, CUBRC, EVERIS, Quanterion, Cyber-Defense Institute & GI Malware Lab. STEM outreach trained 50 teachers, 20 schools and 4,800 students participated; hosted 35 summer interns; created 12 new jobs in the business incubator; facilitated 70 technology exchange meetings, 5 STEM competitions for students and 2 summer camps.

- Griffiss International Airport completed the rehabilitation of all of its five Nose Docks on grounds and also completed a construction project for new tail doors for an Aviation Hangar, Building 100.
- Griffiss International Airport recently completed its new $7.1 million airport terminal which includes a Customs Inspection Building.

Additional Information

- Twenty-four pieces of public art have been leased or purchased to create Griffiss International Sculpture Garden. These sculptures are located along walking paths and heavily developed sections of Griffiss Park.
- Griffiss Land Development Corporation (GLDC) demolished the shop on March Street and AFRL demolished building 102 and 104.
- Griffiss Utilities Services Corporation (GUSC) recently completed an $18 million project for a 15 megawatt biomass combined heat power plant.

It is important to note that a large number of workers at the Griffiss Business and Technology Park travel from the City of Utica to work in the City of Rome.

RECENT URBAN & ECONOMIC DEVELOPMENT EFFORTS

The City of Utica has engaged with a number of local, regional, national and global companies that are developing or expanding their facilities within the borders of Utica. A listing of those companies and a project description are below:

PRRC, Inc. – Price Rite

Price Rite Grocery Store, a deep discount full service grocery store, opened June 26, 2017 on Bleecker Street in what would be a labeled a 'food desert'. Employing about 85 people, the store occupies 30,000 square feet in an area of downtown that previously lacked options for groceries.

253 New Century, LLC

Bowers Development purchased the former New Century Club from the City of Utica for which the City had taken for back taxes over 15 years ago. Fallen into disrepair, the National Landmark will be renovated into class A office space. 15 or more full time employees will be employed at the facility and over $2 million will be injected into the 15,000-square foot facility.

120 Security, LLC

Bowers Development also purchased the former Security Building from the City which was taken for back taxes over 15 years ago. In need of complete gutting and renovation, the owners will inject over $2 million into the building to which an end user has been identified.

167 Genesee Street, LLC

$4.2 million was invested into the Westwood building which houses the Westwood apartments that opened 22 loft units in January 2019 with a tenant lounge, laundry and fitness room. On the first floor there is a Jimmy John's sandwich shop which opened in September 2018 and a Street Corner Market which is an urban full service grocery store.

Doyle Hardware Bldg, LLC

An icon in Utica, the former Doyle Hardware building has been purchased by a Syracuse developer and will be developed into 55 loft housing units and office and retail space. At 83,000 square feet, over $14 million will be used to renovate the structure. 31 full time employees are anticipated to be employed at the building.

Harbor Point Lodging Associates, LLC

A site has been purchased on North Genesee Street at the foot of Harbor Point for the construction of an 89-room HOME2 Hotel. This is the first extended stay hotel in the immediate area and will cater to guests needing to stay for two weeks and longer. Approximately 13 full time employees will be employed at the facility, which has a budget of $11 million.

Compassion Coalition, Inc. – Grocery Expansion Project

The Compassion Coalition's previous grocery store, which was located in a highly distressed neighborhood, lies in the Mohawk Valley Health System's footprint for a new hospital. As such, the facility has relocated to Lincoln Avenue on land purchased from the Utica Urban Renewal Agency. In order to better serve the customers at their new location, the grocery was be expanded from 1,200 sq. ft. to 12,000 sq. ft. in order to improve store layout and make room for newer freezers. The new Bargain Grocer opened in December 2018 and added 10 additional employees.

Bagg's Square Partners, LLc – Baggs Square Thincubator Lofts

Bagg's Square Partners has acquired an abandoned property at 310 Broad Street, renovate the first floor for commercial use and the upper floors to loft apartments.The City of Utica, through its Community Development Block Grant allotment from US Housing and Urban Development, has and continues to make low-interest loans to qualifying companies for equipment and working capital needs. The City's Department of Urban & Economic Development also provides façade funding for identified neighborhoods in the central urban core.

Through New York State's Consolidated Funding Application process, the City of Utica has secured funding for a number of infrastructure projects and funding has also been provided for a number of private secure business concerns including:

Several years ago, the City completed improvements in and around the Gateway Urban Industrial Park which is the City's largest development parcel at nearly 13 acres. Work to the Park was funded by nearly $4 million in combined Federal, State and local funds. The site has been heavily marketed, and portions have been subdivided and sold for private development. Other interest has been generated lately for housing, retail and entertainment purposes.

While the intended occupant of the Chip Fab site to the north of SUNY Polytechnic Institute withdrew their commitment to the site, Cree from Durham, N.C. has begun work on a $1 billion silicon carbide device facility that will be the largest in the world. The facility is expected to employ 614 people by 2029.

Plans for Harbor Point have progressed rapidly with the creation of a local development corporation who will be directly responsible for oversight of development. With seed funding of $250,000 from the State of New York, the LDC hired a consultant team responsible for creating a master plan for the entire Harbor area, transforming the land into the City's premier development area with a mix of residential, recreational and retail uses. The plan is based on a market study and incorporates considerable public input. With further funding from the State, the consultant team has completed a Generic Environmental Impact Statement for the project which was approved by the Common Council and constructed a more appropriate, aesthetically-pleasing entrance to the Harbor last fall. Plans for further improvements to the Harbor are in the design phase, including the reconstruction of the bulkhead walls and the closure of a dredge spoils area, both of which are necessary to induce private investment. On the private development side, Marriott's Fairfield Inn & Suites Hotels recently held the grand opening of their newest hotel in the Harbor Point area and plans have been approved by the City Planning Board for a HOME2, an extended-stay hotel, adjacent to the Harbor.

On September 22, 2015, the Mohawk Valley Health System (MVHS) announced its selection for a potential site of a new hospital for the community. The new hospital would be located in downtown Utica and replace the two inpatient campuses, Faxton St. Luke's Healthcare (FSLH) and St. Elizabeth Medical Center (SEMC). The $575 million project will be funded with a $300 million State grant, MVHS financing, other grant opportunities and philanthropy. Recently, Memorandum of Agreements have been signed by the Mayor of the City of Utica and (separately) passed by the Oneida County Board of Legislators to fund the construction of a separate Parking Garage facility with a 60%/40% County/City cost sharing agreement. Ground was broken on December 12, 2019 for the 25-acre hospital campus.

On February 19, 2020 ground was broken for the $44 million Nexus Center in downtown Utica which will be a world-class recreation and sporting complex. The 169,440 square foot complex will serve as a premier tournament-based facility for ice hockey, box Lacrosse, soccer and other field sports. It is planned to have grand opening in the summer of 2021.

Upper Mohawk Valley Regional Water Finance Authority

On August 2, 1994, Article 5, Title 10 of the Public Authorities Law was enacted creating the Upper Mohawk Valley Regional Water Finance Authority (the "Authority") and Article 5, Title 10-A of said Law was enacted creating the Upper Mohawk Valley Regional Water Board (the "Board"). The Authority is a public benefit corporation and the Board is a corporate municipal instrumentality. On December 19, 1996 the Authority issued $25,525,000 of bonds, proceeds of which were paid to the City as the purchase price of the City's water supply, filtration and distribution system. The purchase price paid by the Board to the City was in such amount necessary (i) to redeem the City's then outstanding $11,445,000 bond anticipation notes issued for the purpose of paying the cost of the construction of the City's water filtration plant, (ii) to defease the City's then outstanding Series 1993 A Bonds sold by the City to the New York State Environmental Facilities Corporation on June 23, 1993 in the principal amount of $3,004,825, and (iii) to provide to the City $9,000,000 for deposit by the City in a City of Utica Capital Improvement Trust Fund (the "Trust Fund"), and further included delivery of a $7,000,000 promissory note of the Authority to be amortized by the payment of $150,000 in the second year; $200,000 in the third year; $250,000 in the fourth year; $300,000 in the fifth year; $448,036 in the sixth year and $480,715 in each of the years seven through forty. The promissory note is subordinate to the bonds issued by the Authority.

Not more than fifty per centum of the principal corpus plus interest earned or capital gain realized by the City in the immediately preceding fiscal year of the City from any such investment in the Trust Fund may be authorized to be and thereafter expended by a two-thirds vote of the Council of the City for any City object or purpose defined as a capital improvement or to pay principal of or interest on obligations of the City issued for any such capital improvements provided: (i) the Mayor shall have theretofore submitted to the City Council and the City Council shall have approved a five year capital plan for the City, and (ii) the capital improvement or improvements for which any such moneys will be expended is described and approved in such a capital plan, and (iii) not withstanding paragraphs (i) and (ii) the expenditure of any amount of such moneys specifically allocated to the City budget to pay the principal of or interest on any existing obligations of the City may be authorized in the same manner and by the same voting strength as provided for in the adoption of the annual City budget. Any amount of interest earned or capital gain realized from any such investment and not expended in any fiscal year of the City as herein provided shall, on the first day of the next succeeding fiscal year of the City, be added to and become a part of the principal corpus of said Trust Fund.

Because of the sale of the City's water supply, filtration and distribution system to the Board, the City has had no further responsibility to provide potable water to its residents and other areas outside the City. In recent years, the Authority has issued additional debt in connection with its operations; the City has no responsibilities or financial obligations in connection therewith.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the District. However, certain of the financial management functions of the District are the responsibility of the Superintendent of Schools and the Director of Business & Finance.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the District for the ensuing fiscal year. The Board causes to be printed or otherwise reproduced at least one hundred copies of the tentative budget. The tentative budget, together with copies thereof, is filed with the Clerk of the Board at least thirty days prior to the beginning of the ensuing fiscal year. A public hearing on such budget is held prior to the vote. The Board of Education causes notice of such hearing to be published prior to 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 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 "Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the 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 Tax Cap also must receive at least 60% voter approval.

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

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). Clarification may be needed to determine whether a Board of Education must adopt a budget that requires the same tax levy amount as used in the prior fiscal year, or whether changes to the levy are permitted for such purposes as the permitted school district exclusions or the tax base growth factor. For a complete discussion of Chapter 97, see "TAX INFORMATION - Tax Cap Law" herein.

Recent Budget Vote Results

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019 by a vote of 1,868 to 471. The District's adopted budget for 2019-20 fiscal year will remain within the Tax Cap imposed by Chapter 97. The budget for the 2019-20 fiscal year calls for a 0.00% tax increase, which is below the maximum allowable Tax Cap.

The budget for the 2020-21 fiscal year was approved by the qualified voters on June 16, 2020 by a vote of 5,486 to 1,156. The District's adopted budget for 2020-21 fiscal year will remain within the Tax Cap imposed by Chapter 97. The budget for the 2020-21 fiscal year calls for a 0.00% tax increase, which is below the maximum allowable Tax Cap.

Investment Policy

Pursuant to the statutes of the State, the District is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts or certificates of deposits issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit as those terms are defined in law; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State; (5) with the approval of the State Comptroller, Bond Anticipation Notes or revenue anticipation notes issued by any New York municipality, school district or district corporation, other than the District; (6) obligations of New York public benefit corporations which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State as those terms are defined in law; or (8) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) savings accounts, negotiable order of withdrawal (NOW) accounts or money market accounts of designated banks; (2) certificates of deposits issued by a bank or trust company located and authorized to do business in the State; (3) demand deposit accounts in a bank or trust company authorized to do business in the State; (4) obligations of the State; (5) obligations of the United States Government (U.S. Treasury Bills and Notes); and (6) repurchase agreements involving the purchase and sale of direct obligations of the United States.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2020-21 fiscal year, approximately 80.99% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

COVID-19

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

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 "State Aid History" herein).

Potential reductions in Federal aid received by the State.

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

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

The State 2020-2021 Budget continues to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by $850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2020-2021 preliminary building aid ratios, the District State Building aid of approximately 98.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

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

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

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of $991 million over 2015-16, $863 million of which 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 $19,097,179. The District has been 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.

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

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

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State Aid Revenues

The following table illustrates the percentage of total revenues comprised of State aid of the District for each of the last five completed fiscal years, the unaudited results for the 2019-20 fiscal year and the budgeted figures for the 2020-2021 fiscal year.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2014-2015	$ 142,452,243	$ 104,904,389	73.64%
2015-2016	161,092,436	124,932,157	77.55
2016-2017	161,913,354	125,491,205	77.51
2017-2018	176,178,123	140.587,543	79.80
2018-2019	179,613,736	142,872,443	79.54
2019-2020 (Unaudited)	185,046,275	148,668,291	80.30
2020-2021 (Budgeted)	186,643,034	151,160,429	80.90

Source: Audited Financial Statement for the 2014-2015 fiscal year through and including the 2018-2019 fiscal year, and the adopted budget for 2020-2021 fiscal year of the District. The 2019-2020 unaudited figures are estimates and the audited results will likely vary therefrom. This table is not audited.

District Facilities

The District presently operates ten elementary schools, two middle schools, and one high school.

Name	Grades	Capacity	Year Originally Built
Albany	K-6	669	1896, 1909, '59, '90, '03, 2010
Columbus	K-6	829	1957, '68, '90, '03, 2009
Conkling	K-6	642	1924
Donovan	7-8	1,131	1958, '60, '90, 2009
General Herkimer	K-6	654	1960, '70, '91, 2003
Hughes	K-6	786	1925, '03, 2009
Jefferson	K-6	639	1958, '91, 2003, ‘10
John F. Kennedy	7-8	1,170	1965, '78, '90, 2010
Jones	K-6	654	1936, '53, '57, '70, '90, 2003, ‘09
Kernan	K-6, Administration	918	1953, '55, 2003, 2020
M.L. King	K-6	456	1955, '60, 2003
Proctor Senior High	9-12	2,298	1936, '90, 2003, ‘11
Watson Williams	K-6	669	1992, 2009

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2015-2016	10,102	2021-2022	10,700
2016-2017	10,370	2022-2023	10,700
2017-2018	10,496	2023-2024	10,700
2018-2019	10,519	2024-2025	10,700
2019-2020	10,674	2025-2026	10,700
2020-2021	10,595	2026-2027	10,700

Source: District officials

Employees

The District currently employs approximately 1,050 full-time persons. The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

Number of Employees	Bargaining Unit	Contract Expiration Date
810	Utica Teachers' Association	June 30, 2021[(1)]
616	Service Employees International	June 30, 2022
98	Teamsters Local 182 (Custodial)	June 30, 2025
97	Teamsters Local 182 (Secretarial/Nursing)	June 30, 2020[(1)]
25	Utica Administrators' Association	June 30, 2021[(1)]
12	Mohawk Valley Building & Construction Trades Council	June 30, 2023

(1) Currently under negotiation.

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, unaudited figures for the 2019-2020 fiscal year and the budgeted figures for the 2020-2021 fiscal year are as follows:

Year	ERS	TRS
2014-2015	$ 1,617,892	$ 8,034,026
2015-2016	1,877,968	6,609,194
2016-2017	1,763,919	6,550,477
2017-2018	1,834,745	6,388,459
2018-2019	1,728,348	6,917,004
2019-2020 (Unaudited)	1,581,902	5,852,192
2020-2021 (Budgeted)	2,016,100	5,971,863

Source: District official.

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

Year	ERS	TRS
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 on June 30, 2019. The District has funded the TRS reserve in the amount of $2,400,000.

Other Post-Employment Benefits

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

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

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

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

Summary of Changes from the Last Valuation. The District contracted with Armory Associates LLC, an actuarial firm, to calculate its first actuarial valuation under GASB 75 for the fiscal year ending June 30, 2019 and June 30, 2020. The following outlines the changes to the Total OPEB Liability during the fiscal years 2019 and 2020, by source.

Balance beginning at:	June 30, 2018	June 30, 2019
	$ 364,658,833	$ 340,387,937
Changes for the year:		
Service cost	12,285,691	11,227,895
Interest	13,432,386	13,459,658
Changes in benefit terms	803,594	-
Differences between expected and actual experience	(32,054,661)	-
Changes in assumptions or other inputs	(11,092,503)	(5,090,972)
Benefit payments	(7,645,403)	(7,642,117)
Net Changes	$ (24,270,896)	$ 11,954,464
Balance ending at:	June 30, 2019	June 30, 2020
	$ 340,387,937	**$ 352,342,401**

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

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

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

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

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

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

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

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

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

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

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

Other Information

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

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

No principal or interest upon any obligation of the District is past due. (See also "Recent Late Payment of Interest" herein).

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

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

Recent Late Payment of Interest

On July 1, 2016 the District had an interest payment due, related to the $22,575,000 School District Refunding (Serial) Bonds, 2013, in the total amount of $177,600.00. As a result of clerical oversight, on July 1, 2016 the District paid only $146,850.00. The District paid the remaining $30,750.00 portion of the interest payment on July 12, 2016. A material event notice was filed to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") website on July 12, 2016. The District has no reason to believe there will be any delinquent payments in the future.

Financial Statements

The District retains independent certified public accountants. The last audit report covers the period ending June 30, 2019 and is attached hereto as "APPENDIX – D". Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

Unaudited Results for Fiscal Year Ending June 30, 2020

The District concluded the fiscal year ending June 30, 2020 with an unappropriated unreserved fund balance of approximately $18,000,000. Summary unaudited projected information for the General Fund for the period ending June 30, 2020 is as follows:

Projected Revenues:	$	185,046,275
Projected Expenditures:		175,482,844
Projected Excess (Deficit) Revenues Over Expenditures:	$	9,563,431
Total General Fund Balance at June 30, 2019:	$	32,004,666
Total Projected General Fund Balance at June 30, 2020:	$	41,568,097

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

Source: District officials.

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 January 18, 2019. The purpose of the audit was to determine whether the Board of Education and District officials ensure that compensation payments for employees are accurate, properly approved and supported.

Key Findings:

- We reviewed payroll payments totaling $4.7 million to 151 employees and found almost $418,000 in payments (9 percent) were not accurate, supported or paid in accordance with contracts or Board resolutions. For example, the Board did not authorize salaries paid to six individuals totaling $347,368 and paid $11,690 to an employee who worked offsite without certainty as to the work performed.
- Manual adjustments for fingerprint time clock system entries were not adequately supported or approved by supervisors.

Key Recommendations:

- Establish procedures to ensure that payroll-related payments are accurate, supported and in accordance with written collective bargaining agreements (CBAs) individual employment contracts or Board resolutions.
- Ensure all salaries, wages and additional pay items are authorized by the Board before being paid.
- Ensure manual adjustments for missed punches into the fingerprint time clock system are documented and approved by supervisors.

The District provided a complete response to the State Comptroller's office on December 4, 2018. 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 February 28, 2014. The purpose of the audit was to evaluate the District's financial condition for the period July 1, 2011 through March 31, 2013.

Key Findings:

- In recent years the District has struggled with fiscal challenges due to a deteriorating financial condition. District officials have adopted realistic budgets and its spending did not exceed the budget. However, they relied heavily on appropriations of fund balance in the budgets from 2010-11 through 2011-12. As a result, by the end of 2011-12, the District's unexpended surplus funds had declined to a deficit of $1,157,820. By the end of 2012-13, the District was able to increase the unexpended surplus funds to $1,127,047 (.8 percent of the ensuing year's appropriations). Although this is an improvement from the prior year, the District has very little cushion for managing unforeseen events.
- To meet short-term cash flow needs, the District borrowed at least $10 million each year, incurring about $150,000 for interest costs in the 2012-13 fiscal year.
- The Board has not developed a multiyear operational plan to provide a framework for future budgets and facilitate management of financial operations.

Key Recommendations:

- Reduce reliance on fund balance as a financing source and continue to evaluate and explore ways to cut costs and/or increase revenues.
- Ensure adequate fund balance and cash flow to avoid reliance on short-term debt borrowing.
- Develop and document a multiyear operational plan to provide a framework for future budgets and facilitate management of the District's financial operations.

The District provided a complete response to the State Comptroller's office on February 10, 2014. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

As of the date of this Official Statement, there are no State Comptroller's 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 Fiscal Stress" or "No Designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "No Designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

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

Fiscal Year Ending In	Stress Designation	Fiscal Score
2019	No Designation	6.7%
2018	No Designation	3.3%
2017	No Designation	16.7%
2016	Moderate Fiscal Stress	45.0%

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
City of Utica	$ 1,109,704,233	$ 1,108,014,962	$ 1,112,648,856	$ 1,112,678,922	$ 1,122,726,309
Total Assessed Valuation	$ 1,109,704,233	$ 1,108,014,962	$ 1,112,648,856	$ 1,112,678,922	$ 1,122,726,309

State Equalization Rates

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
City of Utica	70.00%	72.00%	68.00%	67.50%	68.00%
Taxable Full Valuation	$ 1,585,291,761	$ 1,538,909,669	$ 1,636,248,318	$ 1,648,413,218	$ 1,651,068,101

Special Equalization Ratios [1]

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
City of Utica	68.03%	67.36%	62.88%	62.16%	61.46%
Taxable Full Valuation	$ 1,631,198,343	$ 1,644,915,324	$ 1,769,479,733	$ 1,790,024,006	$ 1,826,759,370

[1] Special State equalization ratios are used solely for purposes of computing the District's constitutional debt limit.

Note: The final equalization rate and taxable full valuation for the fiscal year end June 30th, 2021 is not available as of the date of this Official Statement. The total taxable assessed valuation for the City of Utica for the fiscal year end June 30th, 2021 is $1,129,209,366.

Tax Rates Per M (Assessed)

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
City of Utica	$ 27.08	$ 26.97	$ 26.97	$ 26.70	$ 26.57

Tax Collection Procedure

Tax payments are due September 1st. Taxes are collected in two installments; the first due no later than October 31st and the second due no later than the first Tuesday in December. Uncollected real property taxes are subsequently enforced by the City and Utica. An amount representing uncollected real property taxes transmitted to the City for enforcement is paid by the City to the District no later than June 30th, 18 months after the period for the payment of the 2nd installment ends.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Total Tax Levy [1]	$ 30,005,865	$ 30,005,865	$ 30,005,865	$ 30,005,865	$ 30,005,865
Amount Uncollected	2,310,452	1,407,731	1,513,984	2,004,392	N/A
% Uncollected	7.70%	4.69%	5.05%	6.68%	N/A

[1] Gross tax levy prior to adjustments (tax roll additions, shortages, cancellations and refunds). See "Tax Collection Procedure" herein.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues comprised of Real Property Taxes for each of the last five completed fiscal years, the unaudited results for the 2019-20 fiscal year, and the budgeted figures for the 2020-2021 fiscal year.

Fiscal Year	Total Revenues	Total Property Tax Levy	Percentage of Total Revenues Consisting of Real Property Tax
2014-2015	$ 142,452,243	$ 30,223,220	21.22%
2015-2016	161,092,436	30,601,135	19.00
2016-2017	161,913,354	31,438,178	19.42
2017-2018	176,178,123	30,400,877	17.25
2018-2019	179,613,736	30,879,688	17.19
2019-2020 (Unaudited)	185,046,275	30,005,865	16.22
2020-2021 (Budgeted)	186,643,034	30,005,864	16.08

Source: Audited Financial Statement for the 2014-2015 fiscal year through and including the 2018-2019 fiscal year and the adopted budget for 2020-2021 fiscal year of the District. The 2019-2020 unaudited figures are estimates and the audited results will likely vary therefrom. This table is not audited.

Larger Taxpayers 2020 for the 2020-2021 Tax Roll

Name	Type	Taxable Assessed Valuation
National Grid	Utility	$ 48,684,875
Riverside Enterprises, LLC	Shopping Mall	27,729,887
Verizon	Utility	5,677,115
AMA Properties, LLC	Shopping Center	4,499,000
Eton Centers Co.	Shopping Center	3,950,000
Utica MZL, LLC	Shopping Center	3,792,400
CSX Transportation Inc.	Transportation	3,153,994
HHM Hotels	Hotel/Hospitality	3,000,000
Center Green Corp.	Professional Building	2,884,640
BW RRI LLC	Hotel/Hospitality	2,870,000

Note: The Hotel Utica was a previous larger taxpayer assessed at $3,600,000. In February 2016, the new owners of the Hotel, entered into a 20 year Payment in lieu of taxes ("PILOT") agreement with the City of Utica Industrial Corporation, expiring in June 2037. PILOT payments will be phased in starting in the 3rd year of the agreement. In May 2016, an agreement was reached between the City of Utica and the Hotel for the settlement of delinquent back taxes.

The ten larger taxpayers listed above have a total taxable assessed valuation of $106,241,911 which represents 9.41% of the tax base of the District for the 2020-2021 fiscal year.

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

Source: City of Utica tax rolls.

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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.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A new homeowner may receive a new personal income tax credit in the form of a check. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

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 State Budget requires that STAR benefits be withheld from taxpayers who are delinquent in the payment of their school taxes and lowers the income limit for the exemption to $200,000, compared with a $500,000 limit for the credit.

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

City of:	Enhanced Exemption	Basic Exemption	Date Certified
Utica	$ 47,120	$ 20,250	10/23/2019

$6,491,805 of the District's $30,005,865 school tax levy for the 2019-2020 fiscal year was exempt by the STAR Program. The District received all of such exempt taxes from the State in January, 2020.

Approximately $6,491,804 of the District's $30,005,864 school tax levy for the 2020-2021 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving all of such exempt taxes from the State by January, 2021.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

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

The estimated total annual property tax bill of an $80,000 market value residential property located in the District is approximately $3,600 including City, County and School District taxes.

Tax Cap Law

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

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

The Tax Cap Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. The Tax Cap Law was set to expire on June 15, 2020 unless extended; however it was made permanent in recent legislative sessions. Pursuant to the Tax Cap Law, the tax levy of a municipality 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 would be 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 municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Cap Law, 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, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such 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 the Tax Cap Law, 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 in the Tax Cap Law 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 cash flow 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 under the Tax Cap Law is an exclusion from the tax levy limitation.

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 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. No down payment is required in connection with the issuance of District obligations.

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed five per centum (5%) of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such ratio shall be determined.

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

(1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,

(3) Such obligations are authorized in violation of the provisions of the Constitution.

The 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. However, see "TAX INFORMATION – Tax Cap Law" herein.

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2016	2017	2018	2019	2020
Bonds	$ 109,735,000	$ 117,690,000	$ 122,175,000	$ 118,900,000	$ 123,435,000
Bond Anticipation Notes	62,820,000	41,270,000	20,115,000	18,255,000	22,950,000
Tax Anticipation Notes	2,000,000	1,400,000	0	0	0
Revenue Anticipation Notes	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Debt Outstanding	$ 184,555,000	$ 170,360,000	$ 152,290,000	$ 147,155,000	$ 156,385,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of September 17, 2020:

Type of Indebtedness	Maturity	Amount
Bonds	2020-2041	$ 117,545,000
Bond Anticipation Notes		
Capital Project	October 9, 2020	14,975,000 (1)
Revenue Anticipation Notes		
Issued June 24, 2020	June 24, 2021	10,000,000 (2)
	Total Indebtedness	$ 142,520,000

(1) To be fully redeemed and renewed at maturity with the proceeds of the Notes.
(2) To be retired at maturity with available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared and shown as of September 17, 2020:

	Computed Using Regular State Equalization Rates	Computed Using Special State Equalization Ratios
Five-year Average Full Valuation of Taxable Real Property	$ 1,611,986,214	$ 1,732,475,355
Debt Limit 5% thereof	80,599,311	86,623,768
Inclusions:		
Bonds	$ 117,545,000	$ 117,545,000
Bond Anticipation Notes	14,975,000	14,975,000
Revenue Anticipation Notes	10,000,000	10,000,000
Total Inclusions	$ 142,520,000	$ 142,520,000
Exclusions:		
Appropriations	$ 6,070,000	$ 6,070,000
Revenue Anticipation Notes	10,000,000	10,000,000
Total Exclusions	$ 16,070,000	$ 16,070,000
Total Net Indebtedness (1)(2)	$ 126,450,000	$ 126,450,000
Net Debt-Contracting Margin (3)	$ (45,850,689)	$ (39,826,232)
The percent of debt contracting power exhausted is	156.89%	145.98%

(1) The District's constitutional debt limit has been computed using Special Equalization ratios established by the State Office of Real Property Services pursuant to Article 12-B of the Real Property Tax Law. "Conventional" State equalization rates are also established by said State Board, and are used for all other purposes. See "Taxable Assessed Valuation" herein.

(2) As noted above, the District receives State debt service building aid in an amount approximating 85.4% of its outstanding bonded indebtedness, and 98.0% for the District's current ongoing capital improvement project. Given the effect of "assumed amortization" provided in Chapter 383 of the Laws of 2001 ("Chapter 383"), no assurance can be given regarding the direct or indirect effect of "assumed amortization" on the net indebtedness of the District, or the timing or amount of such building aid in connection with school facilities financed with the proceeds of the Notes. See "THE SCHOOL DISTRICT - State Aid" herein, for a discussion of Part F of Chapter 383.

(3) The District has satisfied the requirement contained in Section 104.00 of the Local Finance Law to exceed its debt limit to provide for the issuance of $187,000,000 serial bonds, $9,750,000 serial bonds, and $14,975,000 serial bonds, including receiving the consents of the Board of Regents and the Office of the State Comptroller.

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.

Authorized but Unissued Debt

The District has no authorized and unissued indebtedness for capital or other purposes.

Cash Flow Borrowings

The District annually issues Revenue Anticipation Notes ("RAN") in anticipation of State aid. The following is a history of TAN and RAN borrowings for the last five years and the RAN borrowing for the coming 2020-2021 fiscal year.

Fiscal Year	Amount	Type	Issue Date	Due Date
2014-2015	$ 10,000,000	RAN	6/13/2014	6/12/2015
	2,100,000	TAN	12/19/2014	12/11/2015
2015-2016	10,000,000	RAN	6/23/2015	6/23/2016
	2,000,000	TAN	12/10/2015	12/9/2016
2016-2017	10,000,000	RAN	6/23/2016	6/23/2017
	1,400,000	TAN	12/8/2016	12/7/2017
2017-2018	10,000,000	RAN	6/26/2017	6/26/2018
2018-2019	10,000,000	RAN	6/25/2018	6/25/2019
2019-2020	10,000,000	RAN	6/25/2019	6/25/2020
2020-2021	10,000,000	RAN	6/24/2020	6/24/2021

The District has not found it necessary to issue Tax Anticipation Notes ("TAN") since the 2016-2017 fiscal year and does not anticipates doing so for the 2020-2021 fiscal year.

Source: District officials.

Capital Project Plans

On July 29, 2008, the voters of the District approved an $187,600,000 capital improvement project. The District plans on using all or a portion of the $7,035,887 EXCEL (Expanding our Children's Education and Learning) Aid along with their current 98% state building aid ratio to minimize the impact on the taxpayers of the District. To date, the District has issued $186,565,000 of the total $187,600,000 obligations authorized under the aforementioned bond resolution. The District does not expect to issue any additional obligations under this bond resolution. The District permanently financed $8,505,000 outstanding bond anticipation notes issued pursuant to this bond resolution, through a portion of the District's $9,010,000 serial bonds issued to the Dormitory Authority of the State of New York ("DASNY") on July 9, 2019.

On March 24, 2015, the District Board of Education adopted a bond resolution authorizing the issuance of not to exceed $9,750,000 serial bonds of the District to finance improvements to Kernan Elementary School. On May 19, 2015, District voters approved the borrowing for this project. The District has received authorization to exceed its debt limit under Section 104.00 of the Local Finance Law for this project from the New York State Board of Regents and the Office of the State Comptroller. On January 17, 2019, the District issued $9,750,000 bond anticipation notes to provide new monies and represented the first borrowing against this authorization. On July 19, 2019, the District issued $7,975,000 bond anticipation notes which, along with $280,000 available funds of the District and a portion of the proceeds of the Series 2019 DASNY Bonds partially redeemed and renewed the $9,750,000 bond anticipation notes maturing July 19, 2019. On July 16, 2020 the District issued $6,710,000 School District (Serial) Bonds through the Dormitory Authority of the State of New York, which along with $260,000 in available funds of the District, permanently financed the $7,975,000 bond anticipation notes maturing July 17, 2020.

On June 26, 2018, the District Board of Education adopted bond resolutions authorizing the issuance of not to exceed $14,975,000 aggregate principal amount serial bonds of the District to finance the renovation and improvement of certain District athletic facilities. On August 14, 2018, District voters approved the borrowing for this project. The District has received authorization from the New York State Board of Regents and the Office of the State Comptroller to issue obligations for this project in excess of the District's debt limit under Section 104.00 of the Local Finance Law. On October 10, 2019 the District issued $14,975,000 bond anticipation notes as the first borrowing against the above mentioned authorization. The proceeds of the Notes will fully renew the $14,975,000 bond anticipation notes maturing October 9, 2020 and pending construction progress, the District will permanently finance the project in July of 2021.

Other than as stated above, the District has no other capital project plans authorized, nor are any contemplated at the present time.

Federal Sequestration

In March 2012, the District issued its $5,000,000 Qualified School Construction (Serial) Bonds, 2012 (Federally Taxable – Direct Payment Bonds) ("QSCBs") with a final maturity of June 15, 2027. At the time of issue, the District expected from the Federal Government a 100% interest subsidy related to the QSCBs.

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments to certain state and local government filers claiming refundable credits under section 6431 of the Internal Revenue Code applicable to certain qualified bonds, including QSCBs, are subject to sequestration. This means that refund payments processed will be reduced by the sequestration rate of 6.2% for refund payments processed on or after October 1, 2018 and on or before September 30, 2019, irrespective of when the amounts claimed by an issuer on any Form 8038-CP was filed with the IRS. The sequestration reduction rate is subject to change annually and will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester.

In addition, any future government shutdown may delay the processing of federal government payments to the District. If this were to occur, the District would be required to make payment of the full amount of interest due on its QSCBs at that time. These payments would be expected to be reimbursed to the District when the government shutdown ends.

The District budgets annually for the full interest payment due on the QSCBs to cover for possible delays or shortfalls in the expected tax credit subsidy.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Net Overlapping Indebtedness
County of:						
Oneida	12/31/2018	$ 301,168,501	$ 147,600,952	$ 153,567,549	15.29%	$ 23,480,478
City of:						
Utica	12/31/2018	71,325,454	22,733,056	48,592,398	100.00%	48,592,398
					Total:	$ 72,072,876

(1) Bonds and bond anticipation notes as of the close of the fiscal year. Not adjusted to include subsequent bond sales, if any.
(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

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

Debt Ratios

The following table sets forth certain ratios relating to the District's Net Indebtedness as of September 17, 2020:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 126,450,000	$ 2,084.05	7.66%
Net Indebtedness Plus Net Overlapping Indebtedness [3]	198,522,876	3,271.91	12.02

(a) The current population of the District is estimated to be 60,675. (See "THE SCHOOL DISTRICT – Population" herein.)
(b) The District's full value of taxable real estate for 2019-2020 fiscal year using Regular State Equalization Ratios is $1,651,068,101. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Indebtedness herein.
(d) The District's applicable share of Net Overlapping Indebtedness is estimated to be $72,072,876. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

COVID 19. The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, 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 outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State of New York has likewise declared a state of emergency and the Legislature has added “disease outbreak” to the definition of “disaster” (which already includes “epidemic”) in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020.

Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement same.

While the virus might affect revenue streams supporting revenue bond debt of some public authorities , as compared to general obligation debt, it is not possible to determine or reasonably predict at this time whether there could also be a material impact on local municipal and school district budgets, or state and local resources to meet their obligations supporting same.

The degree of any such 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 to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the District and its economy. The District is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

TAX MATTERS

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

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

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

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

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

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

In addition, in the opinion of Bond Counsel, under existing laws, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, Utica, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York, (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases.

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

LITIGATION

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

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

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into an Undertaking to Provide Material Event Notices, substantially in the form attached hereto as “APPENDIX – C”.

Historical Compliance

The District is, in all material respects, in compliance with all prior continuing disclosure undertakings pursuant to the Rule for the past five years, except as follows:

- The District failed to timely file notice of an enhanced rating change as well as notice of its failure to file such event information. On December 14, 2017, Moody’s Investors Services (“Moody’s”) upgraded the enhanced rating of the District from “A1” to “Aa3”. The underlying rating of the District has not been impacted by this rating change. A material event notice disclosing the rating change and the failure to file event information was posted to the Electronic Municipal Market Access (“EMMA”) website on March 5, 2018.

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 Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

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

RATING

The Notes are <u>not</u> rated. Pending the approval of the District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action may result in a material event notification to be posted to EMMA as required by the District's Undertaking to Provide Material Event Notices. (See "APPENDIX – C" attached hereto.)

Moody's Investors Service ("Moody's") has assigned their underlying rating of "A3" with a stable outlook to the District's outstanding 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 Moody's, 99 Church Street - 9th Floor, New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District contact information is as follows: Michele A. Albanese, School Business Official, Administrative Offices, 929 York Street, Utica, New York 13502, Phone: (315) 792-2225, Fax: (315) 792-2299, email address: mialbanese@uticaschools.org.

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

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

CITY SCHOOL DISTRICT OF THE CITY OF UTICA

Dated: September 17, 2020

LOUIS D. LAPOLLA
PRESIDENT OF THE BOARD OF EDUCATION

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
ASSETS					
Unrestricted Cash	$ 9,404,427	$ 22,266,828	$ 27,663,604	$ 20,748,895	$ 20,526,075
Restricted Cash	1,000,000	1,000,000	1,000,000	12,000,000	25,200,000
Due from Other Funds	7,347,429	2,798,390	2,723,287	3,512,099	12,943,778
Due from Other Governments	2,535,042	1,791,284	1,634,044	1,791,603	1,692,446
State and Federal Aid Receivable	7,346,616	8,084,199	7,190,518	8,311,710	7,438,164
Due from Fiduciary Funds	-	-	-	-	-
Other Receivables	227,803	364,232	369,018	223,814	2,640,774
Prepaid Expenditures	268,786	-	-	-	-
TOTAL ASSETS	$ 28,130,103	$ 36,304,933	$ 40,580,471	$ 46,588,121	$ 70,441,237
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 1,043,786	$ 2,810,702	$ 2,219,694	$ 4,555,151	$ 6,228,362
Accrued Liabilities	189,428	413,611	3,124,802	1,859,511	4,175,021
Revenue Anticipation Notes	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Tax Anticipation Notes	2,100,000	2,000,000	1,400,000	-	-
Due to Other Funds	-	6,737,309	8,785,857	1,113,932	9,100,088
Due to Other Governments	-	66,116	58,638	64,591	62,329
Due to Teachers' Retirement System	9,786,458	7,922,553	7,088,661	6,388,459	6,917,004
Due to Employees' Retirement System	521,905	597,970	465,251	464,737	459,417
Deferred Revenues	7,301	7,301	7,301	-	-
Deferred Taxes	2,482,026	1,676,642	1,490,949	1,635,544	1,494,350
TOTAL LIABILITIES	26,130,904	32,232,204	34,641,153	26,081,925	38,436,571
FUND EQUITY					
Reserved:	$ 1,268,786	$ 1,000,000	$ 1,000,000	$ 12,000,000	$ 25,200,000
Unreserved:					
Appropriated	32,364	643,939	74,395	755,196	715,238
Unappropriated	698,049	2,428,790	4,864,923	7,751,000	6,089,428
TOTAL FUND EQUITY	1,999,199	4,072,729	5,939,318	20,506,196	32,004,666
TOTAL LIABILITIES and FUND EQUITY	$ 28,130,103	$ 36,304,933	$ 40,580,471	$ 46,588,121	$ 70,441,237

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
REVENUES					
Real Property Taxes	$ 21,319,141	$ 22,434,147	$ 22,687,288	$ 22,766,285	$ 22,981,694
Other Real Property Tax Items	7,724,906	7,789,073	7,913,847	8,671,893	7,419,183
Nonproperty Taxes	2,110,560	1,947,477	1,670,936	1,677,483	1,730,776
Charges for Services	75,219	57,099	61,761	71,381	45,650
Use of Money & Property	105,863	102,725	103,214	93,563	259,683
Sale of Property and Compensation for Loss	1,002,458	952,588	984,181	226,693	137,290
Miscellaneous	2,380,471	3,010,780	2,166,003	1,831,142	1,772,523
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	98,879,474	104,904,389	124,932,157	125,491,205	140,587,543
Revenues from Federal Sources	943,580	875,965	573,049	1,083,709	1,243,781
Total Revenues	$ 134,541,672	$ 142,074,243	$ 161,092,436	$ 161,913,354	$ 176,178,123
Other Sources:					
Interfund Transfers	-	378,000	-	-	-
Total Revenues and Other Sources	134,541,672	142,452,243	161,092,436	161,913,354	176,178,123
EXPENDITURES					
General Support	$ 13,025,010	$ 13,387,358	$ 13,893,276	$ 15,042,361	$ 15,573,699
Instruction	74,845,485	77,306,820	81,123,683	85,278,179	89,271,893
Pupil Transportation	6,299,925	6,305,190	6,892,565	8,324,729	7,820,907
Community Services	-	-	-	-	-
Employee Benefits	30,757,613	31,498,426	33,321,038	30,634,267	29,942,979
Debt Service	1,302,583	423,874	167,085	239,189	233,158
Capital Outlay	-	-	-	-	-
Total Expenditures	$ 126,230,616	$ 128,921,668	$ 135,397,647	$ 139,518,725	$ 142,842,636
Other Uses:					
Interfund Transfers	9,654,504	13,348,293	23,621,259	20,528,040	18,768,609
Total Expenditures and Other Uses	135,885,120	142,269,961	159,018,906	160,046,765	161,611,245
Excess (Deficit) Revenues Over Expenditures	(1,343,448)	182,282	2,073,530	1,866,589	14,566,878
FUND BALANCE					
Fund Balance - Beginning of Year	3,160,365	1,816,917	1,999,199	4,072,729	5,939,318
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 1,816,917	$ 1,999,199	$ 4,072,729	$ 5,939,318	$ 20,506,196

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2019			2021
	Adopted Budget	Amended Budget	Actual	Adopted Budget
REVENUES				
Real Property Taxes	$ 23,251,699	$ 23,251,699	$ 23,536,175	$ 23,514,060
Other Real Property Tax Items	7,254,165	7,254,165	7,343,513	7,441,804
Nonproperty Taxes	1,310,993	1,310,993	1,675,839	1,500,000
Charges for Services	55,500	55,500	87,153	55,500
Use of Money & Property	90,000	90,000	663,665	255,000
Sale of Property and				-
Compensation for Loss	101,500	101,500	265,611	1,311,500
Miscellaneous	1,785,958	1,785,958	1,782,237	404,741
Interfund Revenues	-	-	-	-
Revenues from State Sources	142,504,244	142,504,244	142,872,443	151,160,429
Revenues from Federal Sources	850,000	850,000	1,387,100	1,000,000
Total Revenues	$ 177,204,059	$ 177,204,059	$ 179,613,736	$ 186,643,034
Other Sources:				
Interfund Transfers	-	-	-	-
Total Revenues and Other Sources	177,204,059	177,204,059	179,613,736	186,643,034
EXPENDITURES				
General Support	$ 14,665,531	$ 16,730,662	$ 16,150,712	$ 19,329,714
Instruction	96,340,766	96,555,657	96,087,735	100,454,229
Pupil Transportation	8,340,684	8,505,603	8,490,431	11,371,939
Community Services	-	-	-	-
Employee Benefits	38,267,018	36,760,509	28,736,303	37,816,452
Debt Service	200,000	239,600	239,600	17,670,700
Capital Outlay	-	-	-	-
Total Expenditures	$ 157,813,999	$ 158,792,031	$ 149,704,781	$ 186,643,034
Other Uses:				
Interfund Transfers	19,390,060	19,167,224	18,410,485	-
Total Expenditures and Other Uses	177,204,059	177,959,255	168,115,266	186,643,034
Excess (Deficit) Revenues Over Expenditures	-	(755,196)	11,498,470	-
FUND BALANCE				
Fund Balance - Beginning of Year	-	755,196	20,506,196	-
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 32,004,666	$ -

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget

Fiscal Years Ending June 30:	2016 Adopted Budget	2017 Adopted Budget	2018 Adopted Budget	2019 Adopted Budget	2020 Adopted Budget
REVENUES					
Real Property Taxes	$ 30,005,865	$ 30,005,865	$ 30,005,865	$ 30,005,865	$ 30,005,865
Real Property Tax Items	385,000	365,000	500,000	500,000	750,000
Non-Property Tax Items	2,750,000	3,250,000	1,310,992	1,310,992	1,310,993
Charges for Services	-	-	-	-	-
Use of Money & Property	-	-	15,000	25,000	-
Sale of Property and Compensation for Loss	-	-	-	-	-
Miscellaneous	1,283,961	3,964,909	2,406,500	1,907,958	1,876,740
Revenues from State Sources	117,229,009	127,542,104	138,038,720	142,504,244	151,213,379
Revenues from Federal Sources	800,000	800,000	800,000	850,000	1,000,000
Interfund Transfers	100,000	100,000	100,000	100,000	-
Total Revenues	$ 152,553,835	$ 166,027,878	$ 173,177,077	$ 177,204,059	$ 186,156,977
EXPENDITURES					
Administration					
General Support	$ 6,073,211	$ 6,468,608	$ 6,371,935	$ 6,433,763	$ 6,456,128
Instruction	-	-	-	-	-
Program					
Instruction	77,565,249	85,746,703	92,676,145	95,504,872	106,585,369
Student Transportation	6,609,447	7,379,524	7,671,059	8,340,684	9,919,059
Interfund Transfers	-	-	-	-	200,000
Employee Benefits	29,410,862	31,070,785	33,369,249	34,687,394	33,055,448
Capital					
Central Services	11,967,809	11,727,926	9,063,656	9,036,859	9,418,458
Debt Service	17,762,150	20,565,060	20,590,060	19,590,060	17,004,085
Interfund Transfers	-	-	-	-	-
Employee Benefits	3,165,107	3,069,272	3,434,973	3,610,427	3,518,430
Total Expenditures	$ 152,553,835	$ 166,027,878	$ 173,177,077	$ 177,204,059	$ 186,156,977
Excess (Deficit) Revenues Over Expenditures	-	-	-	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	-	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -	$ -

Source: Budgets of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2021	$ 11,960,000	$ 4,905,637.52	$ 16,865,637.52
2022	12,835,000	4,694,977.94	17,529,977.94
2023	13,590,000	3,952,111.27	17,542,111.27
2024	14,140,000	3,393,442.52	17,533,442.52
2025	14,675,000	2,860,532.52	17,535,532.52
2026	15,275,000	2,258,101.26	17,533,101.26
2027	9,455,000	1,624,760.63	11,079,760.63
2028	9,390,000	1,230,081.25	10,620,081.25
2029	7,465,000	835,928.13	8,300,928.13
2030	3,575,000	574,350.00	4,149,350.00
2031	1,180,000	458,275.00	1,638,275.00
2032	1,235,000	400,725.00	1,635,725.00
2033	1,295,000	340,375.00	1,635,375.00
2034	1,360,000	276,150.00	1,636,150.00
2035	1,430,000	208,525.00	1,638,525.00
2036	800,000	158,000.00	958,000.00
2037	830,000	125,600.00	955,600.00
2038	865,000	91,900.00	956,900.00
2039	895,000	60,075.00	955,075.00
2040	925,000	30,525.00	955,525.00
2041	260,000	10,400.00	270,400.00
TOTALS	$ 123,435,000	$28,490,473.03	$ 151,925,473.03

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2012 Qualified School Construction Bond			2012D DASNY Bonds			2013E DASNY Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	$ 335,000	$ 123,387.50	$ 458,387.50	$ 2,720,000	$ 745,300.02	$ 3,465,300.02	$ 580,000	$ 261,100.00	$ 841,100.00
2022	350,000	109,317.50	459,317.50	2,810,000	649,012.52	3,459,012.52	610,000	232,100.00	842,100.00
2023	365,000	94,005.00	459,005.00	2,910,000	553,012.52	3,463,012.52	640,000	201,600.00	841,600.00
2024	385,000	77,580.00	462,580.00	3,050,000	407,512.52	3,457,512.52	675,000	169,600.00	844,600.00
2025	400,000	59,870.00	459,870.00	3,145,000	316,012.52	3,461,012.52	705,000	135,850.00	840,850.00
2026	420,000	41,070.00	461,070.00	3,245,000	217,731.26	3,462,731.26	740,000	100,600.00	840,600.00
2027	440,000	21,120.00	461,120.00	155,000	116,325.00	271,325.00	780,000	63,600.00	843,600.00
2028	-	-	-	160,000	110,900.00	270,900.00	810,000	32,400.00	842,400.00
2029	-	-	-	165,000	105,300.00	270,300.00	-	-	-
2030	-	-	-	170,000	99,525.00	269,525.00	-	-	-
2031	-	-	-	180,000	93,575.00	273,575.00	-	-	-
2032	-	-	-	185,000	87,275.00	272,275.00	-	-	-
2033	-	-	-	190,000	80,800.00	270,800.00	-	-	-
2034	-	-	-	200,000	73,200.00	273,200.00	-	-	-
2035	-	-	-	205,000	65,200.00	270,200.00	-	-	-
2036	-	-	-	215,000	57,000.00	272,000.00	-	-	-
2037	-	-	-	225,000	48,400.00	273,400.00	-	-	-
2038	-	-	-	235,000	39,400.00	274,400.00	-	-	-
2039	-	-	-	240,000	30,000.00	270,000.00	-	-	-
2040	-	-	-	250,000	20,400.00	270,400.00	-	-	-
2041	-	-	-	260,000	10,400.00	270,400.00	-	-	-
TOTALS	$ 2,695,000	$ 5,643,056.40	$ 31,763,056.40	$ 20,915,000	$ 3,926,281.36	$ 31,763,056.40	$ 5,540,000	$ 1,196,850.00	$ 31,763,056.40

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2013E DASNY Bonds			2015F DASNY Bonds			2016J DASNY Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	$ 2,435,000	$ 827,500.00	$ 3,262,500.00	$ 2,235,000	$ 728,987.50	$ 2,963,987.50	$ 1,450,000	$ 837,987.50	$ 2,287,987.50
2022	2,555,000	705,750.00	3,260,750.00	2,345,000	614,487.50	2,959,487.50	1,480,000	728,987.50	2,208,987.50
2023	2,685,000	578,000.00	3,263,000.00	2,435,000	528,468.75	2,963,468.75	1,510,000	614,487.50	2,124,487.50
2024	2,815,000	443,750.00	3,258,750.00	2,490,000	469,950.00	2,959,950.00	1,540,000	528,468.75	2,068,468.75
2025	2,955,000	303,000.00	3,258,000.00	2,560,000	400,425.00	2,960,425.00	1,575,000	469,950.00	2,044,950.00
2026	3,105,000	155,250.00	3,260,250.00	2,665,000	295,400.00	2,960,400.00	1,605,000	400,425.00	2,005,425.00
2027	-	-	-	2,775,000	185,415.63	2,960,415.63	1,635,000	295,400.00	1,930,400.00
2028	-	-	-	2,860,000	95,581.26	2,955,581.26	1,695,000	185,415.63	1,880,415.63
2029	-	-	-	1,455,000	24,553.13	1,479,553.13	1,785,000	95,581.26	1,880,581.26
2030	-	-	-	-	-	-	910,000	24,553.13	934,553.13
TOTALS	$ 16,550,000	$ 3,013,250.00	$ 19,563,250.00	$ 21,820,000	$ 3,343,268.77	$ 25,163,268.77	$ 15,185,000	$ 4,181,256.27	$ 19,366,256.27

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2017E DASNY Bonds			2018E DASNY Bonds			2019E DASNY Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	$ 1,365,000	$ 699,000.00	$ 2,064,000.00	$ 805,000	$ 451,125.00	$ 1,256,125.00	$ 35,000	$ 648,337.50	$ 683,337.50
2022	1,410,000	650,550.00	2,060,550.00	840,000	410,000.00	1,250,000.00	315,000	369,275.00	684,275.00
2023	1,470,000	592,650.00	2,062,650.00	885,000	366,875.00	1,251,875.00	325,000	359,675.00	684,675.00
2024	1,535,000	525,200.00	2,060,200.00	930,000	321,500.00	1,251,500.00	335,000	349,775.00	684,775.00
2025	1,610,000	454,250.00	2,064,250.00	980,000	273,750.00	1,253,750.00	345,000	339,575.00	684,575.00
2026	1,690,000	371,750.00	2,061,750.00	1,025,000	223,625.00	1,248,625.00	355,000	327,300.00	682,300.00
2027	1,775,000	285,125.00	2,060,125.00	1,075,000	171,125.00	1,246,125.00	375,000	310,825.00	685,825.00
2028	1,870,000	194,000.00	2,064,000.00	1,130,000	116,000.00	1,246,000.00	395,000	291,575.00	686,575.00
2029	1,965,000	98,125.00	2,063,125.00	1,190,000	58,000.00	1,248,000.00	415,000	271,325.00	686,325.00
2030	980,000	24,500.00	1,004,500.00	565,000	14,125.00	579,125.00	435,000	250,075.00	685,075.00
2031	-	-	-	-	-	-	455,000	227,825.00	682,825.00
2032	-	-	-	-	-	-	480,000	204,450.00	684,450.00
2033	-	-	-	-	-	-	505,000	179,825.00	684,825.00
2034	-	-	-	-	-	-	530,000	153,950.00	683,950.00
2035	-	-	-	-	-	-	560,000	126,700.00	686,700.00
2036	-	-	-	-	-	-	585,000	101,000.00	686,000.00
2037	-	-	-	-	-	-	605,000	77,200.00	682,200.00
2038	-	-	-	-	-	-	630,000	52,500.00	682,500.00
2039	-	-	-	-	-	-	655,000	30,075.00	685,075.00
2040	-	-	-	-	-	-	675,000	10,125.00	685,125.00
TOTALS	$ 15,670,000	$ 3,895,150.00	$ 19,565,150.00	$ 9,425,000	$ 2,406,125.00	$ 11,831,125.00	$ 9,010,000	$ 4,681,387.50	$ 13,691,387.50

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2020 DASNY Bonds Principal	Interest	Total
2021	$ -	$ -	$ -
2022	120,000	562,885.42	682,885.42
2023	365,000	316,125.00	681,125.00
2024	385,000	297,375.00	682,375.00
2025	400,000	277,750.00	677,750.00
2026	425,000	257,125.00	682,125.00
2027	445,000	235,375.00	680,375.00
2028	470,000	212,500.00	682,500.00
2029	490,000	188,500.00	678,500.00
2030	515,000	163,375.00	678,375.00
2031	545,000	136,875.00	681,875.00
2032	570,000	109,000.00	679,000.00
2033	600,000	79,750.00	679,750.00
2034	630,000	49,000.00	679,000.00
2035	665,000	16,625.00	681,625.00
TOTALS	$ 6,625,000	$ 2,902,260.42	$ 9,527,260.42

UNDERTAKING TO PROVIDE MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Note

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the District

(m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

(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 noteholders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

For the purposes of the event identified in paragraph (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 the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

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

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

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

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CITY SCHOOL DISTRICT OF THE CITY OF UTICA

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDING

JUNE 30, 2019

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

C O N T E N T S

INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Utica City School District
Utica, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Utica City School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

97 North Main St., PO Box 1219, Gloversville, NY 12078-0354 ▪ 60 Railroad Place, Suite 302, Saratoga Springs, NY 12866
www.westcpapc.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total other post-employment benefits liability and related ratios and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 11 and pages 47 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 52 through 54, as described in the table of contents 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 or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated October 10, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
October 10, 2019

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

FINANCIAL HIGHLIGHTS

- District-wide net deficit was $263,115,996 for the year ended June 30, 2019.
- State aid made up 70.5% of all revenues.
- The District taxpayers approved the General Fund Budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (MD&A) (this section), the basic financial statements and required supplementary information. 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 *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.
- *Fiduciary funds statements* provide information about the financial relationships, in which the School District acts solely as a *trustee* or *agent* for the benefit of others.

The basic financial statements also include notes that provide additional information about the basic financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the basic financial statements with a comparison of the School District's budget for the year.

Figure A-1 summarizes the major features of the School District's basic financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Figure A-1

Major Features of the District-wide and Fund Financial Statements

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

District-Wide Statements

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the School District's *net position* and how it has changed. Net position – the difference between the School District's assets, deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

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.

Fund Financial Statements

The 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:

- Some funds are required by state law and by bond covenants.

- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The 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 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, and the capital project fund. Required financial statements are the balance sheet and the statement of revenues, expenditures, and changes in fund balances.

- Fiduciary Fund: 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. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Figure A-2 – Condensed Statement of Net Position

	Fiscal Year 2019	Fiscal Year 2018	Percentage Change (Incr.;-Decr.)
Current and other assets	$ 89,607,226	$ 69,200,708	29.5%
Capital assets	214,432,893	208,101,950	3.0%
Total assets	304,040,119	277,302,658	9.6%
Deferred outflows of resources	45,885,314	49,396,219	-7.1%
Total deferred outflows of resources	45,885,314	49,396,219	-7.1%
Current liabilities	65,776,931	65,854,273	-0.1%
Long-term liabilities	454,854,332	478,855,077	-5.0%
Total liabilities	520,631,263	544,709,350	-4.4%
Deferred inflows of resources	92,410,166	65,997,409	40.0%
Total deferred inflows of resources	92,410,166	65,997,409	40.0%
Net position			
Net investment in capital assets	77,277,893	65,811,950	17.4%
Restricted	39,569,913	25,882,024	52.9%
Unrestricted	(379,963,802)	(375,701,856)	-1.1%
Total net position (deficit)	$ (263,115,996)	$ (284,007,882)	7.4%

Changes in Net Position

The School District's 2019 revenue was $204,909,301 (see Figure A-3). State aid, grants and contributions, and property taxes accounted for the majority of revenue by contributing 70.5%, 10.7% and 11.4% respectively, of the total revenue raised (see Figure A-4). The remainder of revenue came from fees for services, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled $184,017,415 for 2019. These expenses are predominantly for the education, supervision and transportation of students (see Figure A-5).

Net position increased during the year by $20,891,886.

Figure A-3 – Changes in Net Position from Operating Results

	Fiscal Year 2019	Fiscal Year 2018	Percentage Change (Incr.;-Decr.)
Revenues			
Program revenues:			
Charges for services	$ 278,644	$ 246,272	13.1%
Operating grants and contributions	21,937,835	22,817,237	-3.9%
General revenues:			
Property taxes	23,394,981	23,126,289	1.2%
Other tax items	9,019,352	9,149,959	-1.4%
Use of money and property	940,973	330,307	184.9%
Sale of property and compensation for loss	265,611	137,290	93.5%
State formula aid	144,452,466	140,996,463	2.5%
Federal aid	1,387,100	1,243,781	11.5%
Miscellaneous	3,232,339	4,459,560	-27.5%
Total revenues	204,909,301	202,507,158	1.2%
Expenses			
General support	20,379,306	20,049,962	1.6%
Instruction	141,014,232	136,263,068	3.5%
Transportation	10,713,403	10,068,828	6.4%
Debt service	5,274,850	6,235,625	-15.4%
School lunch program	6,635,624	6,349,282	4.5%
Total expenses	184,017,415	178,966,765	2.8%
Change in net position from operations	$ 20,891,886	$ 23,540,393	-11.3%

Figure A-4 – Revenue Sources for 2019 – Total Governmental Activities

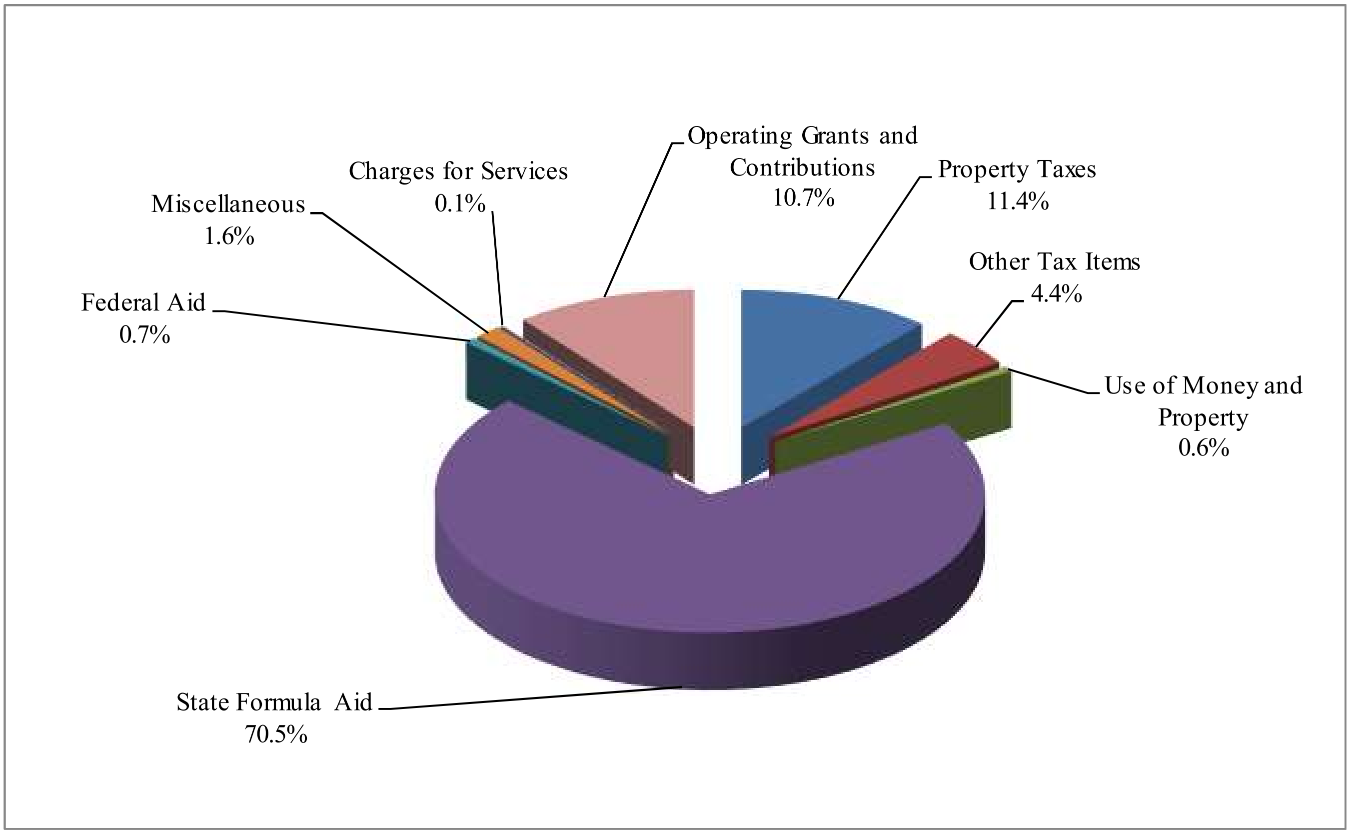
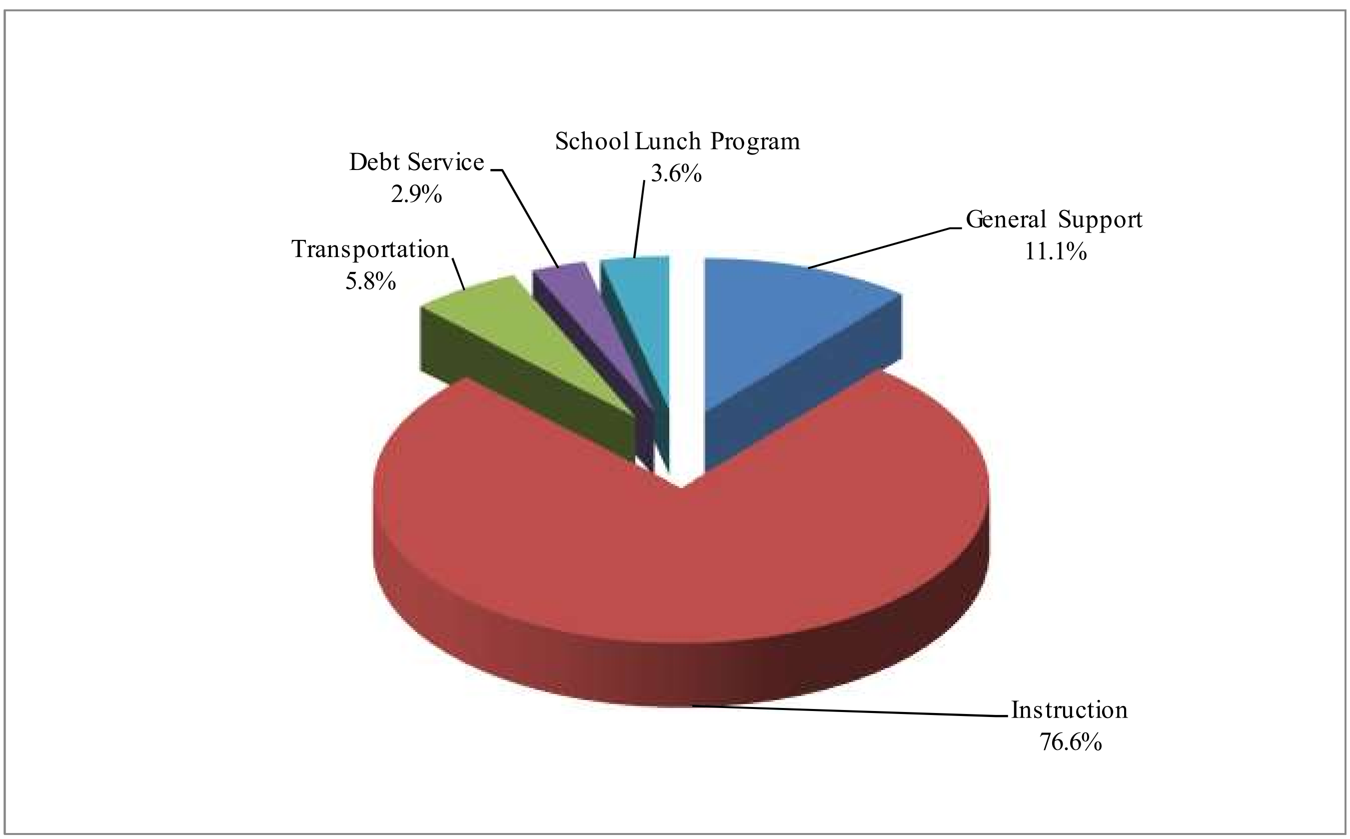


Figure A-5 – Expenses for 2019 – Total Governmental Activities



Governmental Activities

Revenue for the School District's governmental activities totaled $204,909,301 while total expenses were $184,017,415. Accordingly, net position increased by $20,891,886.

Figure A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Figure A-6 – Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2019	2018	(Incr.;-Decr.)	2019	2018	(Incr.;-Decr.)
General support	$ 20,379,306	$ 20,049,962	1.6%	$ 20,379,306	$ 20,049,962	1.6%
Instruction	141,014,232	136,263,068	3.5%	125,458,842	119,817,169	4.7%
Pupil transportation	10,713,403	10,068,828	6.4%	10,713,403	10,068,828	6.4%
Debt service	5,274,850	6,235,625	-15.4%	5,274,850	6,235,625	-15.4%
School lunch program	6,635,624	6,349,282	4.5%	(25,465)	(268,328)	-90.5%
Totals	$ 184,017,415	$ 178,966,765	2.8%	$ 161,800,936	$ 155,903,256	3.8%

- The cost of all governmental activities for the year was $184,017,415.
- The users of the School District's programs financed $278,644 of the costs.
- The federal and state government grants financed $21,937,835.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of $33,022,929. Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt, including the principal and interest payment.

No significant variances were reflected in the governmental fund financial statements for 2019.

General Fund Budgetary Highlights

This section presents an analysis of variances between original and final budget amounts and between final budget amounts and actual results for the General Fund.

Results vs. Budget

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Local sources	$ 33,849,815	$ 33,849,815	$ 35,354,193	$ 1,504,378
State sources	142,504,244	142,504,244	142,872,443	368,199
Medicaid	850,000	850,000	1,387,100	537,100
Totals	177,204,059	177,204,059	179,613,736	2,409,677
Expenses:				
General support	14,665,531	16,730,662	16,150,712	579,950
Instruction	96,340,766	96,555,657	96,087,735	467,922
Transportation	8,340,684	8,505,603	8,490,431	15,172
Employee benefits	38,267,018	36,760,509	28,736,303	8,024,206
Debt service	200,000	239,600	239,600	0
Transfers out	19,390,060	19,167,224	18,410,485	756,739
Totals	177,204,059	177,959,255	168,115,266	9,843,989
Excess (Deficiency) of Revenues Over Expenses	$ 0	$ (755,196)	11,498,470	$ 12,253,666
	Beginning fund balance		20,506,196	
	Assigned		715,238	
	Restricted		25,200,000	
	Ending unassigned fund balance		$ 6,089,428	

The General Fund is the only fund for which a budget is legally adopted.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2019, the School District had $214,432,893 (net of depreciation) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Figure A-7 – Capital Assets (Net of Depreciation)

	Governmental Activities and Total School District		Percentage Change
	2019	2018	(Incr.;-Decr.)
Land	$ 1,045,000	$ 1,045,000	0.0%
Construction in progress	75,369,460	110,120,083	-31.6%
Buildings, furniture and equipment	138,018,433	96,936,867	42.4%
Totals	$ 214,432,893	$ 208,101,950	3.0%

The District’s capital assets were more on June 30, 2019, than they were the year before, increasing by $6,330,943.

Long-Term Debt

As of June 30, 2019, the School District had $462,775,803 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Figure A-8 – Outstanding Long-Term Debt

	Total School District		Percentage Change
	2019	2018	(Incr.;-Decr.)
General obligation bonds (financed with property taxes)	$ 118,900,000	$ 122,175,000	-2.7%
Other debt	343,875,803	368,237,787	-6.6%
Totals	$ 462,775,803	$ 490,412,787	-5.6%

During 2019, the School District issued $9,830,000 in new bonds and paid down its debt by retiring $13,105,000 of outstanding bonds. Other debt represented revenue advances, compensated absences and other post-employment benefits.

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

The factors affecting the financial condition of the Utica City School District were basically the same problems that the District has faced over the last few years and which many other school districts are also facing today.

The Utica City School District continues to see an annual increase in enrollment, the majority being ENL students. As such, the District has to hire additional staff in order to ensure that we provide the appropriate number of ENL teachers and interpreters to work with the students, as well as to help communicate with their parents. This year 18% of the total student population are ENL students.

The District received an increase in Foundation Aid last year, along with cost savings due to the retirement of 41 teachers. The increase in Foundation Aid, along with the breakage from the 41 retirees, allowed the District to not only maintain current staffing, but to also add 50 additional positions. This revenue also allowed the District to have no change in the previous tax levy and build the fund balance to the state recommended 4%.

The District has settled contracts with all bargaining units and is currently in negotiations with bargaining units whose contracts are due to expire June, 2020.

The District is in the final stages of its $187.6 million Capital Project and the project has been moving forward on schedule and under budget with no major problems. In May, 2015, District voters approved an additional $9,750,000 to finance additions, along with improvements to Kernan Elementary School. That project is also moving forward with no major problems. When the project is completed, the District Office will be moved to that location eliminating the current lease of the District Office thus saving the District in future lease costs. In August, 2018 District voters approved an additional $14,976,000 Athletic Improvement Referendum. Once completed this project will provide our students state of the art athletic facilities.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Michele Albanese
Business Official
Utica City School District
106 Memorial Parkway
Utica, New York 13501
(315) 792-2225

UTICA CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2019

ASSETS	
Cash	
Unrestricted	$ 41,411,809
Restricted	25,200,000
Receivables	
State and Federal aid	11,543,614
Due from other governments	1,692,446
Other	2,659,464
Inventories	250,219
Net pension asset - proportionate share	6,849,674
Capital assets, net	214,432,893
Total Assets	304,040,119
DEFERRED OUTFLOWS OF RESOURCES	
Other post-employment benefits	7,642,117
Pensions	38,243,197
Total Deferred Outflows of Resources	45,885,314
LIABILITIES	
Payables	
Accounts payable	6,684,664
Accrued liabilities	4,363,007
Accrued interest payable	2,093,263
BANs payable	18,255,000
RANs payable	10,000,000
Due to other governments	62,329
Unearned revenues	1,498,852
Long-term liabilities	
Due and payable within one year	
Bonds payable	11,100,000
Due to Employees' Retirement System	459,417
Due to Teachers' Retirement System	6,917,004
Health and workers' compensation	4,343,395
Due and payable after one year	
Bonds payable	107,800,000
Advanced revenue	2,200,004
Net pension liability - proportionate share	3,178,529
Other post-employment benefits	340,387,937
Compensated absences payable	1,287,862
Total Liabilities	520,631,263
DEFERRED INFLOWS OF RESOURCES	
Other post-employment benefits	75,737,674
Pensions	11,198,223
Bond premiums	5,474,269
Total Deferred Inflows of Resources	92,410,166
NET POSITION	
Net investment in capital assets	77,277,893
Restricted	
Debt service	14,369,913
Workers' compensation	9,000,000
Retirement Contribution - ERS	10,000,000
Retirement Contribution - TRS	1,200,000
Property loss	2,500,000
Liability	2,500,000
Unrestricted	(379,963,802)
TOTAL NET POSITION (DEFICIT)	$ (263,115,996)

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 20,379,306	$ 0	$ 0	$ (20,379,306)
Instruction	141,014,232	87,153	15,468,237	(125,458,842)
Pupil transportation	10,713,403	0	0	(10,713,403)
Debt service	5,274,850	0	0	(5,274,850)
School lunch program	6,635,624	191,491	6,469,598	25,465
Total Functions and Programs	$ 184,017,415	$ 278,644	$ 21,937,835	(161,800,936)
GENERAL REVENUES				
Real property taxes				23,394,981
Other tax items				7,343,513
Nonproperty taxes				1,675,839
Use of money and property				940,973
Sale of property and compensation for loss				265,611
Miscellaneous				3,232,339
State sources				144,452,466
Federal aid				1,387,100
Total General Revenues				182,692,822
CHANGE IN NET POSITION				20,891,886
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				(284,007,882)
TOTAL NET POSITION (DEFICIT) - END OF YEAR				$ (263,115,996)

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2019

	General	Special Aid	School Lunch	Debt Service	Capital Project	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 20,526,075	$ 296,242	$ 2,133,786	$ 14,368,966	$ 4,086,740	$ 41,411,809
Restricted	25,200,000	0	0	0	0	25,200,000
Due from other funds	12,943,778	0	0	947	0	12,944,725
Due from other governments	1,692,446	0	0	0	0	1,692,446
State and Federal aid receivable	7,438,164	3,648,220	457,230	0	0	11,543,614
Other receivables	2,640,774	0	18,690	0	0	2,659,464
Inventories	0	0	250,219	0	0	250,219
TOTAL ASSETS	$ 70,441,237	$ 3,944,462	$ 2,859,925	$ 14,369,913	$ 4,086,740	$ 95,702,277
LIABILITIES						
Accounts payable	$ 6,228,362	$ 304,509	$ 34,442	$ 0	$ 117,351	$ 6,684,664
Accrued liabilities	4,175,021	90,723	97,263	0	0	4,363,007
BANs payable	0	0	0	0	18,255,000	18,255,000
RANs payable	10,000,000	0	0	0	0	10,000,000
Due to other funds	9,100,088	2,050,378	234,917	0	1,559,342	12,944,725
Due to other governments	62,329	0	0	0	0	62,329
Due to Employees' Retirement System	459,417	0	0	0	0	459,417
Due to Teachers' Retirement System	6,917,004	0	0	0	0	6,917,004
Unearned revenues	0	1,498,852	0	0	0	1,498,852
Total Liabilities	36,942,221	3,944,462	366,622	0	19,931,693	61,184,998
DEFERRED INFLOWS OF RESOURCES						
Deferred taxes	1,494,350	0	0	0	0	1,494,350
Total Deferred Inflows of Resources	1,494,350	0	0	0	0	1,494,350
FUND BALANCE (DEFICIT)						
Nonspendable	0	0	250,219	0	0	250,219
Restricted						
Debt service	0	0	0	14,369,913	0	14,369,913
Retirement Contribution - ERS	10,000,000	0	0	0	0	10,000,000
Retirement Contribution - TRS	1,200,000	0	0	0	0	1,200,000
Property loss	2,500,000	0	0	0	0	2,500,000
Liability	2,500,000	0	0	0	0	2,500,000
Workers' compensation	9,000,000	0	0	0	0	9,000,000
Assigned	715,238	118,994	2,243,084	0	882,833	3,960,149
Unassigned	6,089,428	(118,994)	0	0	(16,727,786)	(10,757,352)
Total Fund Balance (Deficit)	32,004,666	0	2,493,303	14,369,913	(15,844,953)	33,022,929
TOTAL LIABILITIES AND FUND BALANCE	$ 70,441,237	$ 3,944,462	$ 2,859,925	$ 14,369,913	$ 4,086,740	$ 95,702,277

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

Total fund balance - governmental funds balance sheet (page 14)		$ 33,022,929
Add:		
Net pension asset - proportionate share	$ 6,849,674	
Pensions	38,243,197	
Deferred tax revenue	1,494,350	
Capital assets (net of accumulated depreciation)	214,432,893	
Total		261,020,114
Deduct:		
Accrued interest	2,093,263	
Bonds payable	118,900,000	
Health and workers' compensation	4,343,395	
Revenue advance	2,200,004	
Bond premium	5,474,269	
Other post-employment benefits program	408,483,494	
Liability for compensated absences	1,287,862	
Net pension liabilities - proportionate share	3,178,529	
Pensions	11,198,223	
Total		(557,159,039)
NET POSITION (DEFICIT), GOVERNMENTAL ACTIVITIES		$ (263,115,996)

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	General	Special Aid	School Lunch	Debt Service	Capital Project	Total Governmental Funds
REVENUES						
Real property taxes	$ 23,536,175	$ 0	$ 0	$ 0	$ 0	$ 23,536,175
Other tax items	7,343,513	0	0	0	0	7,343,513
Nonproperty taxes	1,675,839	0	0	0	0	1,675,839
Charges for services	87,153	0	0	0	0	87,153
Use of money and property	663,665	0	17,963	259,345	0	940,973
Sale of property and compensation for loss	265,611	0	0	0	0	265,611
Miscellaneous	1,782,237	31,995	36,123	573,844	840,135	3,264,334
State and local sources	142,872,443	3,838,910	131,246	0	1,446,690	148,289,289
Medicaid reimbursement	1,387,100	0	0	0	0	1,387,100
Federal sources	0	11,597,332	5,848,693	0	0	17,446,025
Surplus food	0	0	489,659	0	0	489,659
Sales - school lunch	0	0	191,491	0	0	191,491
Total Revenues	179,613,736	15,468,237	6,715,175	833,189	2,286,825	204,917,162
EXPENDITURES						
General support	16,150,712	0	0	0	0	16,150,712
Instruction	96,087,735	15,666,821	0	0	0	111,754,556
Pupil transportation	8,490,431	0	0	0	0	8,490,431
Employee benefits	28,736,303	0	482,274	0	0	29,218,577
Debt service						
Principal	0	0	0	13,105,000	0	13,105,000
Interest	239,600	0	0	5,452,201	0	5,691,801
Cost of sales	0	0	5,822,411	0	0	5,822,411
Capital outlay	0	0	0	0	9,927,590	9,927,590
Total Expenditures	149,704,781	15,666,821	6,304,685	18,557,201	9,927,590	200,161,078
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,908,955	(198,584)	410,490	(17,724,012)	(7,640,765)	4,756,084
OTHER FINANCING SOURCES AND USES						
Interfund transfers	(18,410,485)	198,584	0	18,211,901	0	0
Proceeds of bond issue	0	0	0	0	9,830,000	9,830,000
Total Other Sources (Uses)	(18,410,485)	198,584	0	18,211,901	9,830,000	9,830,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND (USES)	11,498,470	0	410,490	487,889	2,189,235	14,586,084
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	20,506,196	0	2,082,813	13,882,024	(18,034,188)	18,436,845
FUND BALANCE (DEFICIT) - END OF YEAR	$ 32,004,666	$ 0	$2,493,303	$ 14,369,913	$ (15,844,953)	$ 33,022,929

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

REVENUES		
Governmental funds		$ 204,917,162
Change in deferred taxes		(141,194)
Revenue advance		133,333
REVENUES - STATEMENT OF ACTIVITIES		204,909,301
EXPENDITURES	$ 200,161,078	
Add:		
Increase in other post-employment benefits	4,444,620	
Increase in compensated absences	42,245	
Change in health and workers' compensation	188,374	
Depreciation expense	4,052,954	
Total	8,728,193	
Deduct:		
Principal paid on long-term debt	13,105,000	
Change in fixed assets	10,383,897	
Pensions	966,008	
Amortization of bond premium	288,119	
Decrease in accrued interest	128,832	
Total	24,871,856	
EXPENDITURES - STATEMENT OF ACTIVITIES		184,017,415
CHANGE IN NET POSITION		$ 20,891,886

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	Private Purpose Trusts	Agency
ASSETS		
Cash	$ 333,943	$ 58,365
Total Assets	$ 333,943	$ 58,365
LIABILITIES		
Extraclassroom activity balances	$ 0	$ 58,365
Total Liabilities	0	$ 58,365
NET POSITION		
Reserved for scholarships	$ 333,943	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	$ 8,015
Investment earnings	6,869
Total Additions	14,884
DEDUCTIONS	
Scholarships and awards	17,700
Change in Net Assets	(2,816)
NET POSITION - BEGINNING OF YEAR	336,759
NET POSITION - END OF YEAR	$ 333,943

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Significant accounting principles and policies utilized by the District are described below:

A) Reporting Entity

The Utica City School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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 other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief 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 included with these basic financial statements. The District accounts for assets held as an agent for various student organizations in an agency fund.

B) Joint Venture

The District is a component district in Oneida-Herkimer-Madison Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs 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.

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

B) Joint Venture – (Continued)

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

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

During the year, the District was billed $20,907,170 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued no serial bonds on behalf of BOCES. As of year end, the District had no outstanding BOCES debt.

The District's share of BOCES aid amounted to $10,724,222.

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

C) Basis of Presentation

1) 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 nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

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

C) Basis of Presentation – (Continued)

2) Funds Statements

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

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.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

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

Fiduciary Fund: 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:

i) **Private Purpose Trust Funds:** These funds are used to account for trust arrangements in which principal and income benefit annual third-party awards and scholarships for students. 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.

ii) **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.

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

D) Measurement Focus and Basis of Accounting – (Continued)

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, 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 365 days after the end of the fiscal year.

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

E) Property Taxes

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

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

F) Restricted Resources

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

G) Interfund Transactions

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

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

G) Interfund Transactions – (Continued)

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

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates

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

I) Cash (and Cash Equivalents)/Investments

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

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

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

Investments are stated at fair value.

J) Receivables

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

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

K) Inventories and Prepaid Items

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

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

A reserve for these nonliquid assets (inventories) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Capital Assets

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 5,000	Straight-line	40
Building improvements	5,000	Straight-line	20
Furniture and equipment	5,000	Straight-line	5-15

M) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. The 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. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

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

M) Deferred Outflows and Inflows of Resources – (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. 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's proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and the difference during the measurement periods between the District's contributions and its proportion 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 reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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

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

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
District's proportionate share of the net pension asset (liability)	$ (3,178,529)	$ 6,849,674
District's portion of the Plan's total net pension asset (liability)	0.0448609%	0.378798%
Change in proportion since the prior measurement date	(0.0030807)%	0.016192%

For the year ended June 30, 2019, the District recognized pension expense of $1,728,348 for ERS and $6,508,477 for TRS. At June 30, 2019 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

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

M) Deferred Outflows and Inflows of Resources – (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 625,919	$ 5,118,706	$ 213,369	$ 927,197
Changes of assumptions	798,952	23,944,105	0	0
Net difference between projected and actual earnings on pension plan investments	0	0	815,786	7,603,660
Changes in proportion and differences between the District's contributions and proportionate share of contributions	150,893	636,728	203,404	1,434,807
District's contributions subsequent to the measurement date	459,417	6,508,477	0	0
Total	$ 2,035,181	$ 36,208,016	$ 1,232,559	$ 9,965,664

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:

Year ended:	ERS	TRS
2020	$ 632,357	$ 4,507,455
2021	(642,983)	337,664
2022	(50,394)	4,491,318
2023	404,224	3,091,786
2024	0	593,921
Thereafter	0	0

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	4.2%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 Systems experience	July 1, 2009 - June 30, 2014 Systems experience
Inflation rate	2.5%	2.25%
Cost of living adjustments	1.3%	1.5%

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

M) Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

For ERS, annuitant mortality rates are based on April 1, 2010 through March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 through June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 through March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2009 through 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 weighing the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Asset type		
Domestic equity	4.55%	5.8%
International equity	6.35	7.3
Global equities	0	6.7
Real estate	5.55	4.9
Domestic fixed income securities	0	1.3
Global fixed income securities	0	0.9
High-yield fixed income securities	0	3.5
Mortgages	0	2.8
Private debt	0	6.8
Short-term	0	0.3
Private equity/alternative investments	7.50	8.9
Absolute return strategies	3.75	0
Opportunistic portfolio	5.68	0
Bonds and mortgages	1.31	0
Cash	(0.25)	0
Inflation index bonds	1.25	0
Real assets	5.29	0

Discount Rate

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

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

M) Deferred Outflows and Inflows of Resources – (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS and 6.25% for TRS) or 1 percentage point higher 8.0% for ERS and 8.25% for TRS) than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension asset (liability)	$ (13,897,038)	$ (3,178,529)	$ 5,825,778

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension asset (liability)	$ (47,058,380)	$ 6,849,674	$ 52,009,643

Pension Plan Fiduciary Net Position

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

	(Dollars in thousands)		
	ERS	TRS	Total
Measurement date	March 31, 2019	June 30, 2018	
Employers' total pension asset (liability)	$ (189,803,429)	$ (118,107,253)	$(307,910,682)
Plan fiduciary net position asset (liability)	182,718,124	119,915,518	302,633,642
Employers' net pension asset (liability)	(7,085,305)	1,808,265	(5,277,040)
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	96.27%	101.53%	98.29%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to $459,417.

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

M) Deferred Outflows and Inflows of Resources – (Continued)

Payables to the Pension Plan – (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November, 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amount to $6,917,004.

Additional pension information can be found in Note 10.

N) Unearned Revenue

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

O) Vested Employee Benefits

Compensated Absences

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

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

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

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an 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 funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

P) Other Benefits

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

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

P) Other Benefits – (Continued)

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 an expenditure.

Q) Short-Term Debt

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

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

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

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

R) Accrued Liabilities and Long-Term Obligations

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

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

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

S) Equity Classifications

District-Wide Statements

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

i) Net Investment in Capital Assets

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

ii) Restricted Net Position

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

iii) Unrestricted Net Position

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

Funds Statements

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

1. Nonspendable

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of $250,219.

2. Restricted

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The School District has established the following restricted fund balances:

Currently Utilized by the District:

Workers' Compensation

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

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

S) Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Under the new amendments to General Municipal Law§6-r, the Board of Education, by resolution, can establish a sub-fund within its retirement contribution reserve fund to finance retirement contributions to the New York State Teacher Retirement System. In addition, the amount of monies contributed annually to the sub-fund cannot exceed 2%, nor can the balance of the sub-fund exceed 10% of the compensation or salaries of the TRS members during the immediate preceding fiscal year. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Debt Service

According to General Municipal Law §6-1, 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 the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund under Restricted Fund Balance.

Liability Claims and Property Loss

According to Education Law §1709(8)(c)), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, 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 under Restricted Fund Balance.

3. Committed

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

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

S) Equity Classifications – (Continued)

Funds Statements – (Continued)

4. 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.

5. 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 and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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

Order of Use of Fund Balance

The District's policy is to annually determine the appropriate use of fund balance upon recommendation of the Superintendent and Board of Education.

T) New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2019, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations,* effective for the year ending June 30, 2019. This statement establishes criteria for determining the timing and pattern of recognition of liability and corresponding deferred outflow of resources for asset retirement obligations.

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* effective for the year ending June 30, 2019. This statement establishes new disclosure requirements related to debt.

U) Future Changes in Accounting Standards

GASB has issued Statement No. 84, *Fiduciary Activities,* effective for the year ending June 30, 2020. This statement establishes criteria for identifying fiduciary activities.

GASB has issued Statement No. 87, *Leases,* effective for the year ending June 30, 2021. This statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as appropriate.

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

U) Future Changes in Accounting Standards – (Continued)

GASB has issued Statement No. 89, *Accounting Interest Cost Incurred before the End of a Construction Period,* effective for the year ending June 30, 2021. This statement requires that interest cost incurred during construction be expensed in that period rather than being included in the cost of the capital asset.

GASB has issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2020. This statement requires the reporting of majority equity interests which meet the definition of an investment at fair value and requires the reporting of majority equity interests which do not meet the definition of an investment as a component unit.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2022. This statement provides a single method of reporting conduit debt obligations by issuers.

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.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDSTATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the 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 Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balance 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 applies in the reporting of capital assets and long-term liabilities, including pensions.

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

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

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.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDSTATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)

B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities – (Continued)

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 governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension Differences

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

v) OPEB Differences

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

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. No supplemental appropriations occurred during the year.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

Budgets – (Continued)

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

Budgets are established and used for individual capital 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 reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of $15,844,953. The deficit will be eliminated when bonds are issued for the current capital project.

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

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:

Uncollateralized	$ 0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	67,340,982

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $25,200,000 within the governmental funds and $392,308 in fiduciary funds.

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 1,045,000	$ 0	$ 0	$ 1,045,000
Construction in progress	110,120,083	9,927,590	(44,678,213)	75,369,460
Total nondepreciable historical cost	111,165,083	9,927,590	(44,678,213)	76,414,460
Capital assets that are depreciated:				
Buildings	138,272,166	44,678,213	0	182,950,379
Site improvements	9,316,066	0	0	9,316,066
Furniture and equipment	26,577,468	260,244	104,365	26,942,077
Total depreciable historical cost	174,165,700	44,938,457	104,365	219,208,522
Less accumulated depreciation:				
Buildings	48,009,401	3,434,947	0	51,444,348
Site improvements	4,446,038	226,994	0	4,673,032
Furniture and equipment	24,773,394	391,013	(91,698)	25,072,709
Total accumulated depreciation	77,228,833	4,052,954	(91,698)	81,190,089
Net depreciable historical cost	96,936,867	40,885,503	196,063	138,018,433
Total historical cost, net	$ 208,101,950	$ 50,813,093	$ (44,482,150)	$ 214,432,893

Depreciation expense was charged to governmental functions as follows:

General support	$ 460,266
Instruction	3,184,798
Pupil transportion	241,962
School lunch program	165,928
Total	$ 4,052,954

NOTE 6 – SHORT-TERM DEBT

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

Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
RAN 2019	2.50%	$ 8,000,000	$ 0	$ 8,000,000	$ 0
RAN 2019	1.98%	2,000,000	0	2,000,000	0
RAN 2020	2.50%	0	10,000,000	0	10,000,000
BAN 2018	1.43%	10,000,000	0	10,000,000	0
BAN 2018	1.48%	10,115,000	0	10,115,000	0
BAN 2019	2.50%	0	8,505,000	0	8,505,000
BAN 2019	2.75%	0	9,750,000	0	9,750,000
TOTALS		$ 30,115,000	$ 28,255,000	$ 30,115,000	$ 28,255,000

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

Interest paid	$ 584,900
Less interest accrued in the prior year	(345,300)
Plus interest accrued in the current year	329,927
TOTAL EXPENSE ON SHORT-TERM DEBT	$ 569,527

NOTE 7 – LONG-TERM DEBT

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government activities:					
Bonds and notes payable	$ 122,175,000	$ 9,830,000	$ 13,105,000	$ 118,900,000	$ 11,100,000
Other liabilities:					
Revenue advance	2,333,337	0	133,333	2,200,004	0
Compensated absences	1,245,617	42,245	0	1,287,862	0
Other post-employment retirement benefits	364,658,833	0	24,270,896	340,387,937	0
Total long-term liabilities	$ 490,412,787	$ 9,872,245	$ 37,509,229	$ 462,775,803	$ 11,100,000

NOTE 7 – LONG-TERM DEBT – (CONTINUED)

The following is a summary of long-term indebtedness:

Description of Issue	Date	Maturity	Rate	Outstanding at June 30, 2019
Serial Bond	2012	2027	1.400 - 4.800%	$ 3,020,000
Serial Bond	2017	2030	3.00 - 5.00%	16,985,000
Serial Bond	2012	2041	2.00 - 5.00%	23,550,000
Serial Bond	2013	2026	2.00 - 5.00%	18,865,000
Serial Bond	2013	2028	2.00 - 5.00%	6,095,000
Serial Bond	2015	2029	2.00 - 5.00%	23,945,000
Serial Bond	2017	2030	2.00 - 5.00%	16,610,000
Serial Bond	2018	2030	3.00 - 5.00%	9,830,000
Totals				$ 118,900,000

The following is a summary of maturing debt service requirements:

	Principal	Interest	Total
Fiscal year ending June 30:			
2020	$ 11,100,000	$ 5,076,960	$ 16,176,960
2021	11,925,000	4,257,300	16,182,300
2022	12,400,000	3,762,818	16,162,818
2023	12,900,000	3,276,311	16,176,311
2024	13,420,000	2,746,293	16,166,293
Thereafter	57,155,000	6,864,103	64,019,103
Totals	$ 118,900,000	$ 25,983,785	$ 144,883,785

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

Total Expense

Interest paid	$ 5,106,901
Less amortization of bond premium	(288,119)
Less interest accrued in the prior year	(1,876,795)
Plus interest accrued in the current year	1,763,336
TOTAL EXPENSE ON LONG-TERM DEBT	$ 4,705,323

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. As of June 30, 2019, all defeased bonds have been fully redeemed.

NOTE 7 – LONG-TERM DEBT – (CONTINUED)

Other Liabilities

In previous years, the District was granted advances on future lottery aid. These advances have been recorded in the long-term debt group of accounts. The District will be obligated to repay $133,333 of these combined advances each subsequent school year.

NOTE 8 – OPERATING LEASE

The District conducts its administrative activities out of facilities that are leased under a three year noncancelable operating lease expiring on May 31, 2020, at a monthly rate of $20,000 plus taxes and all maintenance and utility costs. Future minimum rental payments due under the lease are as follows:

Year Ending June 30:	
2020	$ 240,000

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivables	**Payables**	**Revenues**	**Expenditures**
General Fund	$ 12,943,778	$ 9,100,088	$ 0	$ 18,410,485
Special Aid Fund	0	2,050,378	198,584	0
School Lunch Fund	0	234,917	0	0
Debt Service Fund	947	0	18,211,901	0
Capital Fund	0	1,559,342	0	0
Total Governmental Activities	12,944,725	12,944,725	18,410,485	18,410,485
Fiduciary Agency Fund	0	0	0	0
TOTALS	$ 12,944,725	$ 12,944,725	$ 18,410,485	$ 18,410,485

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

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

NOTE 10 – PENSION PLANS

General Information

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

NOTE 10 – PENSION PLANS – (CONTINUED)

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 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.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, 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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

NOTE 10 – PENSION PLANS – (CONTINUED)

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

	NYSTRS	NYSERS
2018-2019	$ 6,508,477	$ 1,728,348
2017-2018	6,248,107	1,834,745
2016-2017	6,827,643	1,537,170

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, which the District did not exercise.

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

Additional pension information can be found in Note 1 M.

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	684
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	1,046
Total	1,730

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Total OPEB Liability:

The District's total OPEB liability of $340,387,937 was measured as of July 1, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.4%
Salary Increases	3.5%, average, including inflation
Discount Rate	3.87%
Healthcare Cost Trend Rates	7.5% for 2019, decreasing per year to an ultimate rate of 3.94% for 2089 and later years.

The discount rate was based on the Bond Buyer Weekly 20-Bond GO Index.

Mortality rates were based on the RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2018.

Changes in the Total OPEB Liability:

Balance at June 30, 2018	$ 364,658,833
Changes for the year:	
Service cost	12,285,691
Interest	13,432,386
Changes in benefit terms	803,594
Differences between expected and actual experience	(32,054,661)
Changes in assumptions or other inputs	(11,092,503)
Benefit payments	(7,645,403)
Net changes	(24,270,896)
Balance at June 30, 2019	$ 340,387,937

Changes in assumptions and other inputs reflect a change in the discount rate from 3.60% in 2018 to 3.87% in 2019.

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 (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 407,060,875	$ 340,387,937	$ 287,711,184

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

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 (6.5% decreasing to 2.94%) or 1 percentage point higher (8.5% decreasing to 4.94%) than the current healthcare cost trend rate:

	1% Decrease (6.5% Decreasing to 2.94%)	Healthcare Cost Trend Rates (7.5% Decreasing to 3.94%)	1% Increase (8.5% Decreasing to 4.94%)
Total OPEB Liability	$ 280,949,123	$ 340,387,937	$ 419,038,384

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

For the year ended June 30, 2019, the District recognized OPEB expense of $4,444,620. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 27,449,106
Changes of assumptions or other inputs	0	48,288,568
Employer contributions subsequent to the measurement date (expected employer contribution including implicit subsidy)	7,642,117	0
Total	$ 7,642,117	$ 75,737,674

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

Fiscal Year Ending June 30:	
2020	$ (6,792,817)
2021	(14,434,934)
2022	(14,434,934)
2023	(14,434,934)
2024	(14,434,934)
Thereafter	(3,563,004)
Total	$ (68,095,557)

NOTE 12 – RISK MANAGEMENT

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 coverage.

The District has a variety of pending law suits, which the District is contesting vigorously. Management has estimated overall exposure for all cases not to exceed $500,000.

Self-Insured Plans

The District has chosen to establish a self-funded health benefit program and workers' compensation plan for its employees. The District has obtained aggregate and specific excess loss insurance associated with the self-funded health benefit program. The benefit programs administrators, Excellus BlueCross BlueShield and Eagle Claim Service, are responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit programs report on a fiscal year ended June 30. The programs are accounted for in the General Fund of the District. At year end, the District has a liability of $4,343,395 which represents reported and unreported claims which were incurred on or before year end, but which were not paid by the District as of that date. Claims activity is summarized below.

	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
Claims reported for the fiscal years ended June 30:				
2019	$ 0	$ 36,293,257	$ 36,293,257	$ 0
2018	0	37,493,232	37,493,232	0
2017	0	37,964,973	37,964,973	0
2016	0	33,529,613	33,529,613	0
Incurred but not reported for the fiscal years ended June 30:				
2019	$ 4,155,021	$ 188,374	$ 0	$ 4,343,395
2018	4,567,088	(412,067)	0	4,155,021
2017	4,994,242	(427,154)	0	4,567,088
2016	4,744,745	249,497	0	4,994,242

NOTE 13 – DONOR-RESTRICTED ENDOWMENTS

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

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

NOTE 14 – CONTINGENCIES AND COMMITMENTS

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

NOTE 15 – TAX ABATEMENTS

The County of Oneida, enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced $1,115,115. The District received Payment in Lieu of Tax (PILOT) payment totaling $698,606.

NOTE 16 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through the issuance date of these financial statements. All subsequent events requiring recognition have been incorporated into these financial statements.

UTICA CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Revenues	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:				
Local Sources				
Real property taxes	$ 23,251,699	$ 23,251,699	$ 23,536,175	$ 284,476
Other tax items	7,254,165	7,254,165	7,343,513	89,348
Nonproperty taxes	1,310,993	1,310,993	1,675,839	364,846
Charges for services	55,500	55,500	87,153	31,653
Use of money and property	90,000	90,000	663,665	573,665
Sale of property and compensation for loss	101,500	101,500	265,611	164,111
Miscellaneous	1,785,958	1,785,958	1,782,237	(3,721)
Total Local Sources	33,849,815	33,849,815	35,354,193	1,504,378
State Sources	142,504,244	142,504,244	142,872,443	368,199
Federal Sources - Medicaid	850,000	850,000	1,387,100	537,100
Total Revenues	177,204,059	177,204,059	179,613,736	$ 2,409,677

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

UTICA CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Expenditures	Year End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under
EXPENDITURES					
General Support					
Board of Education	247,498	281,301	278,777	$ 0	$ 2,524
Central administration	342,462	320,055	319,535	0	520
Finance	1,135,505	1,335,347	1,330,591	1,180	3,576
Staff	937,350	1,575,778	1,559,833	0	15,945
Central services	8,983,859	10,138,598	9,584,309	547,918	6,371
Special items	3,018,857	3,079,583	3,077,667	0	1,916
Instructional					
Instruction, administration and improvements	4,406,997	4,514,147	4,498,472	177	15,498
Teaching – regular school	57,520,594	56,659,728	56,257,349	146,920	255,459
Programs for children with handicapping conditions	20,218,229	20,873,399	20,873,198	0	201
Occupational education	4,471,917	4,048,610	4,045,152	95	3,363
Teaching - special schools	490,028	501,786	501,786	0	0
Instructional media	4,387,527	5,034,201	5,021,741	2,791	9,669
Pupil services	4,845,474	4,923,786	4,890,037	13,285	20,464
Pupil Transportation	8,340,684	8,505,603	8,490,431	2,872	12,300
Employee Benefits	38,267,018	36,760,509	28,736,303	0	8,024,206
Debt Service					
Debt service – interest	200,000	239,600	239,600	0	0
Total Expenditures	157,813,999	158,792,031	149,704,781	715,238	8,372,012
Other Financing Uses					
Transfers to other funds	19,390,060	19,167,224	18,410,485	0	756,739
Total Expenditures and Other Uses	177,204,059	177,959,255	168,115,266	$ 715,238	$ 9,128,751
NET CHANGE IN FUND BALANCE	0	(755,196)	11,498,470		
FUND BALANCE – BEGINNING	20,506,196	20,506,196	20,506,196		
FUND BALANCE – ENDING	$ 20,506,196	$ 19,751,000	$ 32,004,666		

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

UTICA CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Measurement Date	July 1, 2018	July 1, 2017
Total OPEB Liability		
Service cost	$ 12,285,691	$ 16,167,717
Interest	13,432,386	11,734,648
Change of benefit terms	803,594	0
Differences between expected and actual experience	(32,054,661)	0
Change of assumptions or other inputs	(11,092,503)	(55,261,073)
Benefit payments	(7,645,403)	(7,113,559)
Net change in total OPEB liability	(24,270,896)	(34,472,267)
Total OPEB Liability - beginning	364,658,833	399,131,100
Total OPEB Liability - ending	$ 340,387,937	$ 364,658,833
Covered-employee payroll	$ 71,728,367	$ 78,179,365
Total OPEB liability as a percentage of covered-employee payroll	474.55%	466.44%
Plan's fiduciary net position	$ 0	$ 0
Net OPEB Liability	$ 340,387,937	$ 364,658,833

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

UTICA CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE YEARS ENDED JUNE 30, 2019, 2018, 2017, 2016 AND 2015

NYS Teachers' Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.378798%	0.362606%	0.368623%	0.357144%	0.372659%
District's proportionate share of the net pension liability (asset)	$ (6,849,674)	$ (2,756,162)	$ 3,948,104	$ (37,095,888)	$ (41,511,943)
District's covered-employee payroll	62,394,529	68,718,704	64,356,493	59,133,373	55,905,530
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.0%	4.0%	6.1%	62.7%	74.3%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	100.70%	99.00%	110.50%	111.48%

NYS Employees' Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0448609%	0.0479416%	0.0456237%	0.0479567%	0.0468502%
District's proportionate share of the net pension liability (asset)	$ 3,178,529	$ 1,547,290	$ 4,286,903	$ 7,697,181	$ 1,582,716
District's covered-employee payroll	12,637,586	12,485,506	11,932,678	11,641,637	11,778,690
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.2%	12.4%	35.9%	66.1%	13.4%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%	97.9%

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

UTICA CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2019, 2018, 2017, 2016 AND 2015

NYS Teachers' Retirement System

	2019	2018	2017	2016	2015
Contractually required contribution	$ 6,626,299	$ 6,734,433	$ 7,542,581	$ 7,841,085	$ 9,800,239
Contributions in relation to the contractually required contribution	6,626,299	6,734,433	7,542,581	7,841,085	9,800,239
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 62,394,529	$ 68,718,704	$ 64,356,493	$ 59,133,373	$ 55,905,530
Contribution as a percentage of covered-employee payroll	10.62%	9.80%	11.72%	13.26%	17.53%

NYS Employees' Retirement System

	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,728,348	$ 1,755,128	$ 1,763,919	$ 2,005,958	$ 2,257,491
Contributions in relation to the contractually required contribution	1,728,348	1,755,128	1,763,919	2,005,958	2,257,491
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 12,637,586	$ 12,485,506	$ 11,932,678	$ 11,641,637	$ 11,778,690
Contribution as a percentage of covered-employee payroll	13.68%	14.06%	14.78%	17.23%	19.15%

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

UTICA CITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

ADOPTED BUDGET	$	177,204,059
Additions:		
Prior year encumbrances		755,196
FINAL BUDGET	$	177,959,255

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2019

2019-2020 voter-approved expenditure budget	$	186,156,977
Maximum allowed (4% of 2019-2020 budget)		7,446,279
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance		715,238
Unassigned fund balance		6,089,428
Total unrestricted fund balance		6,804,666
Less:		
Encumbrances		715,238
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	$	6,089,428
Actual percentage		3.3%

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

UTICA CITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2019

							Methods of Financing				
	Original	Revised	Expenditures to Date			Unexpended	Proceeds of	Local	State		Fund Balance
Project Title	Appropriation	Appropriation	Prior Year	Current Year	Total	Balance	Obligations	Sources	Sources	Total	June 30, 2019
Smart School Bond Act	$ 9,678,419	$ 9,678,419	$ 275,586	$ 2,783,752	$ 3,059,338	$ 6,619,081	$ 0	$ 0	$ 1,500,943	$ 1,500,943	$ (1,558,395)
Capital project - facilities	187,600,000	187,600,000	186,169,210	7,143,838	193,313,048	(5,713,048)	165,647,042	9,089,080	4,290,368	179,026,490	(14,286,558)
Total	$ 197,278,419	$ 197,278,419	$ 186,444,796	$ 9,927,590	$ 196,372,386	$ 906,033	$ 165,647,042	$ 9,089,080	$ 5,791,311	$ 180,527,433	$ (15,844,953)

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

UTICA CITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2019

CAPITAL ASSETS, NET		$ 214,432,893
DEDUCT:		
Short-term portion of bonds payable	$ 11,100,000	
Long-term portion of bonds payable	107,800,000	
BANS payable	18,255,000	
Total		137,155,000
NET INVESTMENT IN CAPITAL ASSETS		$ 77,277,893

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

UTICA CITY SCHOOL DISTRICT

FEDERAL AWARD PROGRAM INFORMATION

SINGLE AUDIT

(UNIFORM GUIDANCE)

JUNE 30, 2019

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

To the President and the Other Members
of the Board of Education of the
Utica City School District
Utica, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Utica City School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Utica City 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 Utica City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Utica City 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.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

WEST & COMPANY CPAs PC

Gloversville, New York
October 10, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the President and the Other Members
of the Board of Education of the
Utica City School District
Utica, New York

Report on Compliance for Each Major Federal Program

We have audited Utica City 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 Utica City School District's major federal programs for the year ended June 30, 2019. Utica City School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Utica City 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 Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Utica City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Utica City 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, 2019.

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Report on Internal Control Over Compliance

Management of the Utica City 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 Utica City 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Utica City School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

WEST & COMPANY CPAs PC

Gloversville, New York
October 10, 2019

UTICA CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through the NYS Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	10.555	Not Applicable	$ 0	$ 489,659
Cash Assistance				
School Breakfast Program	10.553	Not Applicable	0	1,206,902
National School Lunch Program	10.555	Not Applicable	0	4,237,630
Summer Food Service Program for Children	10.559	Not Applicable	0	77,658
Total Child Nutrition Cluster			0	6,011,849
Fresh Fruit and Vegetable Program	10.582	0000418001	0	326,503
Total U.S. Department of Agriculture			0	6,338,352
U.S. Department of Education				
Passed through the NYS Education Department:				
Special Education Cluster:				
Special Education - Grants to States	84.027	0032180631	0	53,037
Special Education - Grants to States	84.027	0032190631	41,337	2,449,813
Total Special Education - Grants to States			41,337	2,502,850
Special Education - Preschool Grants	84.173	0033180631	0	1,735
Special Education - Preschool Grants	84.173	0033190631	683	40,927
Total Special Education Preschool Grants			683	42,662
Total Special Education Cluster			42,020	2,545,512
Title I - Grants to Local Educational Agencies	84.010	0021182060	0	546,276
Title I - Grants to Local Educational Agencies	84.010	0021192060	100,398	6,293,956
Title I - Grants to Local Educational Agencies	84.010	0011182150	0	261,378
Title I - Grants to Local Educational Agencies	84.010	0016182060	4,088	4,088
Total Title I - Grants to Local Educational Agencies			104,486	7,105,698
Career and Technical Education - Basic Grants to States	84.048	8000180006	0	6,303
Career and Technical Education - Basic Grants to States	84.048	8000190006	0	149,175
Total Career and Technical Education - Basic Grants to States			0	155,478
Education for Homeless Children and Youth	84.196	0212193036	0	39,489
Education for Homeless Children and Youth	84.196	0212183036	0	2
Total Education for Homeless Children and Youth			0	39,491
English Language Acquisition State Grants	84.365	0149182060	0	26,970
English Language Acquisition State Grants	84.365	0149192060	0	4,358
English Language Acquisition State Grants	84.365	0293182060	0	69,688
English Language Acquisition State Grants	84.365	0293192060	573	199,840
English Language Acquisition State Grants	84.365	0154182060	0	3,988
Total English Language Acquisition State Grants			573	304,844
Improving Teacher Quality State Grants	84.367	0147182060	0	12,839
Improving Teacher Quality State Grants	84.367	0147192060	65,946	702,021
Total Improving Teacher Quality State Grants			65,946	714,860
School Improvement Grants	84.377	0123185121	0	10,594
School Improvement Grants	84.377	0123197625	0	20,649
School Improvement Grants	84.377	0123187625	0	489,646
Total School Improvement Grants			0	520,889
Student Support and Academic Enrichment Grants	84.424	0204192060	40,290	210,560
Total U.S. Department of Education			253,315	11,597,332
TOTAL FEDERAL AWARDS EXPENDED			$ 253,315	$17,935,684

See notes to schedule of expenditures of federal awards.

UTICA CITY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award 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 that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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 and 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 B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, the District had food commodities totaling $17,149 in inventory.

NOTE C – INDIRECT COST RATE

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 the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. There is no other indirect cost allocation plan in effect.

NOTE D – CLUSTER PROGRAMS

The following programs are identified by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* to be part of a cluster of programs:

Nutrition Cluster	
CFDA #10.553	School Breakfast Program
CFDA #10.555	National School Lunch Program
CFDA #10.559	Summer Food Service Program for Children
Special Education Cluster	
CFDA #84.027	Special Education – Grants to States
CFDA #84.173	Special Education – Preschool Grants

UTICA CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

A. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' opinion issued:		Unmodified
Internal control over financial reporting:		
Material weakness identified?	___ yes	X no
Significant deficiencies identified that are not considered to be material weakness?	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

FEDERAL AWARDS

Internal control over major programs:		
Material weakness identified?	___ yes	X no
Significant deficiencies identified that are not considered to be material weakness?	___ yes	X none reported
Type of auditors' opinion(s) issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	___ yes	X no

Identification of major programs:

Name of Federal Program	CFDA Number
English Language Acquisition Grants	84.365
National School Lunch Program	10.555
School Breakfast Program	10.553
Summer Food Service Program for Children	10.559

Dollar threshold used to distinguish between Type A and Type B Programs	$ 750,000	
Auditee qualified as low risk?	X yes	___ no

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

UTICA CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2019

INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Utica City School District
Utica, New York

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Utica City School District as of June 30, 2019, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Basis for Qualified Opinion

Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

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Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the Utica City School District as of June 30, 2019, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

WEST & COMPANY CPAs PC

Gloversville, New York
October 10, 2019

UTICA CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2019

ASSETS		
Cash	$	58,365
TOTAL ASSETS	$	58,365
LIABILITIES AND CLUB BALANCES		
Club balances	$	58,365
TOTAL LIABILITIES AND CLUB BALANCES	$	58,365

See notes to financial statements.

UTICA CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2019

John F. Kennedy Junior High School

Activity	Balance at July 1, 2018	Receipts	Disbursements	Balance at June 30, 2019
Band	$ 34	$ 0	$ 0	$ 34
Graduating Class	4,490	4,438	4,671	4,257
Drama	1,085	0	0	1,085
International Club	1,914	0	81	1,833
Library Book Fair	186	0	63	123
National Junior Honor Society	102	130	0	232
Orchestra	5	0	0	5
PE Funds	1,245	3,200	3,253	1,192
School Store	1,298	652	463	1,487
Seventh - Eighth Grade Choir	21	0	0	21
STEM	24	0	0	24
Student Council	1,965	4,950	4,933	1,982
Yearbook	3,597	5,242	4,260	4,579
TOTALS	$ 15,966	$ 18,612	$ 17,724	$ 16,854

Donovan Junior High School

Activity	Balance at July 1, 2018	Receipts	Disbursements	Balance at June 30, 2019
Art	$ 0	$ 1,872	$ 1,533	$ 339
Best Buddies	215	0	0	215
Drama	768	4,994	1,369	4,393
Eighth Grade	377	0	120	257
National Junior Honor Society	299	0	0	299
Spectator	973	965	932	1,006
Student Council	1,354	4,041	4,350	1,045
Yearbook (Salerno)	3,396	13,222	15,352	1,266
TOTALS	$ 7,382	$ 25,094	$ 23,656	$ 8,820

See notes to financial statements.

Proctor High School

Activity	Balance at July 1, 2018	Receipts	Disbursements	Balance at June 30, 2019
Art	$ 3,462	$ 5,899	$ 4,933	$ 4,428
Band	36	0	0	36
Best Buddies	1,203	1,485	2,179	509
Choir Ninth Grade (Mixed Choir)	508	5,194	5,278	424
Class of 2018	7,239	29,496	30,681	6,054
Class of 2019	13,115	17,060	26,329	3,846
Corridors	481	1,201	850	832
Drama	1,473	12,567	13,155	885
Environmental Club	0	120	0	120
FBLA	835	275	783	327
Future Educators of America	354	122	107	369
International Club	2,546	502	1,102	1,946
Key Club	594	2,731	2,879	446
Model UN	1,339	0	1,058	281
National Junior Honor Society	725	3,592	3,243	1,074
Orchestra	13	6,642	6,524	131
Student Council Reserve	1,262	378	1,348	292
Technology	175	0	36	139
Yearbook Club	66	11,840	1,354	10,552
TOTALS	$ 35,426	$ 99,104	$ 101,839	$ 32,691

See notes to financial statements.

UTICA CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds of the Utica City School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. However, since the Board of Education does exercise general oversight, these funds and their corresponding cash accounts are reflected in the Trust and Agency Funds of the basic financial statements of the District.

The books and records of the Utica City School District's Extraclassroom Activities Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

NOTE 2 – MANAGEMENT LETTER

Management letter items associated with the Extraclassroom Activity Funds are included in the management letter accompanying the District's basic financial statements.

October 10, 2019

To the President and the Other
Members of the Board of Education of the
Utica City School District
Utica, New York

Re: Management Letter
June 30, 2019

In planning and performing our audit of the financial statements of the Utica City School District for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls. We previously reported on the District's internal control in our report dated October 10, 2019. A separate report dated October 10, 2019, contains our report on significant deficiencies or material weaknesses in the District's internal control. This letter does not affect our report dated October 10, 2019, on the financial statements of Utica City School District.

Our comments and recommendations for the year ended June 30, 2019, are as follows:

Prior-Year Findings

1. **Extraclassroom Activity Funds**

   Prior Condition: In our testing, we noted a lack of profit and loss statements, inventory control sheets and adherence to sales tax laws in various clubs.

   Status: This condition remains unchanged as of June 30, 2019.

   Recommendation: We recommend that the Board continue with the internal auditor to comply with NYS Pamphlet # 2, which governs Extraclassroom Activity Fund operations.

2. **Disbursement Testing**

Prior Condition: During testing of disbursements we noted 2 of 40 disbursements where the purchase order was dated after the date of the invoice.

Status: During our current year testing, 1 of 40 invoices were dated prior to the purchase order date and 2 of 40 did not have a purchase order.

Recommendation: We recommend that management review procedures to ensure proper purchasing.

3. **Payroll Testing**

Prior Condition: During our testing of payroll we noted that several items had I-9s that were not properly executed.

Status: This condition remains unchanged as of June 30, 2019.

Recommendation: At the time the I-9 is being filled out, the Human Resource Department should review the form to ensure that it is properly completed.

4. **Extraclassroom Activity Funds**

Prior Condition: During our testing of Extraclassroom Activity Funds, we noted 8 clubs that are fiscally inactive and several of the items testing were missing required signatures.

Status: For the year ended June 30, 2019, 8 clubs were fiscally inactive.

Recommendation: The Board should review these clubs and determine if they should be closed and the central treasurer should make sure all required signatures are present.

5. **Unassigned General Fund Balance**

Prior Condition: The District's unassigned General Fund balance at June 30, 2018, was in excess of the New York State Real Property Tax Law Limit, which restricts this balance to an amount not greater than 4% of the District's appropriation budget for the upcoming year.

Status: This condition has been corrected for the year ended June 30, 2019.

6. **Payroll Reporting**

Prior Condition: During our review of payroll reporting, we noted that wages reported on Form 941 were reported incorrectly.

Status: This condition has been corrected for the year ended June 30, 2019.

****

The preceding comments and recommendations are intended solely for the information and use of the Board, management and others within the District and should not be used by anyone other than these specific parties.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments with management, and we will be pleased to discuss these items in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Very truly yours,

WEST & COMPANY CPAs PC

WEST & COMPANY CPAs PC