

May 28, 2024

ERRATUM NOTICE

\$47,575,000

CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA

CHEMUNG COUNTY, NEW YORK

\$47,575,000 Bond Anticipation Notes, 2024

(the “Notes”)

Dated: June 13, 2024

Due: June 13, 2025

The section “RATING” of the Preliminary Official Statement dated May 23, 2024, for the above-referenced issue is hereby amended to read as follows:

RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to request that a rating be assigned after the sale pending the approval of the District and applicable rating agency, and at the expense of the purchaser(s), including any rating agency and other fees to be incurred by the District, as such rating action may result in a material event notice to be posted to EMMA and/or the provision of a Supplement to the final Official Statement. (See “APPENDIX – C” herein).

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned its underlying rating of “A” with a stable outlook to the District’s outstanding bonds. The rating reflects only the view of S&P, and any desired explanation of the significance of such rating should be obtained from S&P Global Ratings, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

Moody’s Investors Service, Inc. (“Moody’s”) has assigned a rating of “A1” to the District’s outstanding bonds. The rating reflects only the view of Moody’s, and any desired explanation of the significance of such rating should be obtained from Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653

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is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant.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 Notes.

Apart from as provided in this Erratum Notice, the Preliminary Official Statement for the Notes is not otherwise amended.

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants described in "TAX MATTERS" herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. We note that interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of or the amount, accrual, or receipt of interest on the Notes. See "TAX MATTERS" herein.

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

\$47,575,000
CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA
CHEMUNG COUNTY, NEW YORK
GENERAL OBLIGATIONS
\$47,575,000 Bond Anticipation Notes, 2024
(the "Notes")

Dated: June 13, 2024

Due: June 13, 2025

The Notes are general obligations of the City School District of the City of Elmira, Chemung 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. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

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 or 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. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof, as may be determined by such successful bidder(s).

Alternatively, if the Notes are issued as registered notes, 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 as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Hodgson Russ LLP, Bond Counsel, Albany, 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 with the purchaser(s), or about June 13, 2024.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on May 30, 2024 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

May 23, 2024

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

**CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA
CHEMUNG COUNTY, NEW YORK**

SCHOOL DISTRICT OFFICIALS

2023-2024 BOARD OF EDUCATION

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President



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LINDSEY TICE
School Business Official

BRENDON DICK
District Treasurer

ANNE MAYER
District Clerk



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor



HODGSON RUSS LLP
Bond Counsel

No person has been authorized by City School District of the City of Elmira 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 Elmira.

TABLE OF CONTENTS

	<u>Page</u>	<u>NATURE OF OBLIGATION</u>	<u>Page</u>
NATURE OF OBLIGATION	1	STATUS OF INDEBTEDNESS (cont.)	25
THE NOTES	2	Capital Flow Borrowings	25
Description of the Notes	2	Capital Project Plans	26
No Optional Redemption	3	Estimated Overlapping Indebtedness	27
Purpose of Issue.....	3	Debt Ratios.....	27
BOOK-ENTRY-ONLY SYSTEM	3	SPECIAL PROVISIONS AFFECTING	
Certificated Notes	4	REMEDIES UPON DEFAULT	27
THE SCHOOL DISTRICT	5	MARKET AND RISK FACTORS	28
General Information	5	TAX MATTERS	29
Population.....	5	LEGAL MATTERS	31
Selected Wealth and Income Indicators.....	6	LITIGATION	31
Larger Employers	6	CONTINUING DISCLOSURE	32
Unemployment Rate Statistics.....	7	Historical Compliance.....	32
Form of School Government	7	MUNICIPAL ADVISOR	32
Budgetary Procedures.....	7	CUSIP IDENTIFICATION NUMBERS	32
Investment Policy	8	RATING	32
State Aid.....	8	MISCELLANEOUS	33
State Aid Revenues.....	11	APPENDIX – A	
District Facilities	12	GENERAL FUND - Balance Sheets	
Enrollment Trends	12	APPENDIX – A1	
Employees	13	GENERAL FUND – Revenues, Expenditures and	
Status and Financing of Employee Pension Benefits.....	13	Changes in Fund Balance	
Other Post-Employment Benefits.....	15	APPENDIX – A2	
Other Information.....	15	GENERAL FUND – Revenues, Expenditures and	
Financial Statements.....	16	Changes in Fund Balance - Budget and Actual	
New York State Comptroller Report of Examination.....	17	APPENDIX – B	
The State Comptroller’s Fiscal Stress Monitoring System ...	17	BONDED DEBT SERVICE	
TAX INFORMATION	18	APPENDIX – B1	
Taxable Assessed Valuations	18	CURRENT BONDS OUTSTANDING	
Tax Rate Per \$1,000 (Assessed)	19	APPENDIX – C	
Tax Collection Procedure	19	FORM UNDERTAKING TO PROVIDE NOTICES OF	
Tax Levy and Tax Collection Record.....	19	EVENTS	
Real Property Tax Revenues	19	APPENDIX – D	
Larger Taxpayers 2023 for 2023-2024 Tax Roll	20	AUDITED FINANCIAL STATEMENTS AND	
STAR – School Tax Exemption	20	SUPPLEMENTARY INFORMATION- JUNE 30, 2023	
Additional Tax Information.....	21		
TAX LEVY LIMITATION LAW	21		
STATUS OF INDEBTEDNESS	23		
Constitutional Requirements	23		
Statutory Procedure	23		
Debt Outstanding End of Fiscal Year	24		
Details of Outstanding Indebtedness	24		
Debt Statement Summary	25		
Bonded Debt Service	25		

PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA
CHEMUNG COUNTY, NEW YORK

Relating To
\$47,575,000 Bond Anticipation Notes, 2024

This Official Statement, which includes the cover page and appendices, has been prepared by the City School District of the City of Elmira, Chemung County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$47,575,000 principal amount of Bond Anticipation Notes, 2024 (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.

NATURE OF OBLIGATION

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

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

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

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

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

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

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

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

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

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

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

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

THE NOTES

Description of the Notes

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

The Notes are dated June 13, 2024 and mature, without option of prior redemption, on June 13, 2025. The Notes will be issued in either (i) registered certificated form registered in the name of the purchaser, in denominations of \$5,000 each or multiples thereof, with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) registered book-entry-only form registered to Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

On June 14, 2023 the District issued \$56,795,000 bond anticipation notes pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law, a bond resolution dated March 16, 2016 authorizing the issuance of up to \$43,000,000 serial bonds to finance a District improvement project consisting of the partial reconstruction and renovation of, and construction of improvements to various District buildings and sites, and the purchase of original furnishings, equipment, machinery, and apparatus required in connection with the purposes for which such buildings and sites are used, and a bond resolution of the District dated March 18, 2020 and a public vote of the qualified voters of the District dated June 9, 2020, authorizing the issuance of up to \$54,000,000 serial bonds for to finance the reconstruction and renovation, in part, and the construction of improvements and upgrades to, various District buildings and Facilities.

The proceeds of the Notes, along with \$5,425,000 available funds of the District, will partially redeem and renew a \$39,940,000 portion of the outstanding \$56,795,000 bond anticipation notes set to mature on June 14, 2024 and provide \$13,060,000 in new monies in relation to the aforementioned 2020 bond resolution. The issuance of the Notes will fully exhaust the allowed borrowing of up to \$54,000,000 for the 2020 bond resolution.

The remaining \$16,855,000 portion of the \$56,795,000 bond anticipation notes set to mature on June 14, 2024, is related to the aforementioned 2016 bond resolution, and will be partially redeemed with \$2,800,000 available funds of the district and \$14,055,000 fully financed with the proceeds of a bond issuance through the Dormitory Authority of the State of New York (“DASNY”) on June 18, 2024.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District, with a population of approximately 44,374 according to the 2021 U.S. Census, is located in the City of Elmira (the “City”). The District has a land area of approximately 114 square miles and is situated in the Counties of Chemung and Steuben.

Elmira is located at the crossroads of Interstate 86, the east-west “Southern Tier Expressway” and NYS Route 14, which runs north-south. The District is served by airlines operating out of the Elmira-Corning Regional Airport. Rail service is provided by Conrail. Public utilities serving the District include NYS Electric & Gas Corporation and Verizon New York Inc. Major employers of the city are the Arnot Ogden Medical Center, the District, Hardinge Brothers, Inc. and St. Joseph’s Hospital. Residents of the District also commute to nearby Corning, working for Corning Inc. and Ingersoll Rand.

Source: District officials.

Population

The current estimated population of the District is 44,002.

(Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimate.)

	<u>Population Trend</u>			<u>Percentage Change</u>
	<u>2010</u>	<u>2020</u>	<u>2022</u>	<u>from 2020 to 2022</u>
City of				
Elmira	29,200	26,523	25,852	(2.53%)
County of				
Chemung	88,830	84,148	81,426	(3.23%)
State of				
New York	19,378,102	20,201,249	19,677,151	(2.59%)

Note: U.S. Census Bureau, 2022 data are estimated population figures.

Source: U.S. Census Bureau

Larger Employers

Some of the major employers located within and surrounding the District are as follows:

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Arnot Health	Healthcare	3,200
Hardinge	Manufacturing	1,384
State of New York	Correctional Facilities	1,250
Elmira City School District	Education	1,205
Chemung County	Municipal Government	950

Source: District Officials.

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>
City of:						
Elmira	\$17,399	\$19,961	\$22,259	\$41,383	\$46,152	\$51,610
Towns of:						
Ashland	18,385	27,261	28,642	51,927	58,333	66,458
Baldwin	22,958	29,330	38,749	71,375	56,477	67,153
Big Flats	36,916	40,328	54,025	83,265	93,238	105,912
Caton	25,694	43,466	44,827	61,607	86,012	105,703
Chemung	20,927	29,431	31,809	55,781	70,205	63,167
Elmira	32,714	43,552	48,255	65,179	95,639	104,540
Erin	21,189	31,199	33,158	51,382	71,250	81,154
Horseheads	25,646	35,713	38,489	59,321	74,442	78,118
Southport	21,353	29,284	32,017	49,313	65,865	71,926
Counties of:						
Chemung	23,457	29,959	34,304	55,246	70,617	77,618
State of:						
New York	30,948	40,898	47,173	67,405	87,270	100,846

Source: U.S. Census Bureau, 2006-2010, 2016-2020, and 2018-2022 American Community 5-year data.

Larger Employers

The larger employers located within the area in and surrounding the District includes:

<u>Name</u>	<u>Type</u>	<u>Number of Employees</u>
Arnot Health	Healthcare	3,200
Hardinge	Manufacturing	1,384
State of New York	Correctional Facilities	1,250
Elmira City School District	Education	1,205
Chemung County	Municipal Government	950

Source: District officials.

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Unemployment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Chemung County	5.5%	4.6%	4.0%	8.4%	5.3%	3.7%	4.0%
New York State	4.6	4.1	3.9	9.8	7.1	4.3	4.2

	<u>2024 Monthly Figures</u>				
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Chemung County	4.5%	4.6%	4.3%	N/A	N/A
New York State	4.3	4.5	4.2	N/A	N/A

Note: Unemployment rates for the months of April and May 2024 are not available as of the date of this Official Statement.

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

Form of School Government

The District is an independent entity governed by an elected Board of Education comprised of nine members. District operations are subject to the provisions of the State Education Law affecting school districts; other statutes applicable to the District include the General Municipal Law, the Local Finance Law and the Real Property Tax Law.

Members of the Board of Education are elected on a staggered term basis by qualified voters at the annual election of the District (held on the third Tuesday in May). The term of office for each board member is 3 years and the number of terms that may be served is unrestricted. A president is selected by the Board from its members and also serves as the chief fiscal officer of the District. The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and such other duties reasonably required to fulfill the responsibilities provided by law.

The Board of Education appoints the Superintendent of Schools who serves the Board. The Superintendent is the chief executive officer of the District and the education system. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social, and recreational activities under the direction of the Board of Education. Also, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the School Business Administrator.

Budgetary Procedures and Recent Budget Votes

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

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

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

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

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

Recent Budget Vote Results

The budget for the 2023-24 fiscal year was adopted by the qualified voters on May 16, 2023 by a vote of 573 to 175. The District's adopted budget for the 2023-24 remained within the District Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget included no tax levy increase for the 4th consecutive year, which was within the District's Tax Cap of 6.19% for the 2023-24 fiscal year.

The budget for the 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024 by a vote of 669 to 186. The District's adopted budget for the 2024-25 remained within the District Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget included no tax levy increase for the 5th consecutive year, which was within the District's Tax Cap of 2.84% for the 2024-25 fiscal year.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit monies in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest monies in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the District; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of monies held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

State Aid

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2023-24 fiscal year, approximately 72.24% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

In addition to the amount of State aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program.

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 and 2021 to 2023 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. 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 adoption of the State budget, which is due at the start of the State's fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017 and the State's 2023-24 Budget which was not adopted until May 3, 2023. 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.

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.

Federal Aid Received by the State

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

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

Building Aid

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

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in a timely manner. The building aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the building aid ratio that is assigned to the District, and amortized over the predefined timeframe. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2023-24 preliminary building aid ratios, the District expects to receive State building aid of approximately 98.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history:

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

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

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

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

School District fiscal year (2023-2024): The State’s 2023-24 Enacted Budget includes \$34.5 billion for school aid, an increase of \$3.1 billion or 10%, which is the highest level of State aid to date. The States 2023-24 Budget also provides a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State’s 2023-24 Enacted Budget provides \$134 million to increase access to free school meals. An additional \$20 million in grant funding will establish new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity v. New York* (“CFE”) 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 *CFE* 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.

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

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

State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2018-2019	\$ 128,967,089	\$ 90,564,013	70.22%
2019-2020	129,836,172	91,160,698	70.21
2020-2021	129,504,099	89,596,149	69.18
2021-2022	138,598,951	95,223,230	68.70
2022-2023	143,996,052	101,615,398	70.57
2023-2024 (Budgeted)	147,018,971	106,202,417	72.24
2024-2025 (Budgeted)	150,716,226	109,269,972	72.50

⁽¹⁾ General fund only.

Source: Audited Financial Statements for the 2018-2019 fiscal year through and including the 2022-2023 fiscal year, the adopted budget for the 2023-2024 and 2024-2025 fiscal years. This table is not audited.

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District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built, Year of Last Alterations</u>
Thomas K. Beecher	3-6	370	1934, 2005, 2023
Parley Coburn	3-6	437	1931, 2005, 2023
George M. Diven	Pre-K-2	492	1930, 2004, 2023
Pine City Elementary	Pre-K-2	492	1961, 2004, 2023
Riverside School	Pre-K-2	492	1940, 2005, 2023
Hendy Avenue	3-6	480	1929, 2005, 2023
George Washington*	K-5	370	1940, 2005, 2023
Broadway Elementary	3-6	1,331	1962, 2003, 2023
Ernie Davis	7-8	883	1913, 2003, 2023
J. Sloat Fassett	Pre-K-2	228	1950, 2005, 2023
Broadway Academy	9	N/A	N/A
Elmira High School	10-12	1,479	1979, 2004, 2023

*Note: George Washington will be permanently used as the administration building
Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2019-2020	5,900	2024-2025	5,300
2020-2021	5,414	2025-2026	5,300
2021-2022	5,890	2026-2027	5,300
2022-2023	5,391	2027-2028	5,300
2023-2024	5,243	2028-2029	5,300

Note: The figures above include home-schooled enrollment.

Source: District officials.

Employees

The District employs approximately 950 full-time employees and 191 part-time employees. The number of employees represented by unions, the names of the collective bargaining agents and the contract expiration dates are as follows:

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
467	Elmira Teachers' Association (NYSUT)	June 30, 2024 ⁽¹⁾
273	Instructional Support Employee's Association (NYSUT)	June 30, 2027
128	Custodial, Maintenance & Cafeteria Workers (NYSUT)	June 30, 2026
69	Communication Workers of America (CWA)	June 30, 2025
36	Elmira School Supervisory & Administrative Counsel (SAANYS)	June 30, 2025

⁽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 had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

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

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

The District is required to contribute at an actuarially determined rate. The contributions are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-2019	\$ 1,808,339	\$ 3,824,839
2019-2020	1,776,067	3,200,043
2020-2021	1,820,137	3,439,237
2021-2022	1,913,582	3,741,883
2022-2023	1,364,631	3,534,785
2023-2024 (Budgeted)	1,525,000	3,650,000
2024-2025 (Budgeted) ⁽¹⁾	550,000	3,000,000

⁽¹⁾ The District plans to appropriate approximately \$1,000,000 from ERS reserve and \$1,500,000 from TRS reserve via board resolution in the 2024-2025 fiscal year when actual amounts due are realized.

Source: District records.

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

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

A chart of average ERS and TRS rates as a percent of payroll (2020-21 to 2024-25) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2020-21	14.6%	9.53%
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.02 ⁽¹⁾

⁽¹⁾ Estimated. Information anticipated to be available September 2024.

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 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. On June 17, 2019, the District established a reserve fund for the purpose of funding the cost of TRS contributions.

The District has also established an ERS reserve fund with a balance of \$9,367,933, along with an additional reserve fund for employee benefits and accrued liabilities which maintains a balance of \$1,974,889.

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.

Other Post-Employment Benefits

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

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

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

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

The following outlines the changes to the Total OPEB Liability during the 2022 and 2023 fiscal years, by source.

	Balance at:	<u>July 1, 2021</u>	<u>July 1, 2022</u>
		<u>\$ 302,839,344</u>	<u>\$ 335,008,608</u>
<u>Changes for the year:</u>			
Service cost		11,275,070	13,183,914
Interest		7,576,268	6,588,905
Changes in benefit terms		-	(18,818,848)
Differences between expected and actual experience		-	(36,326,748)
Changes in assumptions or other inputs		23,075,871	(59,061,713)
Benefit payments		<u>(9,757,945)</u>	<u>(10,040,809)</u>
Net Changes		<u>\$ 32,169,264</u>	<u>\$ (104,475,299)</u>
	Balance at:	<u>June 30, 2022</u>	<u>June 30, 2023</u>
		<u>\$ 335,008,608</u>	<u>\$ 230,533,309</u>

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

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

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

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

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 bonds and 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 of or interest upon any obligation of the District is past due.

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2023 and has been filed with the Electronic Municipal Market Access ("EMMA") website. It is also attached hereto as "APPENDIX – D" to this Continuing Disclosure Statement. Certain summary financial information of the District can also be found attached as Appendices to the Continuing Disclosure 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).

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

New York State Comptroller Report of Examination

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

The Office of the State Comptroller is currently on premises conducting an internal risk assessment of the District, once complete an area of interest will be determined for the State Comptroller's Office to conduct their audit.

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

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

The State Comptroller’s Fiscal Stress Monitoring System

The New York State Office of the State Comptroller (“OSC”) has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent information to school district officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s diverse school districts are operating.

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	No Designation	20.0
2022	No Designation	20.0
2021	No Designation	20.0

Note: The Fiscal Score for the 2023-24 fiscal year has not been calculated as of the date of this Continuing Disclosure Statement.

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

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TAX INFORMATION

Taxable Assessed Valuations

<u>Year of Assessment Roll:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>

Assessed Valuation

City of:	Elmira	\$ 572,018,644	\$ 577,681,768	\$ 570,842,387	\$ 572,335,859	\$ 572,128,959
Towns of:	Ashland	1,024,247	1,025,181	1,027,194	1,028,913	1,013,714
	Baldwin	584,670	578,539	583,313	581,919	580,754
	Big Flats	39,345,003	39,229,173	42,898,519	44,935,292	45,341,714
	Caton	1,143,836	1,163,232	1,186,575	1,186,422	1,115,906
	Chemung	8,855,066	9,435,248	9,222,496	9,316,705	9,278,442
	Elmira	341,018,647	342,156,462	342,259,799	344,081,739	344,995,234
	Erin	250,015	249,955	249,885	250,436	251,476
	Horseheads	54,000	43,501	43,502	105,802	105,810
	Southport	460,025,812	461,527,714	464,129,698	493,600,979	486,651,433
Total Assessed Valuation		\$ 1,424,319,940	\$ 1,433,090,773	\$ 1,432,443,368	\$ 1,467,424,066	\$ 1,461,463,442

State Equalization Rates

City of:	Elmira	83.00%	83.00%	85.00%	70.00%	66.00%
Towns of:	Ashland	1.50%	1.44%	1.43%	1.27%	1.13%
	Baldwin	1.50%	1.50%	1.50%	1.42%	1.29%
	Big Flats	100.00%	96.50%	100.00%	91.71%	94.00%
	Caton	96.00%	93.00%	86.00%	83.00%	77.00%
	Chemung	100.00%	100.00%	100.00%	93.08%	92.00%
	Elmira	97.00%	96.00%	93.00%	79.00%	73.00%
	Erin	74.00%	74.00%	72.60%	66.00%	62.50%
	Horseheads	95.00%	91.00%	90.00%	100.00%	99.00%
	Southport	100.00%	100.00%	100.00%	90.00%	85.00%
Total Full Valuation		\$ 1,657,817,915	\$ 1,675,428,825	\$ 1,668,342,831	\$ 1,984,532,859	\$ 2,106,997,859

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
City of:					
Elmira	\$ 24.82	\$ 25.05	\$ 24.57	\$ 25.08	\$ 25.06
Towns of:					
Ashland	1,375.55	1,445.90	1,462.54	1,384.43	1,465.89
Baldwin	1,373.53	1,386.03	1,392.26	1,236.39	1,282.17
Big Flats	20.60	21.54	20.88	19.14	17.60
Caton	21.46	22.35	24.28	21.15	21.48
Chemung	20.60	20.79	220.88	18.86	17.98
Elmira	21.24	21.65	22.46	22.22	22.66
Erin	27.84	28.09	28.77	26.60	26.46
Horseheads	21.68	22.84	23.20	17.56	16.71
Southport	20.60	20.79	20.88	19.51	19.46

Tax Collection Procedure

Taxes of the District on all properties are collected by the Receiver of Taxes of the District during the collection periods. Taxes remaining uncollected after the expiration of the second collection period are returned to the Chemung and Steuben County Treasurers and the Elmira City Chamberlain, who by law must reimburse the District in full for uncollected taxes prior to the end of the second fiscal year for which the taxes are levied.

School tax is due October 1, and may be paid in full until October 31 without penalty. This tax may be paid in two equal installments, with the first installment payable from October 1 through October 31 inclusive without penalty. After October 31, a penalty will be added to the first installment. The penalties on the first installment are 2% in November, 3% in December, 4% in January, 5% in February and 6% in March. The second installment may be paid any time between October 1 and March 31 inclusive without penalty. Uncollected taxes are returned to the County Treasurer and City Chamberlain on or about April 15 of each year.

The burden of delinquent tax collection is placed on the Counties and City subsequent to advancing the school taxes to the District. The Counties and City may pay moneys due to the District from funds on hand or may borrow moneys pursuant to the Local Finance Law.

Real Property Taxes

The District derives its power to levy tax an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the various Town and City Assessors. Assessment valuations are determined by the Town and City Assessors and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Tax Levy ⁽¹⁾	\$ 34,156,129	\$ 34,835,584	\$ 34,849,948	\$ 34,849,948	\$ 34,849,948
Amount Uncollected	2,657,443	2,920,072	2,583,254	2,603,812	2,876,402
% Uncollected	7.78%	8.38%	7.41%	7.47%	8.25%

⁽¹⁾ The District receives 100% of its tax levy each year. See "Tax Collection Procedures" herein.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues ⁽¹⁾</u>	<u>Total Real Property Taxes and Other Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2018-2019	\$ 128,967,089	\$ 26,763,881	20.75 %
2019-2020	129,836,172	27,261,073	21.00
2020-2021	129,504,099	28,895,402	22.31
2021-2022	138,598,951	29,187,687	21.06
2022-2023	142,704,338	29,032,664	20.34
2023-2024 (Budgeted)	147,018,971	29,032,664	19.75
2024-2025 (Budgeted)	150,716,226	30,751,098 ⁽²⁾	20.40

⁽¹⁾ General fund only.

⁽²⁾ Does not include \$4,806,123 in STAR reimbursements

Source: Audited Financial Statements for the 2018-2019 fiscal year through and including the 2022-2023 fiscal year, the adopted budget for the 2023-2024 and 2024-2025 fiscal years. This table is not audited.

Larger Taxpayers 2023 for 2023-2024 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Assessed Valuation</u>
NYS Electric & Gas	Utility	\$81,970,474
Hilliard Real Properties, LLC	Housing	5,620,800
County of Chemung IDA	Government	5,431,000
Wegmans Food Markets Inc.	Food	5,190,000
Norfolk Southern Corp	Railroad	4,864,946
Verizon New York Inc.	Utility	4,833,218
Greenridge Apartments LLC	Housing	4,618,350
Dewittsburg Housing	Housing	4,656,000
FM Howell & Company	Manufacturing	4,497,000
McWayne Inc.	Manufacturing	3,862,300

The ten largest taxpayers listed above have a total taxable full valuation of \$125,453,088 which represents 5.95% of the tax base of the District for the 2023-24 fiscal year.

The District experiences the impact of tax certiorari filings on a regular basis. At this time, the District has two pending tax certiorari's for two pharmacies within district bounds. The District has established a reserve fund for these proceedings with a balance of \$611,937 as of June 30, 2023 that is presumed to be adequate to cover any adverse ruling on the District. The District also has tax certiorari cases pending with Community Bank, 101 East Water Street, and the Former Star Gazette Building, at this time it is too early to estimate any potential exposure on these cases as preliminary appraisal has not yet been conducted, however, overall, this level of tax certiorari filings is within acceptable norms and, if decided adversely to the District, the tax certiorari filings are not anticipated to have a material adverse impact on the District's finances.

Source: District Tax Rolls.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of \$98,700 or less in 2023-2024, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first \$81,400 for the 2023-24 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 "full value" exemption on their primary residence.

The 2019-20 Enacted State Budget made 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 was 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 further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemptions and credits are not impacted by this program; they may continue to receive STAR benefits even if their property taxes are delinquent. While former Governor Cuomo had issued various Executive Orders in response to the COVID-19 pandemic that temporarily precluded the State Tax Department from disallowing STAR exemptions or credits, the most recent of such Executive Orders expired on July 5, 2021.

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

The table on the following page lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

<u>City of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Elmira	\$ 56,980	\$ 22,700	4/6/2023
<u>Towns of:</u>			4/6/2023
Ashland	\$ 1,030	\$ 380	4/6/2023
Baldwin	1,160	430	4/6/2023
Big Flats	74,650	27,510	4/6/2023
Caton	67,560	24,900	4/6/2023
Chemung	75,770	27,920	4/6/2023
Elmira	64,310	24,830	4/6/2023
Erin	53,720	19,800	4/6/2023
Horseheads	81,400	30,000	4/6/2023
Southport	73,260	27,000	4/6/2023

\$5,406,123 of the District’s \$34,849,948 school tax levy for the 2023-2024 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January, 2024.

Approximately \$4,806,123 of the District’s \$34,849,948 school tax levy for the 2024-2025 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2025.

Since the 2011-2012 school tax bills, there has been a 2% limit on STAR savings increases, the savings results from the Basic or Enhanced SaTAR exemptions are limited to a 2% increase over the prior year. When school districts initially calculate their tax bills, for each municipality segment they will compare the amount of STAR savings to the maximum. If the STAR savings exceed the maximum, the school district will use the maximum when calculating the tax bills for that municipality.

The maximum savings for the 2023-2024 fiscal year for each of the municipalities applicable to the District are as follows

<u>City of:</u>	<u>Enhanced Maximum Savings</u>	<u>Basic Maximum Savings</u>
Elmira	\$ 1,330	\$ 603
<u>Towns of:</u>		
Ashland	\$ 1,341	\$ 595
Baldwin	1,297	556
Big Flats	1,330	574
Caton	1,330	546
Chemung	1,330	566
Elmira	1,316	603
Erin	1,351	579
Horseheads	1,285	577
Southport	1,330	585

Additional Tax Information

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

Senior Citizens' exemptions are offered to those who qualify.

The total valuation of the District is estimated to be categorized as follows: Residential-78%, and Commercial-22%.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$2,222 including County, Town or City, School District and Fire District taxes.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

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

Statutory Procedure

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

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 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.

The Local Finance Law also authorizes the District to issue revenue anticipation notes, in anticipation of the collection of a specific type of revenue, such as State aid.

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions 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 resolution authorizing the issuance of bonds or notes is published with a statutory form of notice, the validity of the bonds or notes authorized thereby, including revenue anticipation notes may be contested only if:

- (1) (a) such obligations were authorized for an object or purpose for which the District is not authorized to expend money, or
(b) if the provisions of the law which should be complied with as of the date of publication of this notice were not substantially complied with, and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of this notice; or
- (2) Such obligations were authorized in violation of the provisions of the Constitution of New York.

The District has complied with this estoppel procedure in connection with the bond resolution under which the Notes are being issued.

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$ 44,125,000	\$ 35,405,000	\$ 27,265,000	\$ 19,765,000	\$ 9,085,000
Bond Anticipation Notes	38,245,000	35,555,000	37,315,000	45,595,000	56,795,000
Energy Performance Contract ⁽¹⁾	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,005,188</u>
Total Debt Outstanding	<u>\$ 82,370,000</u>	<u>\$ 70,960,000</u>	<u>\$ 64,580,000</u>	<u>\$ 65,360,000</u>	<u>\$ 72,885,188</u>

⁽¹⁾ See “Other Indebtedness” for details on the Energy Performance Contract Leases

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of May 23, 2024.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2024-2034	\$ 7,425,000
<u>Bond Anticipation Notes</u>		
Capital Project	July 14, 2024	<u>56,795,000</u> ⁽¹⁾
	Total Indebtedness:	<u>\$ 64,220,000</u>

⁽¹⁾ To be redeemed and partially renewed at maturity with the proceeds of the Notes, a bond issuance through DASNY, and available funds of the District.

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of May 23, 2024:

Full Valuation of Taxable Real Property \$ 2,106,997,859
Debt Limit 10% thereof 210,699,786

Inclusions:

Bonds.....\$ 7,425,000
Bond Anticipation Notes 56,795,000
Total Inclusions \$ 64,220,000

Exclusions:

Building Aid ⁽¹⁾\$ 0
Total Exclusions..... \$ 0

Total Net Indebtedness \$ 64,220,000 ⁽²⁾

Net Debt-Contracting Margin \$ 146,479,786

The percent of debt contracting power exhausted is 30.48%

- (1) Based on preliminary 2024-2025 building aid estimates, the District anticipates State Building aid of 98.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.
- (2) The issuance of the Notes will increase the Total Net Indebtedness of the District by \$13,060,000.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

Bonded Debt Service

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

Cash Flow Borrowings

The District has not issued either tax anticipation notes or revenue anticipation notes within the past five fiscal years, and does not expect to issue such notes in the foreseeable future.

Other Indebtedness

The District entered into an Energy Performance Contract Lease in the amount of \$3,916,181 in February of 2022 at an interest rate of 1.88%. The District entered into an additional Energy Performance Contract Lease in the amount of \$3,279,043 in October of 2022 at an interest rate of 3.54%. These lease contracts are used to fund various district wide energy projects to improve energy efficiency. As of June 30, 2023 the balances on these leases were \$3,833,383 and \$3,171,805 respectively. Energy Performance Contract leases are subject to appropriation and therefore are not included for purposes of calculating the District’s Constitutional debt limit.

Capital Project Plans

On May 17, 2016 the qualified voters of the District approved a bond resolution dated March 16, 2016 authorizing the issuance of up to \$43,000,000 in serial bonds along with \$8,000,000 in capital reserves to finance a District improvement project consisting of the partial reconstruction and renovation of, and construction of improvements to various District buildings and sites, and the purchase of original furnishings, equipment, machinery, and apparatus required in connection with the purposes for which such buildings and sites are used. The District has issued bond anticipation notes in an aggregate amount of \$43,000,000 to fully exhaust the authorization. On June 18, 2024 the District will issue serial bonds through DASNY, which, along with budgeted appropriations in the amount of \$28,945,000 will fully finance the aforementioned project.

On June 9, 2020 the qualified voters of the District approved a bond resolution dated March 18, 2020 authorizing the issuance of up to \$54,000,000 serial bonds along with \$7,000,000 of capital reserves to finance the reconstruction and renovation, in part, and the construction of improvements and upgrades to, various District buildings and Facilities. The proceeds of the Notes, will provide \$13,060,000 in new money for the aforementioned project and fully exhaust the authorized amount of \$54,000,000.

The District will be asking voters for authorization of a new capital project in December 2024. The project is estimated to be between \$90-\$100 million and is in the early stages of planning and consists mostly of reconstruction and renovation of existing District buildings. The District plans on using all or a portion of a fully funded \$20 million in capital reserves to offset the borrowing amount and result in no local tax impact. Should the voters approve the project the initial borrowing would occur in 2026, pending State Education Department approval. Financing would be done in phases to match construction cash flow needs.

Other than previously mentioned, the District has no authorized and unissued indebtedness for capital or other purposes, nor is any contemplated at this time.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Net Overlapping Indebtedness</u>
Counties of:						
Chemung	12/5/2023	\$ 114,757,392	\$ 4,777,350	\$ 109,980,042	36.44%	\$ 40,076,727
Steuben	6/29/2023	3,535,777	- ⁽⁵⁾	3,535,777	0.02%	707
City of:						
Elmira	4/12/2024	27,123,100	4,307,660	22,815,440	100.00%	22,815,440
Towns of:						
Ashland	12/31/2022	- ⁽⁴⁾	- ⁽⁵⁾	-	98.93%	-
Baldwin	12/31/2022	- ⁽⁴⁾	- ⁽⁵⁾	-	74.28%	-
Big Flats	4/15/2024	660,000 ⁽³⁾	330,000 ⁽³⁾	330,000	4.78%	15,774
Caton	12/31/2022	176,465 ⁽⁴⁾	- ⁽⁵⁾	176,465	0.71%	1,253
Chemung	12/31/2022	720,000 ⁽⁴⁾	720,000	-	6.47%	-
Elmira	12/31/2022	283,185 ⁽⁴⁾	- ⁽⁵⁾	283,185	79.02%	223,773
Erin	12/31/2022	165,204 ⁽⁴⁾	- ⁽⁵⁾	165,204	0.29%	479
Horseheads	12/31/2022	695,291 ⁽⁴⁾	- ⁽⁵⁾	695,291	0.02%	139
Southport	4/15/2024	540,000 ⁽³⁾	- ⁽⁵⁾	540,000	99.64%	538,056
					Total:	<u>\$ 63,672,348</u>

(1) Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

(2) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

(3) Gross Indebtedness, Exclusions, and Net Indebtedness sourced from annual financial information & operating data filings and/or official statements of the respective municipality.

(4) Gross Indebtedness sourced from local government data provided by the State Comptroller's office dated as of February 13, 2024.

(5) Information regarding excludable debt not available.

Debt Ratios

The following table sets forth certain ratios relating to the District's net indebtedness as of May 23, 2024:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 64,220,000	\$ 1,459.48	3.05%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	127,892,348	2,906.51	6.07%

(a) The current estimated population of the District is 44,002. (See "THE SCHOOL DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for the 2023-2024 fiscal year is \$2,106,997,859. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

(c) See "Debt Statement Summary" herein for the Calculation of Net Indebtedness.

(d) The District's applicable share of net overlapping indebtedness is estimated to be \$63,672,348. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

The financial condition of the 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 or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the 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 relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the State's ability to borrow funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the impact to the State's economy and financial condition due to the novel coronavirus ("COVID-19") outbreak and other circumstances, including State fiscal stress. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid. (See also "THE SCHOOL DISTRICT – State Aid").

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

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

Cybersecurity

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

TAX MATTERS

The Notes

Hodgson Russ LLP, of Albany, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Code. In addition, we note that, for tax years beginning after December 31, 2022, interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Tax Requirements

In rendering the foregoing opinions, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the tax compliance certificate and nonarbitrage certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the "Tax Certificate") establishes the requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

- 1 The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a “private activity bond” within the meaning of Code section 141;
- 2 The requirements contained in Code section 148 relating to arbitrage bonds; and
- 3 The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code section 149(b).

In the Tax Certificate, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Bank Qualified

The Notes will not be designated as “qualified tax-exempt obligations” pursuant to Code section 265.

Other Impacts

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service (“IRS”) Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Future Legislation

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government.

No representation is made as to the likelihood of such proposals being enacted, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes.

Prospective purchasers of the Notes should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Notes at other than their original issuance at the respective prices set indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

New York State Taxes

In the opinion of Bond Counsel, interest on the Notes is exempt, under existing statutes, from New York State and New York City personal income taxes.

Miscellaneous

All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. Unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Notes regarding the tax status of the interest thereon in the event of an audit examination by the Service.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Hodgson Russ LLP, Bond Counsel, Albany, 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 the statutory limitation imposed by the Tax Levy Limitation Law, (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. See "TAX LEVY LIMITATION LAW" herein.

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 in the description of Bond Counsel's opinion above).

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.

The District is currently involved in one suit filed pursuant to the Child Victim's Act; this claim presents a substantial financial exposure to liability for the District in the range of \$100,000 - \$200,000 for which the District is not insured. The District does not believe, however, that any additional 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 (the “Rule”), the District will enter into an Undertaking to Provide Notice of Events, the form of which is attached hereto as “APPENDIX – C”.

Historical Compliance

The District has in the previous five years complied, in all material respects, with any previous undertakings pursuant to Securities Exchange Commission Rule 15c2-12; however:

The District filed late a notice of an incurrence of a financial obligation issued on October 22, 2022. The notice was posted to EMMA on November 22, 2022. Other than the foregoing, District is in compliance with all prior undertakings pursuant to the Rule for the past five years.

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 paid by the District to Fiscal Advisors are partially contingent on a 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 not rated. The purchaser(s) of the Notes may choose to request that a rating be assigned after the sale pending the approval of the District and applicable rating agency, and at the expense of the purchaser(s), including any rating agency and other fees to be incurred by the District, as such rating action may result in a material event notice to be posted to EMMA and/or the provision of a Supplement to the final Official Statement. (See “APPENDIX – C” herein).

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned its underlying rating of “A” with a stable outlook to the District’s outstanding bonds. The rating reflects only the view of S&P, and any desired explanation of the significance of such rating should be obtained from S&P Global Ratings, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

Moody’s Investors Service, Inc. (“Moody’s”) has assigned a rating of “A1” to the District’s outstanding bonds. The rating reflects only the view of Moody’s, and any desired explanation of the significance of such rating should be obtained from Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653

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 Notes.

MISCELLANEOUS

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

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

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

Hodgson Russ LLP, Albany, 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 the Rule 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's contact information is as follows: Lindsey Tice, School Business Official, 430 Washington Ave, Elmira, New York 14901 telephone (607) 735-3054, fax (607) 735-3009, email ltice@elmiracityschools.com

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

CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA

Dated: May 23, 2024

SARA LATTIN
PRESIDENT OF THE BOARD OF EDUCATION

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>ASSETS</u>					
Cash and Cash Equivalents - Unrestricted	\$ 5,352,063	\$ 11,254,357	\$ 2,488,561	\$ 1,422,191	\$ -
Cash and Cash Equivalents - Restricted	29,454,028	20,508,492	30,025,374	39,864,353	45,685,350
Taxes Receivable	1,477,101	1,891,626	1,736,113	1,538,037	1,586,697
Due from Other Funds	2,109,873	10,636,206	3,391,311	2,296,475	9,158,489
Due from State and Federal Governments	2,792,544	2,235,644	3,631,855	5,334,957	2,138,380
Due from Other Governments	4,171,777	4,711,898	4,511,258	5,309,387	7,157,962
Due from Fiduciary Funds	14,793	14,957	-	-	-
Other Receivables	548,959	558,874	377,627	226,035	295,864
Inventories	-	-	-	-	-
Prepaid Items	3,231,330	3,116,790	3,190,204	3,490,293	3,582,923
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 49,152,468</u>	<u>\$ 54,928,844</u>	<u>\$ 49,352,303</u>	<u>\$ 59,481,728</u>	<u>\$ 69,605,665</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 2,342,884	\$ 1,827,358	\$ 1,211,215	\$ 1,978,417	\$ 1,467,003
Accrued Liabilities	498,400	428,062	680,503	701,565	660,243
Due to Other Funds	-	10,000,000	47	-	154,313
Due to Other Governments	940,288	940,288	924,467	899,040	947,561
Due to Teachers' Retirement System	3,974,911	3,398,073	3,662,242	4,028,293	4,379,887
Due to Employees' Retirement System	447,722	457,960	561,697	378,166	431,277
Other Liabilities	-	-	-	-	-
Overpayments and Collections in Advance	-	-	1,048	-	-
Unearned Revenues	-	-	604,370	-	-
Compensated Absences	773,999	935,753	966,835	992,385	993,503
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 8,978,204</u>	<u>\$ 17,987,494</u>	<u>\$ 8,612,424</u>	<u>\$ 8,977,866</u>	<u>\$ 9,033,787</u>
 DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	<u>\$ 1,900,713</u>	<u>\$ 2,221,735</u>	<u>\$ 1,928,648</u>	<u>\$ 1,614,140</u>	<u>\$ 1,623,354</u>
 <u>FUND BALANCES</u>					
Nonspendable	\$ 3,231,330	\$ 3,116,790	\$ 3,190,204	\$ 3,490,293	\$ 3,582,923
Restricted	29,013,480	20,002,057	29,254,235	38,755,333	48,565,582
Assigned	368,899	5,819,122	648,596	767,445	497,537
Unassigned	5,659,842	5,781,646	5,718,196	5,876,651	6,302,482
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>\$ 38,273,551</u>	<u>\$ 34,719,615</u>	<u>\$ 38,811,231</u>	<u>\$ 48,889,722</u>	<u>\$ 58,948,524</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
	<u>\$ 49,152,468</u>	<u>\$ 54,928,844</u>	<u>\$ 49,352,303</u>	<u>\$ 59,481,728</u>	<u>\$ 69,605,665</u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 26,538,436	\$ 27,058,661	\$ 28,645,971	\$ 28,939,668	\$ 28,799,880
Real Property Tax Items	225,445	202,412	249,431	248,019	232,784
Other Tax Items	7,212,691	6,961,467	6,709,140	6,385,565	6,178,030
Charges for Services	502,867	356,393	300,470	134,804	107,134
Use of Money & Property	670,218	506,892	202,821	203,025	1,364,868
Sale of Property and Compensation for Loss	56,991	62,428	121,807	562,825	266,990
Miscellaneous	2,671,831	2,917,317	3,141,137	3,065,480	3,458,891
Intergovernmental Revenues	102,885	106,022	108,066	149,393	166,104
Medicaid Reimbursement	267,122	367,810	276,171	429,345	408,024
Revenues from State Sources	90,564,013	91,160,698	89,596,149	95,223,230	101,615,396
Revenues from Federal Sources	154,590	136,072	152,936	3,257,597	106,237
Total Revenues	<u>\$ 128,967,089</u>	<u>\$ 129,836,172</u>	<u>\$ 129,504,099</u>	<u>\$ 138,598,951</u>	<u>\$ 142,704,338</u>
Other Sources:					
Interfund Transfers	104	-	6,165	-	1,291,714
Total Revenues and Other Sources	<u>\$ 128,967,193</u>	<u>\$ 129,836,172</u>	<u>\$ 129,510,264</u>	<u>\$ 138,598,951</u>	<u>\$ 143,996,052</u>
<u>EXPENDITURES</u>					
General Support	\$ 16,304,256	\$ 17,103,928	\$ 13,367,399	\$ 13,567,020	\$ 14,428,641
Instruction	57,599,368	57,953,577	61,937,542	63,751,826	62,739,880
Pupil Transportation	4,737,982	4,438,446	4,461,050	4,392,777	5,380,689
Community Services	419,534	550,191	476,472	468,130	700,486
Employee Benefits	28,461,810	29,426,480	28,350,508	29,861,518	28,701,117
Debt Service	13,130,949	13,757,779	16,476,371	16,220,044	21,523,996
Total Expenditures	<u>\$ 120,653,899</u>	<u>\$ 123,230,401</u>	<u>\$ 125,069,342</u>	<u>\$ 128,261,315</u>	<u>\$ 133,474,809</u>
Other Uses:					
Interfund Transfers	207,334	10,159,707	349,306	259,145	462,441
Total Expenditures and Other Uses	<u>\$ 120,861,233</u>	<u>\$ 133,390,108</u>	<u>\$ 125,418,648</u>	<u>\$ 128,520,460</u>	<u>\$ 133,937,250</u>
Excess (Deficit) Revenues Over Expenditures	<u>8,105,960</u>	<u>(3,553,936)</u>	<u>4,091,616</u>	<u>10,078,491</u>	<u>10,058,802</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	30,167,591	38,273,551	34,719,615	38,811,231	48,889,722
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 38,273,551</u>	<u>\$ 34,719,615</u>	<u>\$ 38,811,231</u>	<u>\$ 48,889,722</u>	<u>\$ 58,948,524</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2023			2024	2025
	Adopted Budget	Modified Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 28,982,795	\$ 28,980,215	\$ 28,799,880	\$ 35,721,054	\$ 35,557,221
Other Tax Items	6,462,153	6,464,733	6,410,814	-	-
Charges for Services	285,000	285,000	107,134	-	-
Use of Money & Property	175,000	175,000	1,364,868	-	-
Sale of Property and Compensation for Loss	75,000	246,362	266,990	-	-
Miscellaneous	3,220,000	3,245,887	3,624,995	4,710,500	5,037,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	98,830,300	98,830,300	101,615,396	106,202,417	109,269,972
Revenues from Federal Sources	410,000	410,000	514,261	385,000	398,513
Total Revenues	\$ 138,440,248	\$ 138,637,497	\$ 142,704,338	\$ 147,018,971	\$ 150,262,706
Other Sources:					
Interfund Transfers	-	1,031,359	1,291,714	-	100,284
Appropriated Reserves	-	202,608	-	-	353,236
Prior Year Encumbrances	767,445	767,445	-	-	-
Total Revenues and Other Sources	\$ 139,207,693	\$ 140,638,909	\$ 143,996,052	\$ 147,018,971	\$ 150,716,226
EXPENDITURES					
General Support	\$ 15,443,849	\$ 15,472,673	\$ 14,428,641	\$ 21,014,358	\$ 18,042,821
Instruction	69,339,315	67,278,931	62,739,880	67,727,917	78,640,538
Pupil Transportation	4,506,649	5,718,978	5,380,689	5,876,744	5,678,162
Community Services	678,000	801,672	700,486	-	1,137,452
Miscellaneous	-	-	-	1,070,142	-
Employee Benefits	36,618,500	29,380,218	28,701,117	37,372,588	36,980,765
Debt Service	12,421,380	21,523,996	21,523,996	13,857,222	10,236,488
Total Expenditures	\$ 139,007,693	\$ 140,176,468	\$ 133,474,809	\$ 146,918,971	\$ 150,716,226
Other Uses:					
Interfund Transfers	200,000	462,441	462,441	100,000	-
Total Expenditures and Other Uses	\$ 139,207,693	\$ 140,638,909	\$ 133,937,250	\$ 147,018,971	\$ 150,716,226
Excess (Deficit) Revenues Over Expenditures	-	-	10,058,802	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	48,889,722	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 58,948,524	\$ -	\$ -

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

APPENDIX - B
Elmira City SD

BONDED DEBT SERVICE

<u>Fiscal Year Ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,420,000	\$ 256,181	\$ 4,676,181
2025	4,220,000	121,865	4,341,865
2026	445,000	12,794	457,794
	-	-	-
TOTALS	\$ 9,085,000	\$ 390,840	\$ 9,475,840

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2010 QZAB			2011 QSCB		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,245,000	\$ 20,000	\$ 1,265,000	\$ 425,000	\$ 62,819	\$ 487,819
2025	1,255,000	10,040	1,265,040	435,000	38,094	473,094
2026	-	-	-	445,000	12,794	457,794
TOTALS	\$ 2,500,000	\$ 30,040	\$ 2,530,040	\$ 1,305,000	\$ 113,706	\$ 1,418,706

Fiscal Year Ending June 30th	2013 School District Serial Bonds 2013			2014 School District Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,235,000	\$ 56,925	\$ 1,291,925	\$ 125,000	\$ 3,750	\$ 128,750
2025	1,280,000	19,200	1,299,200	-	-	-
2026	-	-	-	-	-	-
TOTALS	\$ 2,515,000	\$ 76,125	\$ 2,591,125	\$ 125,000	\$ 3,750	\$ 128,750

Fiscal Year Ending June 30th	2015 School District Refunding Bonds			2021 School District Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 605,000	\$ 32,188	\$ 637,188	\$ 785,000	\$ 80,500	\$ 865,500
2025	425,000	13,281	438,281	825,000	41,250	866,250
2026	-	-	-	-	-	-
TOTALS	\$ 1,030,000	\$ 45,469	\$ 1,075,469	\$ 1,610,000	\$ 121,750	\$ 1,731,750

FORM UNDERTAKING TO PROVIDE NOTICES OF EVENTS

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the City School District of the City of Elmira, a school district of the State of New York (the “Issuer”) in connection with the issuance of its **\$47,575,000 Bond Anticipation Notes, 2024** (the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) 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 Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions

“EMMA” shall mean Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

“Purchaser” shall mean the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

“Security Holder” shall mean any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

(a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change; provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Disclosure Undertaking as of **June __, 2024**.

CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA

By: /s/ _____
President of the Board of Education

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**CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA
CHEMUNG COUNTY, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2023

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

**ELMIRA CITY
SCHOOL DISTRICT**

Elmira, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2023**



ELMIRA CITY SCHOOL DISTRICT

TABLE OF CONTENTS

Independent Auditors' Report	1-4
Required Supplementary Information	
Management's Discussion and Analysis	5-5h
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	6-7
Statement of Activities	8
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	11
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	12
Statement of Fiduciary Net Position	13
Statement of Changes in Fiduciary Net Position	14
Notes to Financial Statements	15-53

ELMIRA CITY SCHOOL DISTRICT

TABLE OF CONTENTS

Required Supplementary Information

Schedule of Revenues Compared to Budget (Non-U.S. GAAP) - General Fund	54
Schedule of Expenditures Compared to Budget (Non-U.S. GAAP) - General Fund	55
Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans	56
Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability - NYSLRS Pension Plan	57
Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability - NYSTRS Pension Plan	58
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	59
Notes to Required Supplementary Information	60-61

Supplementary Financial Information

Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit	62
Schedule of Project Expenditures - Capital Projects Fund	63
Schedule of Net Investment in Capital Assets	64

Report Required Under *Government Auditing Standards*

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 <i>Government Auditing Standards</i>	65-66
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Reports Required Under the Single Audit Act (Uniform Guidance)

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	67-69
Schedule of Expenditures of Federal Awards	70
Notes to Schedule of Expenditures of Federal Awards	71
Schedule of Findings and Questioned Costs	72-73



INDEPENDENT AUDITORS' REPORT

Board of Education
Elmira City School District
Elmira, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Elmira City School District (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets (supplementary information); and Schedule of Expenditures of Federal Awards, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 GAAS. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2023, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's 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 School District's internal control over financial reporting and compliance.

Respectfully submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 9, 2023

ELMIRA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

The following is a discussion and analysis of the Elmira City School District's (the School District) financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year, Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans, School District's Proportionate Share of the Net Pension (Asset)/Liability, and Changes in the School District's Total OPEB Liability and Related Ratios.

District-Wide Financial Statements

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position includes all of the School District's assets, 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 financial statements report the School District's net position and how they have changed. Net position (the difference between the School District's assets, deferred outflows and inflows of financial resources, and liabilities) is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

ELMIRA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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

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

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 and not on the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's combined net deficit for the fiscal year ended June 30, 2023 decreased by \$58,411,914. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

ELMIRA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 1

Condensed Statement of Net Position	Governmental Activities and Total School District		Total Dollar Change
	2023	2022	
<i>Current Assets</i>	\$ 51,466,992	\$ 48,798,249	\$ 2,668,743
<i>Noncurrent Assets</i>	63,844,720	93,589,550	(29,744,830)
<i>Capital Assets, Net</i>	189,088,771	177,267,030	11,821,741
Total Assets	304,400,483	319,654,829	(15,254,346)
Total Deferred Outflows of Resources	76,756,376	95,212,121	(18,455,745)
<i>Current Liabilities</i>	76,224,918	68,264,052	7,960,866
<i>Noncurrent Liabilities</i>	258,091,498	354,146,126	(96,054,628)
Total Liabilities	334,316,416	422,410,178	(88,093,762)
Total Deferred Inflows of Resources	136,541,979	140,570,222	(4,028,243)
<i>Net Investment in Capital Assets</i>	112,788,048	109,857,854	2,930,194
<i>Restricted</i>	65,809,866	55,489,139	10,320,727
<i>Unrestricted</i>	(268,299,450)	(313,460,443)	45,160,993
Total Net Position (Deficit)	\$ (89,701,536)	\$(148,113,450)	\$ 58,411,914

Significant changes from the prior year are as follows:

- Current assets increased primarily due to increases in cash in the capital fund to fund ongoing capital projects.
- Capital assets increased due to capital outlay exceeding depreciation expense.
- The decreases in noncurrent assets, noncurrent liabilities, deferred outflows of resources, and deferred inflows of resources are primarily related to changes in the actuarially determined proportionate share of the pension systems plan's net pension (asset)/liability and related deferred outflows and inflows of resources, along with recognition of GASB Statement No. 75, based on an actuarial valuation of the School District's OPEB plan.
- Current liabilities increased primarily due to an increase in BANs payable.
- Net investment in capital assets increased due to capital outlay and debt principal payments exceeding debt proceeds and depreciation expense for the current year. The increase in restricted net position is primarily based on increases in Board-approved reserves in the General Fund.

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

ELMIRA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 216,116	\$ 242,809	\$ (26,693)
<i>Operating Grants</i>	21,794,032	22,282,521	(488,489)
<i>Capital Grants</i>	5,065,305	-	5,065,305
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	28,799,880	28,939,668	(139,788)
<i>Real Property Tax Items</i>	6,410,814	6,633,584	(222,770)
<i>State Sources</i>	101,624,610	94,908,722	6,715,888
<i>Use of Money and Property</i>	1,818,136	216,805	1,601,331
<i>Medicaid Reimbursement</i>	408,024	429,345	(21,321)
<i>Other General Revenues</i>	3,112,442	3,431,402	(318,960)
Total Revenues	\$ 169,249,359	\$ 157,084,856	\$ 12,164,503
PROGRAM EXPENSES			
<i>General Support</i>	\$ 15,686,400	\$ 17,500,145	\$ (1,813,745)
<i>Instruction</i>	84,210,642	102,255,916	(18,045,274)
<i>Pupil Transportation</i>	5,170,296	5,981,282	(810,986)
<i>Community Service</i>	699,391	470,363	229,028
<i>School Lunch Program</i>	2,997,890	3,116,813	(118,923)
<i>Interest on Debt</i>	2,072,826	332,559	1,740,267
Total Expenses	\$ 110,837,445	\$ 129,657,078	\$ (18,819,633)
INCREASE IN NET POSITION	\$ 58,411,914	\$ 27,427,778	\$ 30,984,136

Significant changes from the prior year are as follows:

- Total revenues for the School District's Governmental Activities increased by 7.7%, and total expenses decreased by 14.5%.
- The capital grant revenue represents federal Education Stabilization funding used for capital projects in the current year.
- State sources increased due to increased allocations of general and BOCES aid in the current year.
- Use of money and property increased due to NY-CLASS investments in the current year.
- Expenses as a whole decreased as a result of changes in OPEB and pension related activity.

ELMIRA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 3 shows the change in the School District's fund balances for the year.

As the School District completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a combined fund balance of \$45,242,561. The \$3,406,733 increase in fund balance is mainly a result of revenues and other financing sources exceeding expenditures and other financing uses by \$10,058,802 in the General Fund, partially offset by expenditures exceeding revenues and other financing sources by \$7,172,687 in the Capital Projects Funds. The deficit in the Capital Projects Fund is expected to be eliminated as short-term financing is converted to long-term financing.

Figure 3

<i>Governmental Fund Balances</i>	2023	2022	<i>Total Dollar Change</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 58,948,524	\$ 48,889,722	\$ 10,058,802
<i>School Lunch Fund</i>	2,582,200	2,199,939	382,261
<i>Debt Service Fund</i>	14,820,906	14,680,109	140,797
<i>Capital Projects Funds</i>	(31,145,577)	(23,972,890)	(7,172,687)
<i>Non-Major Fund:</i>			
<i>Miscellaneous Special Revenue Fund</i>	36,508	38,948	(2,440)
<i>Total Governmental Funds</i>	\$ 45,242,561	\$ 41,835,828	\$ 3,406,733

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Superintendent approves budgetary transfers that revise the School District budget line items and the Board reviews the transfers. Typically, these budget amendments consist of budget transfers between functions, which do not increase the overall budget. During the current year, the budget was increased to reflect receipt of gifts and donations, insurance recoveries, transfer from debt service, and increases in appropriated reserves.

The School District received \$4,327,196 more in General Fund revenues and other financing sources than was budgeted, primarily due to higher than budgeted interest revenue and state aid. Expenditures and other financing uses were lower than the revised budget (with carryover encumbrances) by \$6,204,122. This is primarily due to lower than expected costs related to general support, instructional programs, and employee benefit expense.

ELMIRA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 4 summarizes the original and final budgets, the actual expenditures (including encumbrances), and the variances for the year ending June 30, 2023.

Figure 4

Condensed Budgetary Comparison General Fund - 2023	Original Budget	Revised Budget	Actual w/ Encumbrances	Favorable (Unfavorable) Variance
REVENUES				
<i>Real Property Taxes</i>	\$ 28,982,795	\$ 28,980,215	\$ 28,799,880	\$ (180,335)
<i>Other Tax Items</i>	6,462,153	6,464,733	6,410,814	(53,919)
<i>State Sources</i>	98,830,300	98,830,300	101,615,396	2,785,096
<i>Federal Sources</i>	410,000	410,000	514,261	104,261
<i>Other, Including Financing Sources</i>	3,755,000	4,983,608	6,655,701	1,672,093
Total Revenues and Other Financing Sources	\$ 138,440,248	\$ 139,668,856	\$ 143,996,052	\$ 4,327,196
Appropriated Fund Balances and Reserves	\$ -	\$ 202,608		
Encumbrances	\$ 767,445	\$ 767,445		
EXPENDITURES				
<i>General Support</i>	\$ 15,443,849	\$ 15,472,673	\$ 14,587,677	\$ 884,996
<i>Instruction</i>	69,339,315	67,278,931	62,938,233	4,340,698
<i>Pupil Transportation</i>	4,506,649	5,718,978	5,520,837	198,141
<i>Community Service</i>	678,000	801,672	700,486	101,186
<i>Employee Benefits</i>	36,618,500	29,380,218	28,701,117	679,101
<i>Debt Service</i>	12,421,380	21,523,996	21,523,996	-
<i>Other Financing Uses</i>	200,000	462,441	462,441	-
Total Expenditures and Other Financing (Uses)	\$ 139,207,693	\$ 140,638,909	\$ 134,434,787	\$ 6,204,122

ELMIRA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the School District had invested in a broad range of capital assets totaling \$381,498,793 offset by accumulated depreciation of \$194,974,503. In addition, the School District reported intangible lease assets of \$5,464,691 offset by accumulated amortization of \$2,900,210. *Figure 5* shows the changes in the School District's capital assets.

Figure 5

<i>Changes in Capital Assets</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Land</i>	\$ 1,458,594	\$ 1,465,563	\$ (6,969)
<i>Construction in Progress</i>	48,964,414	23,902,039	25,062,375
<i>Buildings, Net</i>	128,239,625	141,191,116	(12,951,491)
<i>Equipment, Net</i>	7,861,657	7,993,783	(132,126)
<i>Intangible Lease Assets, Net</i>	2,564,481	2,714,529	(150,048)
<i>Total</i>	\$ 189,088,771	\$ 177,267,030	\$ 11,821,741

Capital asset activity for the year ended June 30, 2023 included the following:

Construction in Progress	\$ 25,162,375
Machinery and Equipment	592,064
Vehicles and Buses	682,690
Intangible Lease Asset	965,500
Total Additions	<u>27,402,629</u>
(Less) Amortization Expense	(1,115,548)
(Less) Depreciation Expense	(13,482,942)
(Less) Net Book Value of Disposed Assets	<u>(982,398)</u>
Net Change in Capital Assets	<u><u>\$ 11,821,741</u></u>

ELMIRA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Debt Administration

Debt, both short and long-term, including lease liabilities, considered a liability of Governmental Activities, increased by \$5,475,770 in 2023, as shown in *Figure 6*. Total indebtedness represented 78.7% of the constitutional debt limit, exclusive of building aid estimates.

Figure 6

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Bond Anticipation Notes</i>	\$ 56,795,000	\$ 45,595,000	\$ 11,200,000
<i>Installment Purchase Debt</i>	7,005,188	1,741,455	5,263,733
<i>Lease Liabilities</i>	2,564,481	2,714,529	(150,048)
<i>Serial Bonds</i>	9,212,061	20,049,976	(10,837,915)
<i>Total</i>	\$ 75,576,730	\$ 70,100,960	\$ 5,475,770

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

The School District's bond rating is A1.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- School Districts in New York State are impacted by the political pressures imposed on officials in the funding of school districts. Year to year changes in funding levels and state aid formulas complicate the planning process for schools.
- All governments are operating under a state mandated property tax levy cap of 2%. This legislation limits the School District's ability to increase property taxes to help offset increases in contractual salaries, pension, and health insurance. If the School District wants to propose a tax levy above the property tax cap limit, the proposed budget must be approved by 60% or more of the voters.
- The current statewide average inflation rate has been calculated by the state comptroller's office at 6.26%. The district will face challenges related to the overall increase of goods and services provided to the district, the teachers' retirement system and employees' retirement system. Pension rates are established by New York State and the School District must legally provide this benefit to its employees.
- A new charter school, Finn Academy, located within the Elmira City School District began operations in the 2015-16 school year. Projected enrollment for the 2023-24 school year is 349 students grades Pk-6. Given the NYSED formula for Charter School Transitional Aid, 2023-24 will be the last year the district will receive transitional aid towards these tuition payments.

ELMIRA CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

- With no changes or direction on the future of the Foundation Aid Formula within the passed State Budget, there is no funding for the State Education Department to review the formula moving forward. It is uncertain if the State plans to follow the current formula, or flat increases for all districts, which would be inequitable for High-Needs Districts such as Elmira City.
- In the passed 23-24 budget, the School District put forth a levy lower than the calculated tax levy limit before exclusions. This resulted in a carryover amount of \$128,645 that will be applied to the tax levy limit before exclusions in the 24-25 school year. In addition, the School District is planning to appropriate revenues from the Reserve for Tax Reduction as well as Debt Service to offset principal portions of debt payments.
- With the New York State mandate on zero-emissions buses, the School District will be looking to make capital improvements at the bus garage to install charging stations and other necessary changes. Additional charging stations will likely be needed throughout the School District at various building locations. Zero emissions bus purchases will be a large impact on the School Districts operating budget, and will likely require borrowing to make those purchases. To date, zero-emissions buses are roughly three times the cost of a traditional diesel bus. The School District has been able to pay cash for these purchases for roughly seven years, future ballot propositions will likely include borrowing for zero-emissions bus purchases.

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, contact the Business Office, Elmira City School District, at 430 W. Washington Avenue, Elmira New York 14901.

ELMIRA CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 25,025,270
Cash and Cash Equivalents - Restricted	5,407,395
Taxes Receivable	1,586,697
Due From State and Federal Governments	7,971,640
Due From Other Governments	7,157,962
Other Receivables	539,775
Inventories	195,330
Prepaid Items	3,582,923
Total Current Assets	51,466,992

Noncurrent Assets

Restricted Cash	43,377,371
Investments - Restricted	20,467,349
Capital Assets, Net:	
Nondepreciable	50,423,008
Depreciable Capital Assets, Net	136,101,282
Intangible Lease Asset, Net	2,564,481
Total Noncurrent Assets	252,933,491

Total Assets	304,400,483
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DEFERRED OUTFLOWS OF RESOURCES

Pensions	27,717,518
OPEB	49,009,740
Deferred Charges on Defeased Debt	29,118

Total Deferred Outflows of Resources	76,756,376
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LIABILITIES

Current Liabilities

Accounts Payable	4,097,136
Accrued Liabilities	759,925
Retainage Payable	1,511,661
Due to Other Governments	969,796
Bond Interest and Matured Bonds	244,729
Bond Anticipation Notes Payable	56,795,000
Unearned Revenues - Other	19,273
Due to Teachers' Retirement System	4,379,887
Due to Employees' Retirement System	431,277

See Notes to Basic Financial Statements

ELMIRA CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2023

LIABILITIES (Continued)

Current Portion of Long-Term Liabilities:

Bonds Payable	\$ 4,510,577
Installment Purchase Debt	420,409
Lease Liabilities	1,091,745
Compensated Absences	993,503
Total Current Liabilities	76,224,918

Noncurrent Liabilities and Obligations

Bonds Payable	4,701,484
Installment Purchase Debt	6,584,779
Lease Liabilities	1,472,736
Compensated Absences	2,583,008
Other Postemployment Benefits Liability	230,533,309
Net Pension Liability - Proportionate Share	12,216,182
Total Noncurrent Liabilities and Obligations	258,091,498

Total Liabilities	334,316,416
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DEFERRED INFLOWS OF RESOURCES

Pensions	2,441,463
OPEB	134,100,516

Total Deferred Inflows of Resources	136,541,979
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NET POSITION

Net Investment in Capital Assets	112,788,048
Restricted	65,809,866
Unrestricted (Deficit)	(268,299,450)
Total Net (Deficit)	\$ (89,701,536)

See Notes to Basic Financial Statements

ELMIRA CITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants		Capital Grants
General Support	\$ 15,686,400	\$ -	\$ -	\$ -	\$ (15,686,400)
Instruction	84,210,642	107,134	17,782,055	5,065,305	(61,256,148)
Pupil Transportation	5,170,296	-	-	-	(5,170,296)
Community Services	699,391	-	-	-	(699,391)
School Lunch Program	2,997,890	108,982	4,011,977	-	1,123,069
Interest on Debt	2,072,826	-	-	-	(2,072,826)
Total Functions and Programs	\$ 110,837,445	\$ 216,116	\$ 21,794,032	\$5,065,305	(83,761,992)

GENERAL REVENUES

Real Property Taxes	28,799,880
Real Property Tax Items	6,410,814
Use of Money and Property	1,818,136
Unrestricted State Sources	101,624,610
Medicaid Reimbursement	408,024
Sale of Property	(512,553)
Miscellaneous	3,458,891
Intergovernmental Revenue	166,104
Total General Revenues	142,173,906
 Change in Net Position	 58,411,914
 Total Net (Deficit) - Beginning of Year	 (148,113,450)
 Total Net (Deficit) - End of Year	 \$ (89,701,536)

See Notes to Basic Financial Statements

ELMIRA CITY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	Major Funds					Non-Major Fund	Total Governmental Funds
	Special Revenue Funds					Miscellaneous Special Revenue Fund	
	General Fund	Special Aid Fund	School Lunch Fund	Debt Service Fund	Capital Projects Fund		
ASSETS							
Cash and Cash Equivalents - Unrestricted	\$ -	\$ 1,486,356	\$ -	\$ -	\$ 23,538,914	\$ -	\$ 25,025,270
Cash and Cash Equivalents - Restricted	25,218,001	3,410,917	2,277,909	14,207,764	3,633,667	36,508	48,784,766
Investments - Restricted	20,467,349	-	-	-	-	-	20,467,349
Taxes Receivable	1,586,697	-	-	-	-	-	1,586,697
Due From Other Funds	9,158,489	-	-	613,142	1,216,289	-	10,987,920
Due From State and Federal Governments	2,138,380	5,428,489	269,101	-	135,670	-	7,971,640
Due From Other Governments	7,157,962	-	-	-	-	-	7,157,962
Other Receivables	295,864	238,476	5,435	-	-	-	539,775
Inventories	-	-	195,330	-	-	-	195,330
Prepaid Items	3,582,923	-	-	-	-	-	3,582,923
Total Assets	\$ 69,605,665	\$ 10,564,238	\$ 2,747,775	\$ 14,820,906	\$ 28,524,540	\$ 36,508	\$ 126,299,632
LIABILITIES							
Accounts Payable	\$ 1,467,003	\$ 348,050	\$ 20,108	\$ -	\$ 2,261,975	\$ -	\$ 4,097,136
Accrued Liabilities	660,243	83,636	16,046	-	-	-	759,925
Due to Other Funds	154,313	10,099,449	121,016	-	613,142	-	10,987,920
Due to Other Governments	947,561	21,660	575	-	-	-	969,796
Due to Teachers' Retirement System	4,379,887	-	-	-	-	-	4,379,887
Due to Employees' Retirement System	431,277	-	-	-	-	-	431,277
Bond Anticipation Notes Payable	-	-	-	-	56,795,000	-	56,795,000
Unearned Revenues	-	11,443	7,830	-	-	-	19,273
Compensated Absences	993,503	-	-	-	-	-	993,503
Total Liabilities	9,033,787	10,564,238	165,575	-	59,670,117	-	79,433,717
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues	1,623,354	-	-	-	-	-	1,623,354
Total Deferred Inflows of Resources	1,623,354	-	-	-	-	-	1,623,354
FUND BALANCES							
Nonspendable	3,582,923	-	195,330	-	-	-	3,778,253
Restricted	48,565,582	-	2,386,870	14,820,906	-	36,508	65,809,866
Assigned	497,537	-	-	-	-	-	497,537
Unassigned	6,302,482	-	-	-	(31,145,577)	-	(24,843,095)
Total Fund Balances (Deficit)	58,948,524	-	2,582,200	14,820,906	(31,145,577)	36,508	45,242,561
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 69,605,665	\$ 10,564,238	\$ 2,747,775	\$ 14,820,906	\$ 28,524,540	\$ 36,508	\$ 126,299,632

See Notes to Basic Financial Statements

ELMIRA CITY SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Fund Balances - Total Governmental Funds **\$ 45,242,561**

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

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

Total Historical Cost	\$ 386,963,484	
(Less) Accumulated Amortization	(2,900,210)	
(Less) Accumulated Depreciation	<u>(194,974,503)</u>	189,088,771

Revenues not collected within 90 days (60 days for property taxes) of year end are deferred inflows of resources for the fund financial statements, but are recognized on the accrual basis for the District-wide financial statements. The amount of revenues classified as deferred inflows of resources on the fund financial statements is:

Unavailable Tax Revenue	\$ 1,586,897	
Unavailable Rental Revenue	27,000	
Unavailable Aid	<u>9,457</u>	1,623,354

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

ERS Net Pension Liability - Proportionate Share	\$ (8,080,136)	
TRS Net Pension Liability - Proportionate Share	<u>(4,136,046)</u>	(12,216,182)

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

Deferred Charges on Defeased Debt	\$ 29,118	
Deferred Outflows of Resources - OPEB	49,009,740	
Deferred Inflows of Resources - OPEB	(134,100,516)	
ERS Deferred Outflows of Resources - Pension	5,737,444	
ERS Deferred Inflows of Resources - Pension	(437,330)	
TRS Deferred Outflows of Resources - Pension	21,980,074	
TRS Deferred Inflows of Resources - Pension	<u>(2,004,133)</u>	(59,785,603)

Long-term liabilities, including bonds payable, lease liabilities, retainage payable, compensated absences, and amounts due for other postemployment employee benefits are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (9,085,000)	
Unamortized Bond Premium	(127,061)	
Lease Liabilities	(2,564,481)	
Installment Purchase Debt	(7,005,188)	
Retainage Payable	(1,511,661)	
Compensated Absences	(2,583,008)	
Other Postemployment Benefits Liabilities	<u>(230,533,309)</u>	(253,409,708)

Interest is accrued on outstanding balances of debt obligations in the District-wide financial statements.

Accrued Interest on Debt		<u>(244,729)</u>
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Net (Deficit) of Governmental Activities **\$ (89,701,536)**

See Notes to Basic Financial Statements

ELMIRA CITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds					Non-Major Fund	Total Governmental Funds
	Special Revenue Funds					Miscellaneous Special Revenue Fund	
	General Fund	Special Aid Fund	School Lunch Fund	Debt Service Fund	Capital Projects Fund		
REVENUES							
Real Property Taxes	\$ 28,799,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,799,880
Real Property Tax Items	232,784	-	-	-	-	-	232,784
Other Tax Items	6,178,030	-	-	-	-	-	6,178,030
Charges for Services	107,134	-	-	-	-	-	107,134
Use of Money and Property	1,364,868	-	36,596	416,118	-	554	1,818,136
Sale of Property and Compensation for Loss	266,990	-	-	202,855	-	-	469,845
Miscellaneous	3,458,891	170,377	20,072	-	-	-	3,649,340
State Sources	101,615,396	2,467,444	179,335	-	128,513	-	104,390,688
Intergovernmental Revenues	166,104	-	-	-	-	-	166,104
Medicaid Reimbursement	408,024	-	-	-	-	-	408,024
Federal Sources	106,237	19,974,789	3,832,642	-	-	-	23,913,668
Sales - School Lunch	-	-	88,910	-	-	-	88,910
Total Revenues	142,704,338	22,612,610	4,157,555	618,973	128,513	554	170,222,543
EXPENDITURES							
General Support	14,428,641	484,559	-	-	-	-	14,913,200
Instruction	62,739,880	14,626,196	1,490,333	-	-	2,994	78,859,403
Pupil Transportation	5,380,689	151,728	-	-	-	-	5,532,417
Community Services	700,486	-	-	-	-	-	700,486
Employee Benefits	28,701,117	2,697,043	532,035	-	-	-	31,930,195
Debt Service							
Principal	18,785,584	-	-	-	-	-	18,785,584
Interest	2,738,412	-	-	-	-	-	2,738,412
Cost of Sales	-	-	1,752,926	-	-	-	1,752,926
Capital Outlay	-	-	-	-	25,375,639	-	25,375,639
Total Expenditures	133,474,809	17,959,526	3,775,294	-	25,375,639	2,994	180,588,262
Excess (Deficiency) of Revenues Over Expenditures	9,229,529	4,653,084	382,261	618,973	(25,247,126)	(2,440)	(10,365,719)
OTHER FINANCING SOURCES AND (USES)							
BANs Redeemed From Appropriations	-	-	-	-	6,800,000	-	6,800,000
Premium on Obligations	-	-	-	553,183	-	-	553,183
Proceeds of Obligations	-	-	-	-	6,419,269	-	6,419,269
Operating Transfers In	1,291,714	362,441	-	-	4,855,170	-	6,509,325
Operating Transfers (Out)	(462,441)	(5,015,525)	-	(1,031,359)	-	-	(6,509,325)
Total Other Sources (Uses)	829,273	(4,653,084)	-	(478,176)	18,074,439	-	13,772,452
Net Change in Fund Balance	10,058,802	-	382,261	140,797	(7,172,687)	(2,440)	3,406,733
Fund Balances (Deficit) - Beginning of Year	48,889,722	-	2,199,939	14,680,109	(23,972,890)	38,948	41,835,828
Fund Balances (Deficit) - End of Year	\$ 58,948,524	\$ -	\$ 2,582,200	\$ 14,820,906	\$ (31,145,577)	\$ 36,508	\$ 45,242,561

See Notes to Basic Financial Statements

ELMIRA CITY SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds **\$ 3,406,733**

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

Capital Outlay	\$ 27,402,629	
Net Book Value of Disposed Assets	(982,398)	
Amortization Expense	(1,115,548)	
Depreciation Expense	<u>(13,482,942)</u>	11,821,741

Certain revenue in the Governmental Funds is deferred because it is not available soon enough after year end to pay for the current period's expenditures. On the accrual basis, however, this revenue is recognized regardless of when it is collected.

Change in Unavailable Revenue		9,214
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Bond and lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and lease principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Proceeds of Debt	\$ (5,453,769)	
Proceeds of Leases	(965,500)	
Principal Payment - Leases	1,115,548	
Principal Payment - Debt	<u>10,870,036</u>	5,566,315

Long-term liabilities, such as those associated with employee benefits, and retainage payable are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to other postemployment benefits do not affect current financial resources and are, also, not reported in the Governmental Funds.

Other Postemployment Benefits Obligations	\$ 40,919,290	
Retainage Payable	(752,236)	
Compensated Absences	<u>158,832</u>	40,325,886

Interest expense reported in the Statement of Activities includes changes in accrued interest, premiums on obligations, and deferred charges from advance refunding of bonds. These items are not included in interest expense in the Governmental Fund financial statements.

Amortization of Bond Premium	\$ 157,915	
Amortization of Deferred Amounts on Refunded Debt	(33,416)	
Change in Accrued Interest	<u>(12,096)</u>	112,403

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

TRS	\$ (1,272,262)	
ERS	<u>(1,558,116)</u>	<u>(2,830,378)</u>

Net Change in Net Position of Governmental Activities **\$ 58,411,914**

See Notes to Basic Financial Statements

ELMIRA CITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2023

	Custodial Funds
ASSETS	
Cash - Unrestricted	\$ 154,170
Total Assets	\$ 154,170
NET POSITION	
Extraclassroom Activity Funds Balance	\$ 154,170

See Notes to Basic Financial Statements

ELMIRA CITY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Funds
ADDITIONS	
Extraclass Receipts	\$ 454,203
Total Additions	<u>454,203</u>
DEDUCTIONS	
Extraclass Disbursements	<u>410,657</u>
Change in Net Position	43,546
Net Position - Beginning of Year	<u>110,624</u>
Net Position - End of Year	<u>\$ 154,170</u>

See Notes to Basic Financial Statements

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1 **Summary of Significant Accounting Policies**

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

Reporting Entity

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

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education (Board) consisting of nine 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 financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended.

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

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

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

The Extraclassroom Activity Funds of the Elmira 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. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's office, located at 430 W. Washington Avenue, Elmira New York 14901.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Joint Venture

The Elmira City School District is one of 21 component school districts in the Greater Southern Tier 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.

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 (GML).

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

Separate financial statement of Greater Southern Tier BOCES may be obtained by contacting the Business Office, Greater Southern Tier BOCES, 459 Philo Road, Elmira, New York 14903.

Basis of Presentation - District-Wide Financial Statements

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

The Statement of Net Position presents the financial position of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those specifically associated with and 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 restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Governmental Fund Financial Statements

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

The School District reports the following Governmental Funds:

Major Funds

- General Fund: This is the School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Capital Projects Fund: Accounts for the financial resources used for the renovation of the School District's educational complex.
- Debt Service Fund: Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.
- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for special educational programs.
 - School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Non-Major Funds

- Miscellaneous Special Revenue Fund: Used to account for student scholarships whose funds are restricted as to use.

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

The School District reports the following Fiduciary Funds:

- Custodial Fund: Assets are held by the School District as agent for Extraclassroom Activity Funds.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Measurement Focus and Basis of Accounting

The District-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the School District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned 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 financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 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 installment purchase debt are reported as other financing sources.

Cash and Investments

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

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Accounts Receivable

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

Due To/From Other Funds

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

Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. A portion of fund balance equal to inventories and prepaid amounts is reported as nonspendable, as these assets are not in spendable form in the current period.

Capital Assets

Capital assets are reported at actual cost for acquisitions, including the right to use assets acquired through financed lease arrangements, subsequent to the adoption of GASB Statement No. 34. For assets acquired prior to the adoption of GASB Statement No. 34, estimated historical costs, based on appraisal and research of the School District's accounting records, were used. Donated assets are reported at acquisition value at the time received.

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 5,000	50 Years
Building Improvements	5,000	15-20 Years
Machinery and Equipment	5,000	5-20 Years

The School District utilizes the straight-line method of depreciation.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports a deferred charge on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows of resources related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions, and OPEB plans are described in Note 10 and 11, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District reports unavailable revenues - property taxes under the modified accrual basis of accounting in the Balance Sheet - Governmental Funds. In the Statement of Net Position, the School District also reports deferred inflows of resources related to pensions and OPEB plans which are further described in Note 10 and 11, respectively.

Unearned and Unavailable Revenues

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

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

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Vested Employee Benefits - Compensated Absences

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

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.

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

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

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

Other Postemployment Benefits

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

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

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

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Overpayments and Collections in Advance

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

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 of current financial resources. Claims and judgments, other postemployment benefit payable and compensated absences that will be paid from governmental funds, are reported as a liability in the fund's 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 School 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.

Leases

The School District determines if an arrangement is or contains a lease at inception. The School District records assets and lease obligations for leases, which are initially based on the discounted future minimum lease payments over the term of the lease. The School District uses the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the School District elects to use its incremental borrowing rate in calculating present value of lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position and the School District will recognize short-term lease expense for these leases.

The School District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liability and is included in the education expense function. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals and payments associated with non-lease components are expensed as incurred.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Restricted Resources

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

Equity Classifications - District-Wide Financial Statements

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

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

Equity Classifications - Governmental Fund Financial Statements

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

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Equity Classifications - District-Wide Financial Statements - Continued

- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority the Board of Education, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

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

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

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Legally Adopted Reserves

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

- Workers' Compensation Reserve (GML §6-j): Used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses for 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 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the succeeding fiscal year's budget. The reserve is accounted for in the General Fund.
- Unemployment Insurance Reserve (GML §6-m): Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.
- Employee Benefit Accrued Liability Reserve (GML §6-p): Used to reserve funds for payment of accrued employee benefits upon termination of an 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.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Legally Adopted Reserves - Continued

- Retirement Contribution Reserve (GML §6-r): Used for the purpose of financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r.
- Liability Claims and Property Loss Reserve (Education Law §1709(8)(c)): 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.
- Insurance Reserve (GML §6-n): Used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.
- Tax Certiorari Reserve (Education Law §3651.1-a): Used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Legally Adopted Reserves - Continued

- Capital Reserve (Education Law §3651) - Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.
- Reserve for Tax Reduction (Education Law §1604(36) and §1709(37)) - Used to establish a reserve for the purpose of gradual use of the proceeds of the sale of School District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the district is permitted to retain the proceeds of the sale for a period not to exceed ten years and to use them during that period for tax reduction. This reserve is accounted for in the General Fund.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than October 1. For the year ended June 30, 2023, the tax lien was issued on September 21, 2022. Taxes were collected during the period October 1, 2022 to March 31, 2023. Property taxes are permitted to be paid in installments during the collection period, with the first installment due on October 31 and the second due March 31.

The City of Elmira and Chemung County enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transferred by the City to the School 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 fiscal year end, less similar amounts collected during this period in the preceding year, are recognized as revenue. Otherwise, a deferred inflow of resources offsets real property taxes receivable.

Interfund Transfers

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

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Use of Estimates

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

New Accounting Standards

The School District adopted and implemented the following current Statement of the Governmental Accounting Standards Board (GASB) effective for the year ended June 30, 2023:

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ending June 30, 2023. The School District has determined there was no material effect on the financial statements.

Future Changes in Accounting Standards

- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending June 30, 2025.

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

***Note 2* Participation in BOCES**

During the year ended June 30, 2023, the School District's share of BOCES income amounted to \$10,454,622. The School District was billed \$25,290,479 for BOCES administration and program costs. Financial statements for the Greater Southern Tier BOCES are available from the BOCES administrative office at 459 Philo Road, Elmira, New York, 14903.

***Note 3* 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 School District's deposits may not be returned to it. The School District has established a custodial credit risk policy which requires the School District to maintain collateralized deposits of at least 100% of amounts not covered under FDIC insurance. New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 3 Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks - Continued

The School District's aggregate bank balances of \$97,174,609 are either insured or collateralized with securities held by the pledging financial institution in the School District's name. In addition the district has \$2,840,619 held with an escrow agent for an ongoing capital project.

Restricted cash and investments consisted of the following at June 30, 2023:

Restricted for Debt Service	\$ 14,820,906
Restricted for Capital Projects	3,020,525
Restricted for School Lunch	2,386,870
Restricted for General Fund Reserves	48,565,582
Restricted for Scholarships	36,508
Restricted for Tax Reduction	<u>421,724</u>
Total Governmental Funds	<u>\$ 69,252,115</u>

The School District has few investments and chooses to disclose its investments by specifically identifying each.

The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

- 1) Insured or registered, with investments held by the School District or by the School District's agent in the School District's name; or
- 2) Uninsured and unregistered, with investments held by the financial institution's trust department in the School District's name; or
- 3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

The School District participates in a local government external investment pool through the New York Cooperative Liquid Assets Securities System (NYCLASS). NYCLASS is rated by S&P Global Ratings. The current rating is AAAm. The cooperative is actively managed and invests exclusively in investments legally permissible for New York State school districts and municipal corporations. These permissible investments include: U.S. Treasury securities, obligations backed by the full faith and credit of the U.S. government, collateralized bank deposits, and repurchase agreements collateralized at 102% by Treasury securities and agency securities backed by the full faith and credit of the U.S. government. All counterparties to repurchase agreements are highly-rated primary dealers, and a custodial bank holds all collateral supporting the transactions in constructive possession on the cooperative's behalf.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 3 Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks - Continued

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

The School District's investments consisted of the following at June 30, 2023:

	Cost	Carrying Amount Fair	Type of Investment	Category
General Fund	\$ 20,467,349	\$ 20,467,349	NYCLASS	(1)

The School District does not typically purchase investments for a duration long enough to cause it to believe that it is exposed to any material interest rate risk.

The School District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Note 4 Interfund Balances and Activity

Interfund balances at June 30, 2023 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 9,158,489	\$ 154,313	\$ 1,291,714	\$ 462,441
Special Aid Fund	-	10,099,449	362,441	5,015,525
School Lunch Fund	-	121,016	-	-
Debt Service Fund	613,142	-	-	1,031,359
Capital Projects Fund	1,216,289	613,142	4,855,170	-
Total	\$ 10,987,920	\$ 10,987,920	\$ 6,509,325	\$ 6,509,325

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

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

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 5 Capital Assets

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements and Reclass- ifications</u>	<u>Ending Balance</u>
Capital Assets That Are Not Depreciated				
Land	\$ 1,465,563	\$ -	\$ (6,969)	\$ 1,458,594
Construction in Progress	23,902,039	25,162,375	(100,000)	48,964,414
Total Nondepreciable Historical Cost	<u>25,367,602</u>	<u>25,162,375</u>	<u>(106,969)</u>	<u>50,423,008</u>
Capital Assets That Are Depreciated				
Buildings	316,826,940	-	(5,051,403)	311,775,537
Furniture and Equipment	18,169,030	1,274,754	(143,536)	19,300,248
Total Depreciable Historical Cost	<u>334,995,970</u>	<u>1,274,754</u>	<u>(5,194,939)</u>	<u>331,075,785</u>
Intangible Lease Assets - Equipment	5,491,903	965,500	(992,712)	5,464,691
Total Historical Cost	<u>365,855,475</u>	<u>27,402,629</u>	<u>(6,294,620)</u>	<u>386,963,484</u>
Less Accumulated Depreciation				
Buildings	(175,635,824)	(12,076,062)	4,175,974	(183,535,912)
Furniture and Equipment	(10,175,247)	(1,406,880)	143,536	(11,438,591)
Total Accumulated Depreciation	<u>(185,811,071)</u>	<u>(13,482,942)</u>	<u>4,319,510</u>	<u>(194,974,503)</u>
Accumulated Amortization - Equipment	(2,777,374)	(1,115,548)	992,712	(2,900,210)
Total Historical Cost, Net	<u>\$ 177,267,030</u>	<u>\$ 12,804,139</u>	<u>\$ (982,398)</u>	<u>\$ 189,088,771</u>

Depreciation and amortization expense was charged to governmental functions as follows:

General Support	\$ 2,132,913
Instruction	11,542,674
Pupil Transportations	<u>922,903</u>
Total Depreciation/Amortization Expense	<u>\$ 14,598,490</u>

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 6 Short-Term Debt

The School 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 School District did not issue or redeem any RANs or TANs during the year.

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

The School District may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. Such notes may be classified as long-term when (1) the intention is to refinance the debt on a long-term basis, and (2) the intention can be substantiated through a post-balance sheet issuance of long-term debt or by an acceptable financing agreement. BAN activity for the year is summarized below:

	Interest Rate	Maturity Date	Beginning Balance	Issued	Redeemed	Ending Balance
2022 BAN - Construction	4.00%	06/23/2023	\$ 45,595,000	\$ -	\$ 45,595,000	\$ -
2023 BAN - Construction	4.75%	06/14/2024	-	56,795,000	-	56,795,000
Total			\$ 45,595,000	\$ 56,795,000	\$ 45,595,000	\$ 56,795,000

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

Interest Paid	\$ 1,823,800
(Less) Premium on Obligations	(553,183)
(Less) Interest Accrued in the Prior Year	(25,331)
Plus Interest Accrued in the Current Year	119,901
Total	\$ 1,365,187

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 7 Long-Term Debt

At June 30, 2023, the total outstanding indebtedness of the School District represented 78.7% of its statutory debt limit, exclusive of building aid. Long-term debt is classified as follows:

- Serial Bonds and Build America Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.
- Installment Purchase Debt - Amounts due under certain leases for equipment and energy conservation equipment. The amount capitalized in relation to these lease commitments was \$4,453,263 for construction in process, with \$2,741,961 to be spent from cash held with escrow agent at June 30, 2023.

The following is a summary of the School District's long-term debt for the year ended June 30, 2023:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
Refunding Bonds				
Refunding Bonds - 2014	03/11/2014	06/15/2024	2.00% - 5.00%	\$ 125,000
Refunding Bonds - 2015	03/04/2015	06/15/2025	1.50% - 5.00%	1,030,000
Refunding Bonds - 2021	05/26/2021	06/15/2025	5.00%	1,610,000
Total Refunding Bonds				<u>2,765,000</u>
Build America Bonds				
QZAB - Construction Bond	06/15/2010	06/15/2025	0.80%	2,500,000
QSCB - Construction Bond	08/04/2011	08/01/2025	5.75%	1,305,000
Total Build America Bonds				<u>3,805,000</u>
Serial Bonds				
Serial Bond - 2013	09/24/2013	10/15/2024	3.00% - 5.00%	2,515,000
Total Serial Bonds				<u>2,515,000</u>
Installment Purchase Debt				
EPC Lease	02/10/2022	02/10/2037	1.88%	3,833,383
EPC Lease	10/14/2022	02/10/2037	3.54%	3,171,805
Total Installment Purchase Debt				<u>7,005,188</u>
Plus Premium of Refinancing				<u>127,061</u>
Total Bonds Payable				<u>\$ 16,217,249</u>

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 7 Long-Term Debt - Continued

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

Interest Paid	\$ 914,612
(Less) Interest Accrued in the Prior Year	(207,302)
Plus Interest Accrued in the Current Year	124,828
Plus Amortization of Deferred Charges on Defeased Debt	33,416
(Less) Amortization of Bond Premium	<u>(157,915)</u>
Total	<u><u>\$ 707,639</u></u>

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

Long-term debt balances and activity for the year are summarized as follows:

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Bonds	\$ 19,765,000	\$ -	\$ (10,680,000)	\$ 9,085,000	\$ 4,420,000
Installment Purchase Debt	1,741,455	5,453,769	(190,036)	7,005,188	420,409
Premium on Refunded Debt	284,976	-	(157,915)	127,061	90,577
Total	<u><u>\$ 21,791,431</u></u>	<u><u>\$ 5,453,769</u></u>	<u><u>\$ (11,027,951)</u></u>	<u><u>\$ 16,217,249</u></u>	<u><u>\$ 4,930,986</u></u>

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. Deferred charges on defeased debt are summarized as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
2014 Refunding Bonds	\$ 4,675	\$ -	\$ (3,116)	\$ 1,559	\$ 1,559
2015 Refunding Bonds	27,904	-	(14,680)	13,224	9,362
2019 Refunding Bonds	699	-	(699)	-	-
2021 Refunding Bonds	29,256	-	(14,921)	14,335	10,157
Total Deferred Charges on Defeased Debt	<u><u>\$ 62,534</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (33,416)</u></u>	<u><u>\$ 29,118</u></u>	<u><u>\$ 21,078</u></u>

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 7 Long-Term Debt - Continued

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

Year	Bonds		Installment Purchase Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 4,420,000	\$ 256,181	\$ 420,409	\$ 181,463	\$ 5,278,053
2025	4,220,000	121,865	431,343	170,529	4,943,737
2026	445,000	12,794	442,591	159,281	1,059,666
2027	-	-	454,162	147,711	601,873
2028	-	-	466,066	135,806	601,872
2029-2033	-	-	2,521,300	488,061	3,009,361
2034-2037	-	-	2,269,317	138,172	2,407,489
Total	\$ 9,085,000	\$ 390,840	\$ 7,005,188	\$ 1,421,023	\$ 17,902,051

On March 11, 2014, the School District issued \$8,595,000 in general obligation bonds, with interest rates ranging between 2.0% and 5.0%. The School District issued the bonds to advance refund the \$8,595,000 outstanding various general obligation bonds with an interest rate of 4.0%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$8,595,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$0 at June 30, 2023.

On March 4, 2015, the School District issued \$5,275,000 in general obligation bonds, with interest rates ranging between 1.5% and 5.0%. The School District issued the bonds to advance refund the \$5,280,000 outstanding general obligation bonds with interest rates ranging from 4.125% to 4.250%. The School District used the net proceeds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$5,280,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$450,000 at June 30, 2023.

On June 26, 2019, the School District issued \$2,330,000 in general obligation bonds, with an interest rate of 5.0%. The School District issued the bonds to advance refund the \$2,480,000 outstanding various general obligation bonds with interest rates ranging from 3.25% to 4.0%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$2,480,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$0 at June 30, 2023.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 7 Long-Term Debt - Continued

On May 26, 2021, the School District issued \$3,085,000 in general obligation bonds, with an interest rate of 5.0%. The School District issued the bonds to advance refund the \$3,340,000 outstanding various general obligation bonds with interest rates ranging from 2.5% to 3.0%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$3,340,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$1,715,000 at June 30, 2023.

Note 8 Lease Liabilities

The School District enters into lease agreements for certain equipment that are considered leases. The School District is not party to any material short term leases, and current leases do not require any variable payments. At June 30, 2023, the School District reported \$5,464,691, offset by accumulated amortization of \$2,900,210, in intangible lease assets included in the lease liability below. Lease liabilities as of June 30, 2023 are as follows:

<u>Description of Lease</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Discount Rate</u>	<u>Outstanding June 30, 2023</u>
IPA 2019-2020	2/1/2020	8/15/2023	1.86%	\$ 320,449
IPA 2020-2021	2/1/2021	8/15/2024	1.42%	506,918
IPA 2021-2022	2/1/2022	8/15/2025	1.47%	740,276
IPA 2022-2023	2/1/2023	8/15/2026	3.99%	965,500
2020 Copier	2/29/2020	1/31/2024	2.33%	13,539
2021 Copier	8/31/2020	7/31/2024	2.33%	17,799
Total				<u><u>\$ 2,564,481</u></u>

The following is a summary of the maturity of lease liabilities:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,091,745	\$ 36,904	\$ 1,128,649
2025	733,726	39,604	773,330
2026	489,920	23,168	513,088
2027	249,090	9,929	259,019
Total	<u><u>\$ 2,564,481</u></u>	<u><u>\$ 109,605</u></u>	<u><u>\$ 2,674,086</u></u>

Interest paid for the current year amounted to \$46,569.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 9 Compensated Absences

Compensated absences represent the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds.

Compensated absences balances and activity are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$3,734,225	\$ -	\$(158,832)	\$3,576,511	\$ 993,503

Changes to long-term compensated absences are reported net, as it is impractical to individually determine the amount of additions and deletions during the year.

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

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS) (System)

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

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Plan Descriptions and Benefits Provided - Continued

Teachers' Retirement System (TRS) (System) - Continued

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

Employees' Retirement System (ERS) (System)

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Plan Descriptions and Benefits Provided - Continued

Employees' Retirement System (ERS) (System) - Continued

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

Summary of Significant Accounting Policies

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

Contributions

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ 1,432,770	\$ 3,741,883
2022	1,913,582	3,439,237
2021	1,820,137	3,200,043

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

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

At June 30, 2023, the School District reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension (asset)/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	ERS	TRS
Actuarial Valuation Date	4/1/2022	6/30/2021
Net Pension (Asset)/Liability	\$ 21,444,032,790	\$ 1,918,891,690
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	8,080,136	4,136,046
School District's Share of the Net Pension (Asset)/Liability	0.037680%	0.215543%

For the year ended June 30, 2023, the School District recognized pension expense of \$3,044,186 for ERS and \$5,321,806 for TRS in the District-wide financial statements. At June 30, 2023, the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 860,598	\$ 4,334,053	\$ 226,921	\$ 82,879
Changes of Assumptions	3,924,235	8,023,230	43,370	1,666,116
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	5,344,164	47,470	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	521,334	227,430	119,569	255,138
School District's Contributions Subsequent to the Measurement Date	431,277	4,051,197	-	-
Total	\$5,737,444	\$ 21,980,074	\$ 437,330	\$ 2,004,133

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

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

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension (asset)/liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ 1,221,529	\$ 3,117,948
2025	(321,295)	1,607,046
2026	1,724,070	(683,457)
2027	2,244,533	10,512,523
2028	-	1,325,600
Thereafter	-	45,084

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Investment Rate of Return	5.9%	6.95%
Salary Increases	4.4%	1.95% - 5.18%
Cost of Living Adjustments	1.5%	1.3%
Inflation Rate	2.9%	2.4%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Actuarial Assumptions - Continued

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

Measurement Date	ERS	TRS
	March 31, 2023	June 30, 2022
Asset Type		
Domestic Equity	4.3%	6.5%
International Equity	6.9%	7.2%
Global Equity	0.0%	6.9%
Real Estate Equity	4.6%	6.2%
Private Equity	7.5%	9.9%
Opportunistic/ARC Portfolio	5.4%	0.0%
Real Assets	5.8%	0.0%
Credit	5.4%	0.0%
Fixed Income	1.5%	0.0%
Domestic Fixed Income	0.0%	1.1%
Global Bonds	0.0%	0.6%
Private Debt	0.0%	5.3%
Real Estate Debt	0.0%	2.4%
High-Yield Bonds	0.0%	3.3%
Cash Equivalents	0.0%	(0.3)%

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension (Asset)/Liability to the Discount Rate Assumption

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

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$19,526,223	\$ 8,080,136	\$ (1,484,401)
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$38,136,286	\$ 4,136,046	\$(24,457,932)

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands	
	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Employers' Total Pension	\$ 232,627,259	\$ 133,883,474
Plan Net Position	(211,183,223)	(131,964,582)
Employers' Net Pension (Asset)/Liability	\$ 21,444,036	\$ 1,918,892
Ratio of Plan Net Position to the Employers' Total Pension Liability	90.8%	98.6%

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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$431,277.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023 amounted to \$4,379,887.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Effect on Net Position

Changes in the net pension (asset)/liability and deferred outflows and inflows of resources for the year ended June 30, 2023 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/Liability	\$ (2,977,906)	\$ 11,058,042	\$ 8,080,136
Deferred Outflows of Resources	(6,104,147)	366,703	(5,737,444)
Deferred Inflows of Resources	10,303,959	(9,866,629)	437,330
Subtotal	1,221,906	1,558,116	2,780,022
TRS			
Net Pension (Asset)/Liability	(36,798,213)	40,934,259	4,136,046
Deferred Outflows of Resources	(21,296,992)	(683,082)	(21,980,074)
Deferred Inflows of Resources	40,983,048	(38,978,915)	2,004,133
Subtotal	(17,112,157)	1,272,262	(15,839,895)
Total Effect on Net Position	\$ (15,890,251)	\$ 2,830,378	\$ (13,059,873)

***Note 11* Postemployment Benefits Other than Pensions (OPEB)**

General Information About the OPEB Plan

Plan Description - The School District's defined OPEB Plan (Plan) provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The Plan is a single employer defined benefit healthcare plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

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

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

General Information About the OPEB Plan - Continued

Employees Covered by Benefit Terms - At June 30, 2023, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	1,302
Active Employees Enrolled in the Plan	<u>769</u>
Total	<u><u>2,071</u></u>

Total OPEB Liability

The School District's total OPEB liability of \$230,533,309 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Single Discount Rate	3.69%
Rate of Compensation Increase	2.90%
Healthcare Cost Trend Rate Pre-65	6.750% to 3.784%
Healthcare Cost Trend Rate Post-65	4.400% to 3.784%
Prescription Drug Trend Rate Post-65	6.750% to 3.784%
Medicare Part B Premium	5.750% to 3.784%
Inflation Rate	2.25%

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (or the nearest business day thereto).

Salaries are assumed to increase at 2.9% per year. The salary scale was based on the School District's review of historical experience as well as future expectations.

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a fully generational basis.

Rates of decrement due to disability are assumed to be -0-%.

Rates of turnover and retirement rates are based on the experience under the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). The ERS rates are based on the April 1, 2015 - March 31, 2020 experience study. For TRS, rates are based on the July 1, 2015 - June 30, 2020 experience study.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Total OPEB Liability - Continued

Election percentage: It was assumed that 95% of future retirees eligible for coverage will elect retiree group health benefits. It was further assumed that participants who are currently not required to migrate into a Medicare Advantage Plan upon Medicare eligibility will migrate into the MVP USACare Plan 33% of the time and stay in the Excellus BluePPO Signature Copay 1 Plan 67% of the time. All other participants were assumed to migrate into MVP USACare Medicare Advantage Plan with Part D Prescription Drug Coverage upon Medicare eligibility.

Spousal Coverage: It was assumed that 70% of future retirees will elect spousal coverage upon retirement with male spouses assumed to be three years older and female spouses assumed to be three years younger than the retiree.

The annual rate of increase in healthcare costs developed based on a review of published national trend survey data in relation, to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Long-Term Healthcare Cost Trend Models v2022_f4 (the Getzen model).

Administrative fees were assumed to increase at 3.25% per year.

Dental and vision costs were assumed to increase at 3.00-2.00% per year, respectively.

CPI of 2.25% was assumed for purposes of determining future increases in limits corresponding to the excise tax of the Affordable Care Act on high cost employer-sponsored health plans as well as developing rate of increase in healthcare costs.

The actuarial assumptions used in the June 30, 2022 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 335,008,608</u>
Changes for the Year	
Service Cost	13,183,914
Interest Cost	6,588,905
Changes of Benefit Terms	(18,818,848)
Differences Between Expected and Actual Experience	(36,326,748)
Changes in Assumptions or Other Inputs	(59,061,713)
Benefit Payments	<u>(10,040,809)</u>
Net Change	<u>(104,475,299)</u>
Balance at June 30, 2023	<u>\$ 230,533,309</u>

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 11 Postemployment Benefits Other than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability - Continued

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

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB Liability	\$ 264,175,217	\$ 230,533,309	\$ 202,944,973

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 199,636,805	\$ 230,533,309	\$ 269,230,637

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$(31,825,628).

At June 30, 2023, the School 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	\$ -	\$ 84,315,929
Changes in Assumptions or Other Inputs	39,916,078	49,784,587
Contributions Subsequent to Measurement Date	9,093,662	-
Total	\$ 49,009,740	\$ 134,100,516

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 11 Postemployment Benefits Other than Pensions (OPEB) - Continued

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

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	
Ending June 30,	Amount
2024	\$ (27,245,293)
2025	(20,815,323)
2026	(19,846,680)
2027	(13,691,166)
2028	(12,585,976)
Thereafter	-

Effect on Net Position

Changes in the OPEB liability and deferred outflows and inflows of resources for the year ended June 30, 2023 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
Other Postemployment Benefits Liability	\$ 335,008,608	\$ (104,475,299)	\$ 230,533,309
Deferred Outflows of Resources	(67,748,448)	18,738,708	(49,009,740)
Deferred Inflows of Resources	89,283,215	44,817,301	134,100,516
Total Effect on Net Position	\$ 356,543,375	\$ (40,919,290)	\$ 315,624,085

Note 12 Commitments and Contingencies

Risk Financing and Related Insurance - General Information

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

Other Items

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

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 13 Fund Balance Detail

At June 30, 2023, nonspendable, restricted, assigned, and unassigned fund balance in the governmental funds was as follows:

	<u>General Fund</u>	<u>School Lunch Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Misc Special Revenue Fund</u>
Nonspendable					
Inventory	\$ -	\$ 195,330	\$ -	\$ -	\$ -
Prepays	3,582,923	-	-	-	-
Total Nonspendable Fund Balance	<u>\$ 3,582,923</u>	<u>\$ 195,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted					
Reserve for ERS Contributions	\$ 9,367,933	\$ -	\$ -	\$ -	\$ -
Reserve for TRS Contributions	3,710,732	-	-	-	-
Tax Certiorari Reserve	611,937	-	-	-	-
Unemployment Insurance Reserve	765,360	-	-	-	-
Workers Compensation Reserve	1,415,611	-	-	-	-
Liability Claims and Property Loss Reserve	321,405	-	-	-	-
Insurance Reserve	1,824,373	-	-	-	-
Employee Benefit Accrued					
Liability Reserve	1,974,889	-	-	-	-
Capital Reserve	12,236,170	-	-	-	-
Capital Reserve	16,337,172	-	-	-	-
School Lunch	-	2,386,870	-	-	-
Scholarships	-	-	-	-	36,508
Debt	-	-	14,820,906	-	-
Total Restricted Fund Balance	<u>\$ 48,565,582</u>	<u>\$ 2,386,870</u>	<u>\$ 14,820,906</u>	<u>\$ -</u>	<u>\$ 36,508</u>
Assigned					
Encumbered for:					
General Support	\$ 159,036	\$ -	\$ -	\$ -	\$ -
Instruction	198,353	-	-	-	-
Pupil Transportation	140,148	-	-	-	-
Total Assigned Fund Balance	<u>\$ 497,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unassigned					
Reserve for Tax Reduction	\$ 421,724	\$ -	\$ -	\$ -	\$ -
Remaining Unassigned	5,880,758	-	-	(31,145,577)	-
Total Unassigned Fund Balance	<u>\$ 6,302,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,145,577)</u>	<u>\$ -</u>

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 14 Restricted Fund Balances

Portions of restricted fund balance are reserved and not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity of the General Fund and Debt Service Fund reserves, for the year ended June 30, 2023, were as follows:

<u>General Fund</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
Reserve for ERS Contributions	\$ 9,187,123	\$ -	\$ 180,810	\$ -	\$ 9,367,933
Reserve for TRS Contributions	2,883,940	763,682	63,110	-	3,710,732
Tax Certiorari Reserve	600,126	-	11,811	-	611,937
Unemployment Insurance Reserve	750,588	-	14,772	-	765,360
Workers Compensation Reserve	1,575,714	-	28,440	(188,543)	1,415,611
Liability Claims and Property Loss Reserve	364,644	-	6,761	(50,000)	321,405
Insurance Reserve	1,789,161	-	35,212	-	1,824,373
Employee Benefit					
Accrued Liability Reserve	2,000,360	-	38,834	(64,305)	1,974,889
Capital Reserve	12,000,000	-	236,170	-	12,236,170
2022 Capital Reserve	7,603,677	8,583,848	149,647	-	16,337,172
Total Restricted Fund Balance	<u>\$ 38,755,333</u>	<u>\$ 9,347,530</u>	<u>\$ 765,567</u>	<u>\$ (302,848)</u>	<u>\$ 48,565,582</u>
Reserve for Tax Reduction (General Fund - Unassigned)	<u>\$ 339,041</u>	<u>\$ 75,384</u>	<u>\$ 7,299</u>	<u>\$ -</u>	<u>\$ 421,724</u>
Debt Service Fund Balance	<u>\$ 14,680,109</u>	<u>\$ 756,038</u>	<u>\$ 416,118</u>	<u>\$ (1,031,359)</u>	<u>\$ 14,820,906</u>

Note 15 Tax Abatements

For the year ended June 30, 2023, property in the School District was subject to property tax abatements negotiated by the Chemung County Industrial Development Agency (CCIDA).

CCIDA enters into PILOT agreements with businesses within Chemung County under New York State GML §858. Economic development agreements entered into by CCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which CCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 15 Tax Abatements - Continued

Information relevant to disclosure of the program for the year ended June 30, 2023 is as follows:

	<u>Taxable Assessed Value</u>	<u>Combined Tax Rates</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Taxes Abated</u>
Chemung County Industrial Development Agency					
Anchor Glass Container Co.	\$ 4,200,000	25.08	\$ 105,341	\$ 23,125	\$ 82,216
Arnot Ogden Medical Center - Falck Cancer Center	2,800,000	25.08	70,227	12,641	57,586
Arnot Ogden Medical Center - Womens Health Center	383,680	25.08	9,623	9,623	-
CAF USA, Inc.	126,000	25.08	3,160	1,580	1,580
Chemung Properties, LLC	1,215,000	25.08	30,474	18,008	12,466
Aces & Eights Realty, LLC	187,000	25.08	4,690	2,345	2,345
Maloney Properties	765,000	25.08	19,187	9,970	9,217
NY Baldwin II, LLC	16,485	1,236.39	20,382	10,486	9,896
NY Baldwin II, LLC	16,485	1,236.39	20,382	11,727	8,655
New York Beauty and Barber Academy, LLC.	166,500	25.08	4,176	1,293	2,883
Capriotti Properties	869,000	25.08	21,796	953	20,843
Elm Chevrolet	370,000	25.08	9,280	4,640	4,640
Fennell Properties, LLC	806,000	25.08	20,215	10,108	10,107
International Brotherhood of Electrical Workers	840,000	25.08	21,068	10,534	10,534
National Tax Search	5,820,000	25.08	145,972	42,866	103,106
PG West Water Street Corporation	4,000,000	25.08	100,325	3,562	96,763
Park Terrace Apartments Associates	1,400,000	21.15	29,614	10,635	18,979
Southern Tier Custom Fabricators, Inc.	398,000	25.08	9,982	4,991	4,991
William Lake Properties, LLC	332,000	25.08	8,327	4,791	3,536
1580 Lake Street, LLC	1,300,000	25.08	32,606	18,823	13,783
Reidman Properties	6,000,000	25.08	150,487	25,069	125,418
110 North Main	855,000	25.08	21,444	953	20,491
Total PILOT Agreements	<u><u>\$ 32,866,150</u></u>		<u><u>\$ 858,758</u></u>	<u><u>\$ 238,723</u></u>	<u><u>\$ 620,035</u></u>

ELMIRA CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 16* Deficit Net Position**

At June 30, 2023, the District-wide Statement of Net Position had an unrestricted net deficit of (\$268,299,450). This is the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 11). The deficit is not expected to be eliminated during the normal course of operations.

Deficit Unassigned Fund Balance

At June 30, 2023, the Capital Projects Fund had an unassigned fund balance deficit of (\$31,145,577). This deficit is expected to be eliminated with permanent financing at the completion of the respective projects.

ELMIRA CITY SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 28,982,795	\$ 28,980,215	\$ 28,799,880	\$ (180,335)
Other Tax Items	6,462,153	6,464,733	6,410,814	(53,919)
Charges for Services	285,000	285,000	107,134	(177,866)
Use of Money and Property	175,000	175,000	1,364,868	1,189,868
Sale of Property and Compensation for Loss	75,000	246,362	266,990	20,628
Miscellaneous	3,220,000	3,245,887	3,624,995	379,108
Total Local Sources	<u>39,199,948</u>	<u>39,397,197</u>	<u>40,574,681</u>	<u>1,177,484</u>
State Sources	98,830,300	98,830,300	101,615,396	2,785,096
Medicaid Reimbursement	330,000	330,000	408,024	78,024
Federal Sources	80,000	80,000	106,237	26,237
Total Revenues	<u>138,440,248</u>	<u>138,637,497</u>	<u>142,704,338</u>	<u>4,066,841</u>
OTHER FINANCING SOURCES				
Operating Transfers In	-	1,031,359	1,291,714	260,355
Total Revenues and Other Financing Sources	<u>138,440,248</u>	<u>139,668,856</u>	<u>\$ 143,996,052</u>	<u>\$ 4,327,196</u>
Appropriated Reserves	-	202,608		
Encumbrances Carried Forward from Prior Year	<u>767,445</u>	<u>767,445</u>		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u>\$ 139,207,693</u>	<u>\$ 140,638,909</u>		

See Notes to Required Supplementary Information

ELMIRA CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of Education	\$ 76,690	\$ 62,378	\$ 49,044	\$ 86	\$ 13,248
Central Administration	309,172	307,711	298,858	495	8,358
Finance	1,407,979	1,614,822	1,581,486	-	33,336
Staff	1,297,728	1,261,645	1,016,384	-	245,261
Central Services	9,271,558	9,071,019	8,352,367	158,455	560,197
Special Items	3,080,722	3,155,098	3,130,502	-	24,596
Total General Support	15,443,849	15,472,673	14,428,641	159,036	884,996
Instruction					
Instruction, Administration, and Improvement	5,735,268	5,689,867	5,383,066	-	306,801
Teaching - Regular School	33,852,176	33,708,078	31,286,209	197,958	2,223,911
Programs for Children With Handicapping Conditions	15,106,992	12,891,776	11,601,547	-	1,290,229
Occupational Education	2,942,744	2,928,422	2,928,422	-	-
Teaching - Special School	979,188	645,952	631,644	-	14,308
Instructional Media	6,017,246	6,373,417	6,206,743	-	166,674
Pupil Services	4,705,701	5,041,419	4,702,249	395	338,775
Total Instruction	69,339,315	67,278,931	62,739,880	198,353	4,340,698
Pupil Transportation	4,506,649	5,718,978	5,380,689	140,148	198,141
Community Services	678,000	801,672	700,486	-	101,186
Employee Benefits	36,618,500	29,380,218	28,701,117	-	679,101
Debt Service					
Principal	11,256,324	18,785,584	18,785,584	-	-
Interest	1,165,056	2,738,412	2,738,412	-	-
Total Debt Service	12,421,380	21,523,996	21,523,996	-	-
Total Expenditures	139,007,693	140,176,468	133,474,809	497,537	6,204,122
OTHER FINANCING USES					
Operating Transfers Out	200,000	462,441	462,441	-	-
Total Expenditures and Other Financing Uses	\$ 139,207,693	\$ 140,638,909	133,937,250	\$ 497,537	\$ 6,204,122
Net Change in Fund Balance			10,058,802		
Fund Balance - Beginning of Year			48,889,722		
Fund Balance - End of Year			\$ 58,948,524		

See Notes to Required Supplementary Information

ELMIRA CITY SCHOOL DISTRICT

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,432,770	\$ 1,913,582	\$ 1,820,137	\$ 1,776,067	\$ 1,808,339	\$ 1,829,633	\$ 1,751,188	\$ 2,532,285	\$ 1,691,765	\$ 1,836,513
Contributions in Relation to the Contractually Required Contribution	(1,432,770)	(1,913,582)	(1,820,137)	(1,776,067)	(1,808,339)	(1,829,633)	(1,751,188)	(2,532,285)	(1,691,765)	(1,836,513)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Payroll for Year Ended June 30,	12,733,045	12,383,609	12,961,024	12,660,663	12,438,623	12,335,367	11,678,424	11,749,724	9,949,105	9,733,435
Contributions as a Percentage of Covered Payroll	11.3%	15.5%	14.0%	14.0%	14.5%	14.8%	15.0%	21.6%	17.0%	18.9%

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 4,051,197	\$ 3,741,883	\$ 3,439,237	\$ 3,200,043	\$ 3,824,839	\$ 3,610,501	\$ 4,033,081	\$ 4,545,078	\$ 5,974,257	\$ 5,217,189
Contributions in Relation to the Contractually Required Contribution	(4,051,197)	(3,741,883)	(3,439,237)	(3,200,043)	(3,824,839)	(3,610,501)	(4,033,081)	(4,545,078)	(5,974,257)	(5,217,189)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Payroll for Year Ended June 30,	39,370,233	38,182,480	36,088,531	36,117,867	36,015,433	36,841,847	34,411,954	34,276,606	34,080,188	32,105,778
Contributions as a Percentage of Covered Payroll	10.3%	9.8%	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%

See Notes to Required Supplementary Information

ELMIRA CITY SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.037680%	0.036429%	0.037720%	0.038735%	0.038440%	0.039278%	0.039196%	0.042638%	0.034534%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 8,080,136	\$ (2,977,906)	\$ 37,559	\$ 10,257,321	\$ 2,723,608	\$ 1,267,675	\$ 3,682,937	\$ 6,843,572	\$ 1,166,657
School District's Covered Payroll	12,607,111	12,297,432	12,893,676	12,564,688	12,400,410	12,252,860	11,586,157	11,612,960	9,394,486
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	64.1%	(24.2%)	0.3%	81.6%	22.0%	10.3%	31.8%	58.9%	12.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.8%	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
The Following is a Summary of Changes of Assumptions									
Inflation	2.90%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	4.40%	4.40%	4.50%	4.20%	3.80%	3.80%	3.80%	3.80%	3.80%
Cost of Living Adjustments	1.50%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Investment Rate of Return	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	7.00%
Discount Rate	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	7.00%
Society of Actuaries' Mortality Scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Schedule is Intended to Show Information for 10 Years.
Additional Years Will Be Displayed as They Become Available.

See Notes to Required Supplementary Information

ELMIRA CITY SCHOOL DISTRICT

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

	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.215543%	0.213365%	0.215769%	0.214564%	0.217155%	0.222130%	0.226878%	0.217349%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 4,136,046	\$ 5,895,855	\$ (5,605,705)	\$ (3,879,892)	\$ (1,650,595)	\$ 2,379,085	\$ (23,565,418)	\$ (24,211,285)
School District's Covered Payroll	38,182,480	36,117,867	36,015,433	36,841,847	34,411,954	34,276,606	34,080,188	32,105,778
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	10.8%	16.3%	(15.6%)	(10.5%)	(4.8%)	6.9%	(69.1%)	(75.4%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.6%	113.2%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%
The Following is a Summary of Changes of Assumptions								
Inflation	2.40%	2.20%	2.25%	2.25%	2.50%	3.00%	3.00%	3.00%
Salary Increases	1.95% - 5.18%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	4.0% - 10.9%	4.0% - 10.9%	4.0% - 10.9%
Cost of Living Adjustments	1.30%	1.30%	1.50%	1.50%	1.50%	1.50%	1.63%	1.63%
Investment Rate of Return	6.95%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Discount Rate	6.95%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Society of Actuaries' Mortality Scale	MP-2020	MP-2019	MP-2014	MP-2014	MP-2014	AA	AA	AA

Schedule is Intended to Show Information for 10 Years.
Additional Years Will Be Displayed as They Become Available.

See Notes to Required Supplementary Information

ELMIRA CITY SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 13,183,914	\$ 11,275,070	\$ 11,352,193	\$ 9,363,034	\$ 12,445,539	\$ 14,430,505	\$ -	\$ -	\$ -	\$ -
Interest Cost	6,588,905	7,576,268	11,450,393	11,386,435	13,815,675	12,097,747	*	*	*	*
Changes of Benefit Terms	(18,818,848)	-	(4,875,249)	-	(26,470,507)	-	*	*	*	*
Differences Between Expected and Actual Experience	(36,326,748)	-	(83,394,989)	-	(76,171,170)	-	*	*	*	*
Changes in Assumptions or Other Inputs	(59,061,713)	23,075,871	21,702,218	40,038,084	17,127,370	(40,042,344)	*	*	*	*
Benefit Payments	(10,040,809)	(9,757,945)	(11,740,626)	(11,243,055)	(11,162,448)	(10,290,689)	*	*	*	*
	(104,475,299)	32,169,264	(57,506,060)	49,544,498	(70,415,541)	(23,804,781)	*	*	*	*
Total OPEB Liability - Beginning of Year	335,008,608	302,839,344	360,345,404	310,800,906	381,216,447	405,021,228	\$ 405,021,228	\$ -	\$ -	\$ -
Total OPEB Liability - End of Year	\$ 230,533,309	\$ 335,008,608	\$ 302,839,344	\$ 360,345,404	\$ 310,800,906	\$ 381,216,447	\$ 405,021,228	\$ -	\$ -	\$ -

Covered Employee Payroll

\$ 46,809,957 \$ 50,780,918 \$ 52,036,574 \$ 52,036,574 \$ 50,570,043 \$ 50,570,043 \$ 50,570,043 \$ - \$ - \$ - \$ -

Total OPEB Liability as a Percentage of Covered Payroll

492% **660%** **582%** **692%** **615%** **754%** *

The Following is a Summary of Changes of Assumptions

Healthcare Cost Trend Rates

6.75% - 3.784% **6.75% - 3.784%** **6.75% - 3.784%** **6.75% - 3.784%** **6.75% - 3.784%** **6.75% - 3.784%** *

Salary Increases

2.90% **2.90%** **2.90%** **2.90%** **2.90%** **2.90%** *

Inflation Rate

2.25% **2.25%** **2.25%** **2.25%** **2.25%** **2.25%** *

Discount Rate

3.69% **1.92%** **2.45%** **3.13%** **3.62%** **3.56%** *

Society of Actuaries' Mortality Scale

MP-2021 **MP-2020** **MP-2019** **MP-2018** **MP-2017** **MP-2016** *

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

See Notes to Required Supplementary Information

ELMIRA CITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

Note 1 **Budgetary Procedures and Budgetary Accounting**

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

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

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid, Miscellaneous, and School Lunch). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid grants may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund are established internally.

Note 2 **Reconciliation of the General Fund Budget Basis to U.S. GAAP**

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis, as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

Note 3 **Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

The Schedule of the School District's Proportionate Share of the Net Pension (Asset)/Liability, required supplementary information, will present ten years of information as it becomes available from the pension plans.

ELMIRA CITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) JUNE 30, 2023

Note 4 **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

NYSLRS

Changes in Benefit Terms

The New York State Legislature lowered the vesting requirement for Tier 5 and Tier 6 from ten years to five years (Chapter 56 of the Laws of 2022), prior to the April 1, 2022 actuarial valuation.

NYSTRS

Changes in Benefit Terms

With the 2022 actuarial valuation, the following plan change was effective: The number of years of credited service required for vesting changed from ten years to five years for Tier 5 and 6 members for purposes of eligibility for a service retirement benefit or a deferred-vested benefit.

ELMIRA CITY SCHOOL DISTRICT

SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	<u>\$ 138,440,248</u>
Prior Year's Encumbrances	<u>767,445</u>
Original Budget	<u>139,207,693</u>
Insurance Recoveries	<u>171,362</u>
Interfund Transfer Debt Service	<u>1,031,359</u>
Gifts and Donations	<u>25,887</u>
Appropriated Reserves	<u>202,608</u>
Total Additions	<u>1,431,216</u>
Final Budget	<u><u>\$ 140,638,909</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's Budget is a Voter Approved Budget	<u>\$ 147,018,971</u>	
Maximum Allowed (4% of the 2023-2024 Budget)		\$ 5,880,759
General Fund Fund Balance Subject to §1318 of Real Property Tax Law		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 497,537	
Unassigned Fund Balance	<u>6,302,482</u>	
Total Unrestricted Fund Balance	<u>6,800,019</u>	
(Less):		
Tax Reduction Reserve	421,724	
Encumbrances Included in Assigned Fund Balance	<u>497,537</u>	
Total Adjustments	<u>919,261</u>	
General Fund Fund Balance Subject to §1318 of Real Property Tax Law		<u><u>\$ 5,880,758</u></u>
Actual Percentage		4.0%

ELMIRA CITY SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2023

PROJECT TITLE	Expenditures				Unexpended (Overexpended) Balance	Proceeds of Obligations	Methods of Financing			Fund Balance (Deficit) June 30, 2023
	Original Budget	Revised Budget	Prior Years	Current Year			Total	Federal/State Aid	Local Sources	
District-Wide 2016	\$ 51,000,000	\$ 51,000,000	\$ 49,302,444	\$ -	\$ 49,302,444	\$ 27,655,000	\$ -	\$ 23,375,000	\$ 51,030,000	\$ 1,727,556 *
Smart School	10,005	5,951,633	3,974,091	128,513	4,102,604	-	4,102,604	-	4,102,604	- *
2021-22 Capital Outlay	100,000	100,000	-	-	-	-	-	100,000	100,000	100,000 *
2022-23 Capital Outlay	100,000	100,000	-	-	-	-	-	100,000	100,000	100,000 *
District-Wide 2020	68,000,000	68,000,000	17,145,446	16,814,648	33,960,094	35,140,000	-	19,800,000	54,940,000	20,979,906 *
ARP/CRRSA	5,381,215	6,671,495	181,622	4,755,170	4,936,792	-	4,936,792	-	4,936,792	- *
Energy Performance	8,750,000	7,195,224	1,741,455	2,711,808	4,453,263	7,195,224	-	-	7,195,224	2,741,961 *
Leases	965,500	965,500	-	965,500	965,500	965,500	-	-	965,500	-
Subtotal	134,306,720	139,983,852	72,345,058	25,375,639	97,720,697	70,955,724	9,039,396	43,375,000	123,370,120	25,649,423
Unredeemed BANS	-	-	-	-	-	(56,795,000)	-	-	(56,795,000)	(56,795,000)
Total	\$134,306,720	\$139,983,852	\$ 72,345,058	\$ 25,375,639	\$ 97,720,697	\$14,160,724	\$ 9,039,396	\$43,375,000	\$66,575,120	\$ (31,145,577)

* Architectural and State Approved Budget Modification for Sub-Project Reallocations Not Yet Finalized and Unavailable at This Report Date.

ELMIRA CITY SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS JUNE 30, 2023

Capital Assets, Net	<u>\$ 189,088,771</u>
Add:	
Unspent Bond Proceeds	<u>179,906</u>
Cash With Fiscal Agent	<u>2,840,619</u>
Amount Deferred on Refunding	<u>29,118</u>
Deduct:	
Bond Anticipation Notes	<u>(56,795,000)</u>
Premium on Serial Bonds	<u>(127,061)</u>
Retainage Payable	<u>(1,511,661)</u>
Payables for Capital Projects	<u>(2,261,975)</u>
Short-Term Portion of Lease Liabilities	<u>(1,091,745)</u>
Long-Term Portion of Lease Liabilities	<u>(1,472,736)</u>
Short-Term Portion of Bonds Payable	<u>(4,420,000)</u>
Long-Term Portion of Bonds Payable	<u>(4,665,000)</u>
Short-Term Portion of Installment Purchase Debt	<u>(420,409)</u>
Long-Term Portion of Installment Purchase Debt	<u>(6,584,779)</u>
Net Investment in Capital Assets	<u>\$ 112,788,048</u>

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

Board of Education
Elmira City School District
Elmira, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Elmira City School District (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 9, 2023.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 9, 2023



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

Board of Education
Elmira City School District
Elmira, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Elmira City School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 9, 2023

ELMIRA CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass -Through Grantor Program Title	Assistance Listing #	Pass -Through Grantor #	Passed -Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education				
Title I Grants for School Improvements	84.010	0011232060	\$ -	\$ 69,317
Title I Grants for School Improvements	84.010	0011222060	-	9,566
Title I Grants to Local Educational Agencies	84.010	0021230410	-	3,335,428
Title I Grants to Local Educational Agencies	84.010	0021220410	-	90,058
Title I Grants to Local Educational Agencies	84.010	0011234044	-	628,228
Title I Grants to Local Educational Agencies	84.010	0011224044	-	92,078
		Subtotal	-	4,224,675
Special Education Cluster				
Special Education - Grants to States	84.027	0032230118	-	2,101,449
Special Education - Grants to States	84.027	0032220118	-	40,110
(COVID-19) Special Education - Grants to States	84.027X	5532220118	-	337,408
		Subtotal	-	2,478,967
Special Education - Preschool Grants	84.173	0033230118	-	76,587
Special Education - Preschool Grants	84.173	0033220118	-	3,550
(COVID-19) Special Education - Preschool Grants	84.173X	5533220118	-	37,483
		Subtotal	-	117,620
		Subtotal	-	2,596,587
Total Special Education Cluster				
Supporting Effective Instruction State Grants	84.367	0147230410	-	264,239
Supporting Effective Instruction State Grants	84.367	0147220410	-	137,308
		Subtotal	-	401,547
Innovative Approaches to Literacy	84.215	S215G210034	-	500,296
Innovative Approaches to Literacy	84.215	S215G180073	-	88,659
		Subtotal	-	588,955
Title IV Student Support and Academic Enrichment	84.424	0204230410	-	162,003
Title I Grants for Neglected and Delinquent	84.013	0016230410	-	10,560
Title III Student Support and Academic Enrichment	84.365	0293230697	-	191
21st Century Community Learning Centers	84.287	0187237082	-	442,192
21st Century Community Learning Centers	84.287	0187227082	-	5,708
		Subtotal	-	447,900
Education Stabilization Fund (ESF)				
(COVID-19) Elementary and Secondary School Emergency Relief (ESSER)	84.425D	5890210410	-	706
(COVID-19) Elementary and Secondary School Emergency Relief (ESSER2)	84.425D	5891210410	-	6,445,202
(COVID-19) Elementary and Secondary School Emergency Relief (ARP ESSER3)	84.425U	5880210410	-	5,103,347
		Subtotal	-	11,549,255
Total U.S. Department of Education				
U.S. Department of Homeland Security				
Passed Through NYS Division of Homeland Security and Emergency Services				
(COVID-19) Disaster Grants - New York - Pandemic	97.036	4480-DR-NY	-	28,580
Total U.S. Department of Homeland Security				
U.S. Department of Agriculture				
Passed Through NYS Department of Education Child Nutrition Cluster				
National School Lunch Program	10.555	(1)	-	2,922,657
Summer Food Program for Children	10.559	(1)	-	109,565
School Breakfast Program	10.553	(1)	-	791,005
		Subtotal	-	3,823,227
Direct Program				
(COVID-19) Pandemic EBT Food Benefits	10.542	N/A	-	9,415
Total U.S. Department of Agriculture				
			-	3,832,642
Total Expenditures of Federal Awards			\$ -	\$ 23,842,895

(1) - Unable to determine.

See Notes to Schedule of Expenditures of Federal Awards

ELMIRA CITY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2023

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs administered by the Elmira City School District (the School District), an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 **Matching Costs**

Matching costs, such as the School District's share of certain program costs, are not included in the reported expenditures.

Note 5 **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2023, the School District received \$313,970 worth of commodities under the National School Lunch Program (ALN #10.555).

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **Other Disclosures**

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

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

ELMIRA CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

Section I Summary of Auditors' Results

Financial Statements

Type of Auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with §200.516(a) of Uniform Guidance? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425D/84.425U</u>	<u>Education Stabilization Funds</u>
<u>84.027, 84.173</u>	<u>Special Education Cluster</u>

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

Auditee qualified as low-risk? yes no

Section II Financial Statement Findings

None.

ELMIRA CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2023

Section III Federal Award Findings and Questioned Costs

2023-001 School Food Account - Net Cash Resources

Issue: Net Cash Resources
Federal Agency: U.S. Department of Agriculture
Federal Program: Child Nutrition Cluster
Assistance Listing Number: 10.553/10.555/10.559
Pass-Through Agency: NYS Department of Education

Criteria:

The School Food Authority shall limit its net cash resources to an amount that does not exceed three months' average expenditures for its School Lunch Fund or such other amount as may be approved by the NYS Department of Education in accordance with 7 CFR §210.9(b)(2).

Condition:

At June 30, 2023, net cash resources in the School Lunch Fund exceeded the allowable limit by \$1,254,282.

Cause:

For the year ended June 30, 2023 and 2022, revenues exceeded expenditures in the School Lunch Fund by \$382,261 and \$1,149,007, respectively.

Effect or Potential Effect:

The School District is not in compliance with 7 CFR §210.9(b)(2).

Questioned Costs:

None.

Context:

The School District was \$1,254,282 over the allowable limit at year end June 30, 2023 compared to \$984,093 over for the year ended June 30, 2022.

Repeat Finding:

This finding is a repeat of Finding 2022-001 from the prior year.

Recommendation:

We recommend the School District review its net cash resources in the School Lunch Fund and develop a plan to reduce them to an allowable amount.

Response/Board Action:

The School District has a multi-tiered plan in place to address the excessive Net Cash Resources as so reported. The overall plan includes equipment replacements, increased wages for cafeteria staff, avoiding procurement of grants as well as buying more locally sourced food. During the 2022-2023 school year, as part of the 2021-2022 corrective action, the School District appropriated \$380,000 from its appropriated fund balance to afford the purchase of a new refrigerated food truck, as well as to cover increased food costs and employee benefits. Equipment replacement purchases took place in the 22-23 school year; however, due to supply chain issues \$202,984 in encumbrances were carried over to the 23-24 school year as they have not yet been furnished by the vendors. The School District is in the process of finalizing a labor contract to commence in the 2023-2024 fiscal year, which will be a three year agreement. Money from this fund will be allocated towards increases to wages negotiated in that contract. The 2023-2024 School Lunch Fund budget is 47.45% higher than the 2022-2023 budget. The most notable increase to spending is within the Food Service Equipment line, to coincide with the plan to replace and cycle out aging equipment. Additional increases can be noted in the salaries, supplies, food purchases and contractual services budgetary lines. With the above in place, the School District plans to resolve the issue of excessive cash resources by the conclusion of the 2023-2024 school year.