OFFICIAL STATEMENT DATED JUNE 9, 2020

NEW ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Bond Counsel, under the existing statutes, regulations and court decisions, interest on the Notes is excludable from gross income for Federal income tax purposes, and, under the existing statutes, interest on the Notes is exempt from New York State and New York City personal income taxes. In the opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of federal alternative minimum tax. No opinion is expressed regarding other Federal tax consequences arising with respect to the Notes. See "Tax Exemption" herein.

The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

CITY SCHOOL DISTRICT OF THE CITY OF AUBURN
CAYUGA COUNTY, NEW YORK

$9,000,000 Bond Anticipation Notes, 2020

At an Interest Rate of 1.50% to Yield 1.00%
CUSIP #: 050555 SZ5

Dated: June 23, 2020 **Due: June 23, 2021**

The Notes are general obligations of the City School District of the City of Auburn, Cayuga County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to applicable statutory limitations. See “Nature of the Obligation” and “Tax Levy Limitation Law” herein. The Notes will be issued without the option of prepayment, with interest payable at maturity.

The Notes are issued in registered in book-entry-only form, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes. Such Notes will be issued in denominations of $5,000 or integral multiples thereof, and payment of 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 Participants, subject to any statutory and regulatory requirements as may be in the effect from time to time. See “BookEntry-Only System” herein

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an unqualified legal opinion as to the validity of the Notes of Timothy R. McGill, Esq., Fairport, New York. It is anticipated that the Notes will be available for delivery on or about June 23, 2020.

JEFFERIES

THIS REVISED OFFICIAL STATEMENT SUPPLEMENTS THE OFFICIAL STATEMENT OF THE SCHOOL DISTRICT DATED MAY 27, 2020 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISION RULE 15C2-12. OTHER THAN AS SET FORTH ON THIS REVISED COVER PAGE, APPENDIX D AND THE DATED DATE ON PAGE 41, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

DATED: June 9, 2020

The School District is unable to identify and state herein all of the direct or indirect effect, if any, of the COVID-19 pandemic on the School District or on the fair market value, at any time, of the Bond Anticipation Notes.

CITY SCHOOL DISTRICT OF THE CITY OF AUBURN
CAYUGA COUNTY, NEW YORK

School District Officials

2019-20 BOARD OF EDUCATION

Kathleen Rhodes - President
Joseph Sheppard - Vice President

William Andre
Jeffrey Gasper
Sam Giangreco
Eli Hernandez
Rhoda Overstreet-Wilson
Ian Phillips
Danielle Wood

• •

Jeffrey Pirozzolo – Superintendent
Lisa Green, CPA – Business Executive
Patricia Festa – District Treasurer
Michelle Major – District Clerk

• •

School District Attorney

Ferrara Fiorenza, P.C.

BOND COUNSEL

Timothy R. McGill, Esq.

MUNICIPAL ADVISOR

RGT
R.G. TIMBS INC.

R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:

R. G. Timbs, Inc

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OFFICIAL STATEMENT

of the

CITY SCHOOL DISTRICT OF THE CITY OF AUBURN
CAYUGA COUNTY, NEW YORK
Relating To
$9,000,000 Bond Anticipation Notes, 2020

This Official Statement, which includes the cover page, has been prepared by the City School District of the City of Auburn, Cayuga County, New York (the “District”, “County” and “State,” respectively) in connection with the sale by the District of $9,000,000 Bond Anticipation Notes, 2020 (the “Notes”).

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

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

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 School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount.

The Notes are dated June 23, 2020 and mature, without option of prior redemption, June 23, 2021. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued as registered notes and, at the option of the purchaser, may be registered to the Depository Trust Company (“DTC”) or may be registered in the name of the purchaser.

If the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds by the District.

Nature of the Obligation

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

Holders of the 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 notes.

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

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

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

Purpose and Authorization

The Notes are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law, the Local Finance Law, and pursuant to a bond resolution dated October 23, 2018, authorizing the issuance of obligations of the District in the amount of $43,700,000 to finance certain capital improvements consisting of reconstruction of school buildings and facilities within the School District.

The proceeds of the Notes will provide $9,000,000 in new money financing for the aforementioned project.

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 Notes 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, only if requested by the purchaser prior to the initial issuance of Notes. One fully-registered note certificate will be issued for each of the notes bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

Redemption proceeds, distributions and dividend 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 not its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of redemption proceeds, distributions, and dividend payments 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-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the 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

In the event the purchaser does not request the DTC book-entry-only system apply to the Notes on the date of initial issuance thereof, or in the event that book-entry only system is requested but subsequently discontinued by either DTC or the District, the following provisions will apply:

The Notes will be issued registered in the name of the purchaser in denominations of $5,000 each or integral multiples thereof, except for any necessary odd denomination. 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 a fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

The District

The City School District of the City of Auburn, also known as Auburn Enlarged City School District (the “School District”), has a land area of approximately 38 square miles and is located in upstate New York in the geographical location known as Central New York. The School District centers around the City of Auburn and is wholly within the County of Cayuga. The City of Syracuse lies 25 miles to the east and the City of Rochester approximately 55 miles to the west.

Major highways through the School District include U.S. #20 and State highways #5, 34 and 38. An exit of the New York State Thruway is located less than 10 miles north of the School District. Exits to Interstate Highway #81, which extends from Canada through Pennsylvania, are located within 20 miles of the School District. The Syracuse Hancock International Airport serves the residents with air transportation via American, US Air, Delta, United Airlines and various commuter lines.

Electricity is provided to School District residents by New York State Electric & Gas Corporation and telephone service is provided by Verizon New York, Inc. and AT&T.

District Population

The 2017 population of the School District is estimated to be 32,615 (Source: 2018 U.S. Census Bureau estimate)

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 City, Towns and Counties listed below. The Figures set below with respect to such City, Towns, Counties and State are included for information only. It should not be inferred from the inclusion of such data in this Official Statement that the City, Towns, Counties or State are necessarily representative of the District, or vice versa.

	Per Capita Income			**Median Family Income**		
	2000	**2006-2010**	**2014-2018**	**2000**	**2006-2010**	**2014-2018**
City of:						
Auburn	$17,083	$20,874	$24,291	$41,169	$52,556	$57,492
Towns Of:						
Aurelius	19,323	29,332	$34,573	48,188	68,710	77,031
Fleming	22,603	31,395	41,393	54,879	63,676	95,461
Owasco	23,922	35,017	44,401	60,978	83,929	105,548
Sennett	19,593	26,359	38,307	57,009	67,287	100,227
County Of:						
Cayuga	18,003	22,959	29,116	44,973	58,761	74,075
State Of:						
New York	23,389	30,948	37,470	51,691	67,405	83,311

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

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

District Facilities

Name	Grades	Year Built	Current Maximum Capacity	Date of Last Addition or Alteration
Seward Elementary	K-6	1955	3,944	2014
Owasco Elementary	K-6	1958	2,710	2017
Herman Avenue Elementary	K-6	1948	2,714	2017
Genesee Elementary	K-6	1952	2,517	2017
Casey Park Elementary	K-6	1963	2,508	2017
Auburn Junior High School	7-8	1932	5,068	2017
Auburn High School	9-12	1970	11,254	2017

Source: District Official

District Employees

The District employs a total of 603 full-time and 38 part-time employees with representation by the various bargaining units listed below

Bargaining Unit	Employees	Expiration Date
Auburn Teachers' Association	374	6/30/2022
General Services/SEIU	17	6/30/2022
Auburn Administrators	22	6/30/2021
Auburn Educational Secretaries and Para-Professionals	184	6/30/2024
Civil Service Employees' Association	44	6/30/2024

Source: District Officials

Historical and Projected Enrollment

Fiscal Year	Actual	Fiscal Year	Projected
2015-16	4,163	2020-21	4,119
2016-17	4,164	2021-22	4,119
2017-18	4,136	2022-23	4,119
2018-19	4,052	2023-24	4,119
2019-20	4,119	2024-25	4,119

Source: District Officials

Employee Pension Benefits

All non-teaching and non-certified administrative employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York and Local Employees' Retirement -System ("ERS"). Teachers and certified administrators are members of the New York State Teachers' Retirement System ("TRS"). Payments to TRS are deducted from the School District's State aid payments. Both the ERS and the TRS (together, the "Retirement Systems") are non-contributory with respect to members hired prior to July 27, 1976. Other than those in Tier V and Tier VI, all members hired on or after July 27, 1976 with less than 10 years of service must contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, pension reform legislation was signed into law that created a new Tier V pension level. 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 toward pension costs so long as they accumulate additional pension credits.

• Increasing the minimum years of service required to draw a pension from 5 years to 10 years.

• Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

Members of the TRS have a separate Tier V benefit structure that will achieve equivalent savings as other civilian public employees. It includes:

• Raising the minimum age an individual can retire without penalty from 55 to 57 years.

• Contributing 3.5% of their annual wages to pension costs rather than 3% and continuing this increased contribution so long as they accumulate additional pension credits.

• Increasing the 2% multiplier threshold for final pension calculations from 20 to 25 years.

In accordance with constitutional requirements, Tier V applies only to public employees hired after December 31, 2009 and before April 2, 2012.

On March 16, 2012, legislation was signed into law that created a new Tier VI pension program. The Tier VI plan only applies to those employees hired on or after April 1, 2012. The new pension tier has progressive contribution rates between 3% to 6% of salary; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under previous tiers, there was no limit to the number of public employers a public employee worked for from which retirement benefits could be calculated. Tier VI permits only two salaries to be included in the calculation. The pension multiplier for Tier VI is 1.75% for the first 20 years of service and 2% thereafter; Vesting will occur after 10 years of service. The final average salary is based on a five-year average instead of the previous Tiers' three-year average. Pension eligible overtime for civilian and non-uniformed employees will be capped at $15,000, indexed for inflation. For uniformed employees outside of New York City, the cap is set at 15% of base pay. The number of sick and leave days that can be applied toward retirement service credit is reduced from 200 to 100. The legislation includes an optional defined contribution plan for new non-union employees with annual salaries of $75,000 or more. The State is required to fund any pension enhancements on an ongoing basis. This is a potential future cost savings for local governments.

The District is required to contribute at an actuarially determined rate. The actual contribution for the last five years and the budgeted figures for the 2019-20 fiscal years are as follows:

Fiscal Year	ERS	TRS
2014-2015	$ 947,860	$ 4,202,003
2015-2016	762,439	3,503,748
2016-2017	779,115	3,555,381
2017-2018	791,400	2,893,946
2018-2019	819,502	3,067,938
2019-2020 (Budgeted)	725,000	2,455,000

Source: District records

Retirement Incentive Program – Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District does not currently have 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 (2016 to 2020) is show below:

Fiscal Year	ERS	TRS
2015-2016	18.2%	13.26%
2016-2017	15.5	11.72
2017-2018	15.3	9.80
2018-2019	14.9	10.62
2019-2020	14.6	8.86

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

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

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

Stable Rate Pension Contribution Option - The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 12.5% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The District 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 will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District did establish a TRS Reserve Fund on June 30, 2019 with a $554,000 contribution.

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

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits 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. OPEB consists 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 - requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. However, GASB 75 also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity and requires: (a) explanations of how and why the OPEB liability changed from year to year (b) amortization and reporting of deferred inflows and outflows due to assumption changes, (c) use of a discount rate that takes into account resources of an OPEB plan and how they will be invested to maximize coverage of the liability (d) a single actual cost method and (e) immediate recognition of OPEB expense and effects of changes to benefit terms.

Under GASB 75, a total OPEB liability is determined for each municipality or school district. A net change in the total OPEB Liability is calculated as the sum of changes for the year including service cost, interest, difference between expected and actual experience, changes in benefit terms, changes in assumptions or other inputs, less the benefit payments made by the School District for the year.

Based on the most recent actuarial valuation dated March 1, 2019 and financial data as of June 30, 2019, the School District's beginning year total OPEB liability was $184,358,418, the net change for the year was $75,180,534 resulting in a total OPEB liability of $259,538,952 for a fiscal year ending June 30, 2019. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2019 financial statements.

The total OPEB liability• is required to be determined through an actuarial valuation every two years, at a minimum. However, OPEB plans with fewer than 100 members may use an alternative measurement method in place of an actuarial valuation. Additional information about GASB 75 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

There is no authority in current State law to establish a trust account or reserve fund for this liability. While State Comptroller Thomas P. DiNapoli proposed a bill in April of 2015 that would create an optional investment pool to help local governments fund their OPEB liabilities, such legislation has not advanced past the committee stage.

The School District's total OPEB liability is expected to increase. As is the case with most municipalities, this is being handled by the School District on a "pay-as-you-go" basis. Substantial future increases could have a material adverse impact upon the School District's finances and could force the School District to reduce services, raise taxes or both.

COVID —19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States, has been declared a pandemic by the World Health Organization on March 11, 2020. The outbreak of the disease has affected education, travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The School District has been communicating with the New York State Education Department and with local and State level department of health agencies. The School District has been following all relevant guidance as it has been released by State and federal agencies.

The School District is closed effective March 16, 2020 through the end of the 2019-20 school year. Pursuant to an Executive Order of the Governor, the school district annual board of education elections and budget vote originally scheduled for May 19, 2020 has been postponed until June 9, 2020. The degree of the impact of COVID -19 on the School District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, (ii) severity and (iii) ultimate geographic spread, as well as with regard to what actions may be taken by governmental authorities to contain or mitigate its impact.

The State has publicly announced that COVID-19 will have a significant negative impact on the State's revenues and 2020-21 budget. There can be no assurances that the spread of COVID-19 will not result in a delay and/or reduction in State aid paid to school districts, including the School District. Any delay or reduction in State aid payment to the School District would have a negative impact on the School District's finances and operations.

Major Employers

Name	Nature of Business	Estimated Number of Employees
Auburn Community Hospital	Health/Medical	915
Auburn Correctional Facility	New York State Prison	802
Cayuga County	Municipality	759
City School District of the City of Auburn	Public Education	641
Wegmans Food Markets, Inc.	Grocery Store	404

Source: District Officials

Unemployment Rate Statistics

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

Year	Cayuga County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2014	6.0%	6.3%	6.2%
2015	5.3%	5.3%	5.3%
2016	5.1%	4.9%	4.9%
2017	5.0%	4.7%	4.4%
2018	4.5%	4.1%	3.9%
2019	4.3%	4.0%	3.7%

2019-20 Monthly Figures

	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Cayuga County	3.8%	3.9%	4.2%	4.2%	3.6%	3.8%	3.9%	4.7%	5.3%	5.1%	5.4%	N/A
New York State	3.6%	3.8%	4.2%	4.1%	3.6%	3.7%	3.6%	3.7%	4.1%	3.9%	4.4%	N/A

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

Investment Policy

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the School District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

Form of School Government

The Board of Education, the policy-making body of the School District, consists of nine members with overlapping three-year terms so that an equal number is elected to the Board each year. The President and the Vice President are selected by the Board members.

The duties of the administrative officers of the School District include the implementation of the policies of the Board of Education and the supervision of the operation of the school system.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education of the School District annually prepares, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven 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 School District must mail a school budget notice to all qualified voters which contains the total budgeted 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 budget 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 School District residents are eligible to participate.

Pursuant to Chapter 97 of the Laws of 2011 of the State of New York ("Chapter 97"), beginning with the 2012-13 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% (plus certain adjustments, if applicable) or the rate of inflation (the " Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy increase that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the School District Tax Cap also must receive at least 60% voter approval.

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

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

The budget for the 2018-19 fiscal year was adopted by the qualified voters on May 15, 2018 by a vote of 1600 to 445. The School District's 2018-19 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2019-20 fiscal year was adopted by the qualified voters on May 21, 2019 by a vote of 1,344 to 408. The School District's 2019-20 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The State's 2018-19 Enacted Budget includes a school building-based budget approval review process. Beginning with the 2018-19 school year, any school district with at least four schools that receives at least 50% percent of its total revenue through State aid will be required to annually report its budgeted support for individual schools within the school district. The report must follow a format, to be developed by the State Division of Budget ("DOB") in consultation with SED. In 2019-20, this requirement will expand to all school districts with at least four schools, regardless of State aid. In 2020-21, the requirement will apply to all school districts in the State. This report will be due to the State by the beginning of the school year, and the State will have 30 days to respond. While DOB or SED will not formally approve a school district's school-based budget, DOB and SED will have authority to determine whether the information was provided in a timely and sufficient manner. The reporting must include demographic data, per pupil funding, source of funds and uniform decision rules regarding allocation of centralized spending to individual schools from all funding sources. Should either DOB or SED determine that a school district did not meet this requirement, the school district's State aid increase can be withheld for the applicable year until compliance is determined by DOB and SED. If either DOB or. SED determines that a school district has not properly complied, the school district will have 30 days to "cure" the problem. In the event the problem is not cured in 30 days, the city comptroller or chief financial officer, and in the event a school district located outside a city, the chief financial officer in the municipality where the school district is most located, will be authorized, at his or her discretion, to gather information and submit on behalf of the school district. Under this newly enacted legislation, the School District will be required to annually report its budgeted support for individual schools beginning with the 2018-19 fiscal year.

The school district budget vote for the 2020-21 fiscal year was originally scheduled to be held on May 19, 2020, however, annual school budget votes across the State are postponed until June 9, 2020 under an Executive Order from Governor Andrew Cuomo that extends and expands restrictions aimed at limiting the spread of COVID-19.

State Aid

The School District receives financial assistance from the State. In its adopted budget for the 2019-20 fiscal year, approximately 55.11% of the revenues of the School District are estimated to be received in the form of State aid. If the State should experience difficulty borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, should the State budget not be adopted in a timely manner, municipalities and school districts in the State, including the School District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the School 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.

The Tax cuts and Jobs Act also made extensive changes to the deductibility of various taxes, including placing a cap of $10,000 on a taxpayer's deduction of state and local taxes (the "SALT Deduction Limitation"). While it cannot yet be predicted what precise effects the SALT Deduction Limitation will have for the State, it is possible that government officials at both the State and local level may find it politically more difficult to raise new revenues via tax increases, since the deduction thereof, for taxpayers who itemize deductions, is not limited.

Potential reductions in Federal aid received by the State - The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State's current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues that may arise, including the diversion of federal resources to address the current COVID -19 outbreak.

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

The State’s Enacted 2019-20 Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less that what was expected. If federal support is reduced by $850 million or more the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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

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

Should the District fail to receive State aid expected from the State in the amounts and at the time 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 Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

State Aid History -The State's 2015-16 Budget contained a school aid increase of $1.4 billion that is tied to changes in the teacher evaluation and tenure process. School districts must obtain approval of their revised teacher evaluation plans by November 15, 2015 in order to receive their allotted increase in State aid.

The 2016-2017 State Budget included a school aid increase of $991 million over 2015-2016, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the Enacted 20162017 State Budget included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment (the “GEA”). The majority of the remaining increase ($100 million) related to Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. Such funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

The State's 2017-18 Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State's 2017-18 Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

The State's 2018-19 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid was $26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid now totals nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase "set aside" for certain school districts to fund community schools. The State's 2018-19 Enacted Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-19.

The State’s 2019-20 Enacted Budget includes a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6 percent and will provide additional funding for Foundation Aid of $338.0 million and $409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by $49.99 million to a total of $250 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-20 Budget increases the minimum community schools funding amount from $75,000 to $100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

Due to the extraordinary challenges from the COVID-19 health crisis creating a $10 billion loss in revenue to the State, the State’s Enacted 2020-21 Budget includes a total of $27.9 billion State aid, which is essentially the same amount of State aid to school districts included in the State’s 2019-20 Enacted Budget. The States Enacted 2020-21 Budget includes a “pandemic adjustment” for each school district, a reduction in State funding that will match how much school districts expect to receive from the federal CARES stimulus program. In addition, the State’s Enacted 2020-21 Budget authorizes the State budget Director to make uniform reductions to appropriations (including the appropriations for State aid to school districts) if the States Enacted 2020-21 Budget becomes unbalanced because revenues fall below projections or expenditures rise above projections during a given period. The proposed reductions would be shared with the Legislature which would then have 10 days to prepare and adopt their own plan. If the Legislature does not do so, the Budget Director’s proposed reductions would go into effect automatically.

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

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

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

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

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

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2014-2015	$ 70,543,637	$ 37,639,417	53.36%
2015-2016	71,335,973	38,079,853	53.38
2016-2017	73,488,331	38,936,985	52.98
2017-2018	73,353,516	39,700,778	54.12
2018-2019	75,730,072	41,413,344	54.69
2019-2020 (Budgeted)	76,915,561	42,386,356	55.11

Source: Audited financial statements for the 2014-2015 fiscal year through the 2018-2019 fiscal year and the adopted budget of the District for the 2019-2020 fiscal year. This table is not audited.

Fiscal Stress Monitoring

The New York State Comptroller 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 yearly with the State Education Department. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the OSC system creates an overall fiscal stress score which classifies whether a district 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 State Comptroller for the past four fiscal years if the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2019	No Designation	3.3
2018	No Designation	13.3
2017	No Designation	10.0
2016	No Designation	10.0

Note: See the official website of the New York State Comptroller for more information on FSMS. Reference to websites implies no warranty of accuracy of information therein.

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on November 3, 2017. The purpose of the audit was to review the District's employee compensation and benefits transactions with the aid of computer-assisted auditing techniques for the period of July 1, 2015 through July 5, 2017.

Key Findings

- District officials have generally established effective payroll-related policies and procedures but have not established formal and adequate policies and procedures related to the processing of payroll outside of normal pay dates.
- District officials did not develop policies or procedures related to the periodic review and reconciliation of payroll withholdings, deductions and contributions, to ensure accuracy.

Key Recommendations

- Develop adequate and formal policies and procedures requiring employees to submit payroll information on time to avoid the necessity for interim payrolls.
- Develop appropriate policies and procedures to ensure that periodic review and reconciliations of payroll withholdings, including deductions and contributions, are performed to verify the accuracy of calculations and reports.

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

There are no State Comptroller's audits of the District that are currently in progress or pending release.

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

Other Information

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

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

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

Other than "Estimated Calculation of Overlapping Indebtedness", this Official Statement does not include the financial data of any other political subdivisions of the State having power to levy taxes within the School District.

Financial Statements

The School District retains an independent Certified Public Accountant, whose most recent report covers the period ended June 30, 2019 and may be found attached hereto as Appendix B

The District complies with the Uniform System of Accounts as prescribed for school districts in New York 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 National Committee on Government Accounting.

Tax Information

Assessed and Full Valuations

Fiscal Year Ended June 30:

	2016	2017	2018	2019	2020
Assessed Valuations:					
City of Auburn	$ 1,005,943,009	$ 1,008,814,862	$ 1,012,664,365	$ 1,070,126,885	$ 1,063,100,061
Town of Aurelius	22,045	23,546	22,041	22,034	22,036
Town of Fleming	62,335,574	62,549,456	62,195,311	61,401,062	175,279,050
Town of Owasco	276,668,253	278,311,745	280,968,779	283,296,600	284,255,326
Town of Sennett	109,433,698	109,244,816	109,425,344	110,430,510	110,809,984
Total	$ 1,454,402,579	$ 1,458,944,425	$ 1,465,275,840	$ 1,525,277,091	$ 1,633,466,457
Equalization Rates:					
City of Auburn	100.00%	100.00%	100.00%	100.00%	100.00%
Town of Aurelius	96.00%	86.00%	86.00%	84.00%	83.00%
Town of Fleming	36.54%	35.61%	36.00%	35.00%	100.00%
Town of Owasco	85.00%	85.00%	83.00%	78.50%	75.50%
Town of Sennett	88.24%	90.48%	93.52%	92.00%	98.00%
Full Valuations:					
City of Auburn	$ 1,005,943,009	$ 1,008,814,862	$ 1,012,664,365	$ 1,070,126,885	$ 1,063,100,061
Town of Aurelius	22,964	27,379	25,629	26,231	26,549
Town of Fleming	170,595,441	175,651,379	172,764,753	175,431,606	175,279,050
Town of Owasco	325,492,062	327,425,582	338,516,601	360,887,389	376,497,121
Town of Sennett	124,018,243	120,739,187	117,007,425	120,033,163	113,071,412
Total	$ 1,626,071,719	$ 1,632,658,389	$ 1,640,978,773	$ 1,726,505,273	$ 1,727,974,193

Equalized values shown here are those used by the School District for tax levy purposes as provided in the Real Property Tax Law. In some cases, equalization rates established specifically for school tax apportionment may have been used, as is also provided in the Real Property Tax Law.

Tax Rate per $1,000 Assessed Value

Fiscal Year Ending June 30:

	2016	2017	2018	2019	2020
City of Auburn	$ 18.19	$ 18.14	$ 18.76	$ 18.11	$ 18.50
Town of Aurelius	18.95	21.09	21.81	21.56	22.29
Town of Fleming	49.78	50.94	52.11	51.75	18.50
Town of Owasco	21.40	21.34	22.60	23.08	24.51
Town of Sennett	20.61	20.05	20.06	19.68	18.88

Tax Collection Procedure

Taxes of the School District are collected by the School District Tax Collector during the collection periods. Real property taxes are levied no later than September 1 and may be paid in full until October 2 without penalty; or, may be paid in two installments, with the first payment due October 2 and the second installment due December 5. If taxes are not paid by October 2, or in installments, penalties are 1% if paid by November 2 and 2% if paid by December 5. On December 6, the uncollected portions are returned to the City and County tax enforcement officers and an additional 5% fee is added to unpaid taxes.

Taxes remaining uncollected after the expiration of the second collection period are returned to the County Treasurer and City Treasurer, who reimburse the School District in full for uncollected taxes prior to the end of the fiscal year for which taxes are levied.

The respective tax enforcement officers will pay to the School District all moneys realized from the collection of unpaid taxes, including interest, less the 5% amount added thereto. If the City or County bids on any property with taxes due, the School District shall receive the amount of unpaid taxes, plus interest, less 5% added thereto.

Tax Collection Record

Fiscal Year Ended June 30:	2016	2017	2018	2019	2020*
General Fund Tax Levy	$29,574,022	$29,610,692	$30,788,033	$31,274,768	$31,973,596
Omissions/Loss of Exemptions - Prior Years	0	0	0	0	0
Total Levy for All Purposes	$29,574,022	$29,610,692	$30,788,033	$31,274,768	$31,973,596
Excess/(Deficit) on Tax Rolls	0	0	0	0	0
Taxes Cancelled	(15,245)	(5,504)	(3,638)	(7,958)	(12,627)
Net Taxes on Roll	$29,558,777	$29,605,188	$30,784,395	$31,266,810	$31,960,969
STAR Program	4,831,101	4,676,185	4,590,531	4,445,122	4,147,512
Net Taxes After STAR Program	$24,727,676	$24,929,003	$26,193,864	$26,821,708	$27,813,457
Taxes Collected Prior to Return	22,992,665	23,167,123	24,238,874	24,882,579	25,600,862
Uncollected Date of Return	$ 1,735,011	$ 1,761,880	$ 1,954,990	$1,939,129	$2,212,595
Percentage Collected Prior to Return	92.98%	92.93%	92.54%	92.77%	92.04%

Note: * Collection information is as of 12/10/2019.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Taxes	Percentage of Total Revenues Consisting of Real Property Taxes
2014-2015	$ 70,543,637	$ 24,182,338	34.28%
2015-2016	71,335,973	24,723.908	34.66
2016-2017	73,488,331	24,919,287	33.91
2017-2018	73,353,516	26,191,296	35.71
2018-2019	75,730,072	26,821,596	35.42
2019-2020 (Budgeted)	76.915,561	31,973,596	41.57

Source: Audited financial statements for the 2014-15 fiscal year through 2018-19 fiscal year and the adopted budget of the District for the 2019-2020 fiscal year. This table is not audited

Major Taxpayers 2019

For 2019-20 Tax Roll

Name	Type	Assessed Value
NYSEG	Utility	$73,723,113
Auburn Associates	Retail	17,150,000
Walmart	Retail	13,500,000
Pruzansky Auburn	Apartments	9,000,000
Verizon	Utility	8,794,734
Gen-West Associates	Trucking	6,625,500
Auburn Hotel Ventures	Hotel	6,500,000
Dar and Dor LLC	Retail	5,653,200
Wegmans	Grocery	5,000,000
Buckeye Pipeline	Gas Pipeline	4,175,646
Total		$150,122,193

1. The above taxpayers represent 10.88% of the School District's 2019-20 Assessed value of $1,633,466,457

General Fund Operations

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A statement of such revenues and expenditures for the five-year period ending June 30, 2019 is contained in the Appendices). As reflected in the Appendices, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

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 receive full reimbursement from 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 $88,050 or less in 2020, increased annually according to a cost-of-living adjustment, are eligible for a "full value" exemption of the first $68,700 for the 2019-20 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.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-16 school year (generally, March 1, 2015), and the property was granted a

STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-16 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared to a $500,000 limit for the credit. Homeowners with STAR Adjusted Gross Income of $250,000 have the option. 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.

The 2020-21 Executive Budget would withhold STAR benefits to taxpayers who are delinquent in the payment of their school taxes and would lower the income limit for the exemption to $200,000, compared with a $500,000 limit for the credit. The 2020-21 Executive Budget is subject to approval by the New York State Legislature and then signed into law by the Governor. There is no assurance that the 2020-21 Executive Budget will be adopted and no way to predict what changes the Governor and the Legislature may agree to.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of Tax Levy Limitation Law. School districts budgets must comply in their 2014-15 and 2015-16 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

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

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

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

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by Chapter 97. The implications of this program on future tax levies and for operations and services of the School District are uncertain at this time.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of 2015, signed into law by the Governor on June 26, 2015. The program applies in the years 2016 through 2019 and includes continued tax cap compliance. It is not known at this time if the program has been extended beyond 2019.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor. The Tax Levy Limit Law modifies current law by imposing a limit on the amount of real property taxes that a school district may levy. The Law affected school district tax levies for the school district fiscal year beginning July 1, 2012.

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

The Tax Levy Limit Law requires that a school district hereafter submit its proposed tax levy (not its proposed budget) to the voters each year, and imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI, as described in the Law. Tax levies that do not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a tax levy in excess of the limit. In the event the voters reject the tax levy, the school district's tax levy for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year, without any stated exceptions.

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

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

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a Justice of the State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. After the ruling, NYSUT amended its complaint to include a challenge to the Real Property Tax Rebate, also on Federal and State constitutional grounds. On March 16, 2015, all causes of action contained in the amended complaint were dismissed. On May 5, 2016, the dismissal was upheld by the New York Supreme Court, Appellate Division, Third Judicial Department to dismiss the complaint. An additional appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York’s highest court, on the grounds that no substantial constitutional question was directly involved, and thereafter, leave to appeal was denied on January 14, 2017 by the Court of Appeals.

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 maybe 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.

Debt Limit. The School District has the power to contract indebtedness for any School District purpose provided that the aggregate principal amount thereof shall not exceed five per centum of the average full valuation of the taxable real estate of the School District as required by the Local Finance Law. The statutory method for determining average full valuation is by dividing the assessed valuation of taxable real estate for the last completed and the four preceding assessment rolls by the equalization rates established by the State Office of Real Property Services in accordance with applicable State law

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of $100,000 for construction costs until the plans and specifications for such project have been approved by the Commissioner of Education of the State. The District has obtained such approval with respect to the project to be financed by the Notes.

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

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

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

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations

and an action contesting such validity, is commenced within twenty days after the date of such publication or,

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

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

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

Statutory law in the State permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than 2 years from the date of the first issuance of such notes and provided that such renewal issues do not exceed 5 years beyond the original date of borrowing.

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short term general obligation indebtedness including revenue, tax anticipation, budget and capital notes.

Status of Indebtedness

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Serial Bonds	$ 31,705,000	$ 27,935,000	$ 26,619,093	$ 29,070,000	$ 26,340,000
Bond Anticipation Notes		-	2,600,000	-	-
Energy Performance Contracts	5,836,910	5,327,299	6,835,982	6,173,964	5,489,397
Total Debt Outstanding	$ 37,541,910	$ 33,262,299	$ 36,055,075	$ 35,243,964	$ 31,829,397

Status of Outstanding Bond Issues

Year of Issue:	2009		2013	
Amount Issued:	$3,795,000		$4,000,000	
Purpose/Instrument:	DASNY SB[1]		Reconstruction/SB	
Fiscal Year Ending June 30:			Principal	Interest
2020	$ 115,000	$ 27,519	$ 265,000	$ 81,050
2021	120,000	22,631	270,000	73,100
2022	125,000	17,381	265,000	65,000
2023	135,000	11,350	275,000	57,050
2024	95,000	4,513	275,000	48,800
2025	-	-	275,000	40,550
2026	-	-	295,000	31,956
2027	-	-	305,000	22,369
2028	-	-	315,000	12,075
2029	-	-	30,000	1,050
Totals:	$ 590,000	$ 83,394	$ 2,570,000	$ 433,000

Notes: 1. Portion of $11,695,000 DASNY bond still outstanding.

Year of Issue:	2014		2014	
Amount Issued:	$8,545,000		$9,270,000	
Purpose/Instrument:	DASNY SB		RSB	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2020	$ 510,000	$ 321,250	$ 600,000	$ 253,288
2021	535,000	295,750	590,000	238,287
2022	565,000	269,000	580,000	223,538
2023	590,000	240,750	570,000	209,037
2024	620,000	211,250	560,000	194,788
2025	650,000	180,250	560,000	166,787
2026	685,000	147,750	565,000	141,588
2027	720,000	113,500	560,000	118,987
2028	755,000	77,500	555,000	96,588
2029	795,000	39,750	550,000	75,775
2030	-	-	545,000	56,525
2031	-	-	540,000	37,450
2032	-	-	530,000	18,550
Totals:	$ 6,425,000	$ 1,896,750	$ 7,305,000	$ 1,831,188

Year of Issue:	2016	
Amount Issued:	$3,820,000	
Purpose/Instrument:	DASNY RSB	
Fiscal Year Ending June 30:	Principal	Interest
2020	740,000	173,550
2021	770,000	146,350
2022	810,000	107,850
2023	845,000	67,750
2024	615,000	30,400
Totals:	$ 3,780,000	$ 525,900

Year of Issue:	2017		2018	
Amount Issued:	$4,579,093		$1,745,000	
Purpose/Instrument:	Reconstruction/SB		Reconstruction/SB	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2020	$ 285,000	$ 95,950	$ 95,000	$ 49,113
2021	260,000	90,250	100,000	46,500
2022	265,000	85,050	100,000	43,500
2023	275,000	79,750	105,000	40,500
2024	280,000	74,250	110,000	37,350
2025	290,000	68,650	110,000	34,050
2026	295,000	62,850	115,000	30,750
2027	295,000	56,950	120,000	27,300
2028	310,000	51,050	120,000	23,700
2029	320,000	43,300	125,000	20,100
2030	330,000	34,500	130,000	16,350
2031	335,000	24,600	135,000	12,450
2032	345,000	14,550	140,000	8,400
2033	140,000	4,200	140,000	4,200
Totals:	$ 4,025,000	$ 785,900	$ 1,645,000	$ 394,263

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	Principal	Interest	Total Debt Service	%Paid
2020	2,610,000	1,001,720	3,611,720	11.19%
2021	2,645,000	912,868	3,557,868	22.20%
2022	2,710,000	811,319	3,521,319	33.11%
2023	2,795,000	706,187	3,501,187	43.95%
2024	2,555,000	601,351	3,156,351	53.73%
2025	1,885,000	490,287	2,375,287	61.08%
2026	1,955,000	414,894	2,369,894	68.42%
2027	2,000,000	339,106	2,339,106	75.67%
2028	2,055,000	260,913	2,315,913	82.84%
2029	1,820,000	179,975	1,999,975	89.03%
2030	1,005,000	107,375	1,112,375	92.48%
2031	1,010,000	74,500	1,084,500	95.83%
2032	1,015,000	41,500	1,056,500	99.11%
2033	280,000	8,400	288,400	100.00%
Totals:	$ 26,340,000	$ 5,950,395	$ 32,290,395	

Energy Performance Lease Financings

Year of Issue:	2007		2009	
Amount Issued:	$3,440,949		$1,710,500	
Purpose/Instrument:	EPC Equipment Phase II		EPC Equipment Phase III	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2020	$ 257,521	$ 33,684	$ 123,194	$ 41,455
2021	266,105	25,100	129,569	35,079
2022	274,975	16,230	136,275	28,374
2023	284,141	7,065	143,327	21,321
2024	-	-	150,745	13,903
2025	-	-	158,546	6,102
Totals:	$ 1,082,742	$ 82,079	$ 841,656	$ 146,234

Year of Issue:	2012		2013	
Amount Issued:	$682,067		$2,161,710	
Purpose/Instrument:	EPC Equipment Phase I Refinancing		EPC Equipment Phase IV	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2020	$ 74,898	$ 3,300	$ 132,016	$ 57,986
2021	76,348	1,850	137,040	52,962
2022	38,726	373	142,255	47,747
2023	-	-	147,668	42,333
2024	-	-	153,288	36,713
2025	-	-	159,121	30,880
2026	-		165,177	24,825
2027	-	-	171,462	18,539
2028	-	-	177,988	12,014
2029	-	-	184,761	5,240
Totals:	$ 189,972	$ 5,523	$ 1,570,776	$ 329,239

Year of Issue:	2016		2019	
Amount Issued:	$2,036,699		$2,090,096	
Purpose/Instrument:	EPC Equipment Phase V		EPC Equipment Phase III	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2020	$ 120,326	$ 41,342	$ -	$ 24,521
2021	123,146	38,522	58,294	50,156
2022	126,032	35,636	118,695	48,049
2023	128,986	32,683	121,560	45,184
2024	132,009	29,660	124,495	42,249
2025	135,102	26,566	127,501	39,244
2026	138,268	23,400	130,578	36,166
2027	141,509	20,159	133,731	33,014
2028	144,825	16,843	136,959	29,785
2029	148,219	13,449	140,265	26,479
2030	151,693	9,975	143,652	23,093
2031	155,248	6,420	147,120	19,625
2032	158,886	2,782	150,671	16,073
2033	-	-	154,308	12,436
2034	-	-	158,034	8,711
2035	-	-	161,849	4,896
2036	-	-	82,384	988
Totals:	$ 1,804,249	$ 297,437	$ 2,090,096	$ 460,668

Total Energy Performance Lease Financings Principal and Interest Due

Fiscal Year Ending June 30:	Principal	Interest	Total Debt Service	%Paid
2020	707,955	202,288	910,243	10.23%
2021	790,502	203,669	994,171	21.40%
2022	836,958	176,409	1,013,367	32.78%
2023	825,682	148,586	974,268	43.73%
2024	560,537	122,525	683,062	51.40%
2025	580,270	102,792	683,061	59.08%
2026	434,023	84,391	518,414	64.90%
2027	446,702	71,712	518,413	70.73%
2028	459,772	58,642	518,414	76.55%
2029	473,245	45,168	518,413	82.37%
2030	295,345	33,068	328,412	86.06%
2031	302,368	26,045	328,412	89.75%
2032	309,557	18,855	328,412	93.44%
2033	154,308	12,436	166,744	95.32%
2034	158,034	8,711	166,744	97.19%
2035	161,849	4,896	166,744	99.06%
2036	82,384	988	83,372	100.00%
Totals:	$ 7,579,491	$ 1,321,180	$ 8,900,671	

Cash Flow Borrowings

Within the past five years, the School District has not issued Revenue or Tax Anticipation Notes and does not expect to issue such notes in the current fiscal year.

Status of Short-Term Indebtedness

The School District has no outstanding short-term indebtedness as of the date of this Official Statement.

Capital Project Plans

On January 8, 2019, the voters approved a $43,700,000 capital project for the reconstruction of School buildings and facilities. Phase 1A of the project received approval from State Education Department in January 2020. This will be the first borrowing against said Authorization and provide $9,000,000 in new monies for the aforementioned purpose.

Building Aid Estimate

Although “small city” school districts are prohibited from excluding estimated building aid when computing their debt limits, city school districts do receive building aid. School District officials estimate that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 84.3%.

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.

A fundamental reform of building aid was enacted as Chapter 383 of the Laws of 2001. The provisions legislated, among other things, a new “assumed amortization” payout schedule for future State building aid payments based on an annual “average interest rate” and mandatory periods of probable usefulness with respect to the allocation of building aid. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the School District will receive in relation to its outstanding debt. See “State Aid” herein.

Debt Statement Summary

As of May 26, 2020

Assessment Roll Year	Assessed Valuation	Equalization Rates [1]	Equalized Value
2015	1,451,903,173	Various	1,634,011,870
2016	1,457,274,432	Various	1,635,129,162
2017	1,462,793,928	Various	1,703,817,816
2018	1,522,738,360	Various	1,747,326,091
2019	1,518,250,267	Various	1,757,294,169
Total:			$ 8,477,579,108

Five-Year Average Equalized Value		$ 1,695,515,822
Debt Limit: 5% of Full Valuation		$ 84,775,791
Inclusions:		
Serial Bonds		$ 26,340,000
Total Inclusions:		$ 26,340,000
Exclusions:		
Building Aid Estimate		$ - [2]
Appropriations		2,610,000 [3]
Refunded Bonds		-
Total Exclusions:		$ 2,610,000
Total Net Indebtedness Before Giving Effect to This Issue:		$ 23,730,000
This Issue:	9,000,000	
Proceeds to be Used to Renew Indebtedness Listed Under Inclusions	-	9,000,000
Total Net Indebtedness After Giving Effect to This Issue		$ 32,730,000
Net Debt Contracting Margin		$ 52,045,791
Percentage of Debt-Contracting Power Exhausted		38.61%

Notes: 1. Special equalization rates used for computation of the constitutional debt limit for city school districts are established each year by the New York State Department of Equalization and Assessment, and may vary from year to year. Therefore, the equalized values shown here may not agree with those shown under the section "Financial Information".

2. Although city school districts are prohibited from excluding estimated building aid when computing their debt limits, city school districts do receive building aid.

3. Budgeted Appropriations, Refunded Bonds and Revenue Anticipation Notes are automatically excluded pursuant to provisions to the New York State Constitution and section 136.00 of Local Finance Law.

Estimated Overlapping Indebtedness

Overlapping Unit	Applicable Equalized Value	Percent	Gross Indebtedness [1]	Exclusions	Net Indebtedness	Estimated Applicable Overlapping Indebtedness
Cayuga	$ 1,727,974,193					
County	$ 4,721,464,916	36.60%	$ 53,941,521	N/A	$ 53,941,521	$ 19,741,660
City of	$ 1,063,100,061					
Auburn	$ 1,063,100,061	100.00%	$ 70,433,828	N/A	$ 70,433,828	$ 70,433,828
Town of	$ 26,549					
Aurelius	$ 243,432,414	0.01%	$ 5,929,013	N/A	$ 5,929,013	$ 647
Town of	$ 175,279,050					
Fleming	$ 239,177,103	73.28%	$ 3,015,317	N/A	$ 3,015,317	$ 2,209,751
Town of	$ 376,497,121					
Owasco	$ 376,497,121	100.00%	$ 12,920,370	N/A	$ 12,920,370	$ 12,920,370
Town of	$ 113,071,412					
Sennett	$ 336,827,617	33.57%	$ 1,095,000	N/A	$ 1,095,000	$ 367,586
Total						$ 105,673,842

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2018

Notes: Bonds and Bond Anticipation notes as of 2018 fiscal year. Not adjusted to include subsequent bond and note sales

N/A Information not available from source document

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of December 16, 2019:

	Amount	Per Capita (a)	Percentage of Full Value (b)
Net Indebtedness	$ 32,730,000	$ 1,003.53	1.894%
Net Indebtedness Plus Net Overlapping Indebtedness	$ 138,403,842	$ 4,243.56	8.010%

(a) The District's estimated population is 32,615 (Source: 2018 U.S. Census Bureau estimate)
(b) The District's full valuation of taxable real estate for 2019-20 is $1,727,974,193

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

Special Provisions Affecting Remedies Upon Default

In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for the 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, the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

General Municipal Law Contract Creditors’ Provision. Each Bond when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to enforces payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgement or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centrum 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 judgement, although judicial mandates have been issued to officials to appropriate and pay judgements our of certain funds or the District may not be enforced to levy and execution against property owned by the School District.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such a 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 or 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 VII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of an 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.

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 continuations of essential public services prior to the payment of debt service.

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

Market And Risk Factors

The financial and economic condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District’s control. There can be no assurance that adverse events in the State and in other jurisdictions in the country, including for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any other jurisdiction 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 appropriations for State aid to school districts will be continued in futures 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 timelines of such payments may also be affected by a delay in the adoption of the State budget and other circumstances, including state fiscal stress. 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 and 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.

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

COVID-19: An outbreak of disease or similar health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District’s financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of

COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declares a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency.

The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time.

Similarly, the degree of the impact to the District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See also "THE SCHOOL DISTRICT - State Aid" and "COVID-19".

Tax Exemption

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in a certificate (the "Tax Certificate") dated the date of delivery of the Notes pertaining to the use, expenditure, and investment of the proceeds of the Notes and will assume continuing compliance by the District with the provisions of the Tax Certificate subsequent to the issuance of the Notes. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Notes and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Notes are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Notes to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Notes is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the Notes would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Notes, the District may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law 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).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Approval of Legal Proceedings

The validity of the Notes will be covered by the unqualified legal opinion of Timothy R. McGill, Esq.., Bond Counsel to the School District, such opinion to be delivered with the Notes. The proposed form of such opinion is attached hereto as Appendix C

Continuing Disclosure Compliance

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, the School District will enter into an Undertaking to provide Material Event Notices, the description of which is attached hereto as “Appendix D”.

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

Litigation

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

A Child Victims claim is pending in Cayuga County Supreme Court, Index No. E2019-1146. The Summons and Complaint was filed on 10/3/19. The claim against the School District is based on alleged sexual abuse by a former School District teacher. The parties are presently engaged in pre-trial discovery.

Additionally, there are several Tax Certiorari proceedings which are pending. The District encounters these claims in the normal course of operation. It is not believed that the Tax Certiorari claims individually, or together, will adversely impact the financial condition of the District.

Cybersecurity

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial. To mitigate the potential financial impact the District has purchased a cybersecurity insurance policy which will provide up to $2 million in the event of an attack.

Bond Rating

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in an event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX - D" herein.)

The most recent underlying rating assigned to the School District by S&P Global Ratings, a division of the McGraw-Hill Companies, Inc., is an A+ rating, which was assigned in connection with the issuance by the School District of $1,745,000 School District (Serial) Bonds dated June 26, 2018.

A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. 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 rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the District's outstanding serial bonds may have an adverse effect on the market price of the bonds.

Municipal Advisor

R.G. Timbs, Inc.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 and has reviewed and commented on certain legal documents, including this Official Statement. 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.

Miscellaneous

The execution and delivery of this Official Statement have been duly authorized by the Board of Education of the School District. Concurrently with the delivery of the Notes, the School 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 therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the School District is not guaranteed as to accuracy, completeness or fairness, the School District has no reason to believe and does not believe that such information is materially inaccurate or misleading, and to the knowledge of the School District, since the date of the Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the School District and no material adverse changes in the general affairs of the School District or in its financial condition as shown in the Official Statement other than as disclosed in or contemplated by the Official Statement. Certain information contained in the Official Statement has been obtained from sources other than the School District. All quotations from and summaries and explanations of provisions of laws herein do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

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

R.G. Timbs, Inc. may place a copy of this Official Statement on its website at www.RGTimbsInc.net. 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. R.G. Timbs, 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 School District nor R.G. Timbs, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, R.G. Timbs, Inc. and the School 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

The School District's contact information is as follows: Lisa Green, Business Executive, phone: (315) 255-8808; email: lisagreen@aecsd.education.

Additional copies of the Notice of Sale and the Official Statement may be obtained from the offices of R.G. Timbs, Inc., telephone number (877) 315-0100 or at www.RGTimbsInc.net.

City School District of the City of Auburn

Dated: June 9, 2020
Auburn, New York

Kathleen Rhodes
President of Board of Education

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019	Budget 2020
Beginning Fund Balance - July 1	$7,962,175	$8,601,986	$8,710,540	$9,337,224	$9,941,675	$11,696,066 [E]
Revenues:						
Real Property Taxes	$24,182,338	$24,723,908	$24,919,287	$26,191,296	$26,821,596	$31,973,596
Other Tax Items	5,544,517	5,573,029	5,454,319	5,190,600	5,056,780	644,309
Charges for Services	111,607	82,086	151,393	196,727	235,490	124,800
Use of Money & Property	85,721	105,418	100,587	88,419	144,546	75,500
Sale of Property/Comp. for Loss	305,255	53,307	1,069,600	73,401	38,409	11,000
Miscellaneous	2,061,235	2,181,890	2,274,038	1,725,222	1,515,432	1,350,000
State Aid	37,639,417	38,079,853	38,936,985	39,700,778	41,413,344	42,386,356
Federal Aid	213,547	186,482	252,122	187,073	504,475	250,000
Interfund Transfer	400,000	350,000	330,000	0	0	100,000
Total Revenues	$70,543,637	$71,335,973	$73,488,331	$73,353,516	$75,730,072	$76,915,561
Expenditures:						
General Support	$7,040,522	$7,004,445	$7,101,361	$7,423,055	$7,712,130	$8,076,529
Instruction	36,705,282	38,591,785	38,799,068	39,728,531	39,350,017	42,009,537
Transportation	2,268,227	2,272,486	2,526,846	2,596,087	2,498,110	2,824,412
Employee Benefits	17,242,962	17,656,034	18,495,558	18,337,513	18,502,127	21,319,500
Debt Service	6,490,375	5,600,103	4,775,736	4,341,362	4,706,176	4,585,583
Interfund Transfer	156,458	102,566	1,163,078	322,517	1,207,121	115,000
Total Expenditures	$69,903,826	$71,227,419	$72,861,647	$72,749,065	$73,975,681	$78,930,561
Adjustments	0	0	0	0	0	0
Year End Fund Balance	$8,601,986	$8,710,540	$9,337,224	$9,941,675	$11,696,066	$9,681,066 [E]
Excess (Deficit) Revenues Over Expenditures	$639,811	$108,554	$626,684	$604,451	$1,754,391	($2,015,000) [1]

Source: Audited Annual Financial Reports and Annual Budget. This table is NOT audited.

Note: 1. Appropriated Fund Balance is planned to be used

Comparative Balance Sheet

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Assets:					
Unrestricted Cash	$2,917,181	$3,969,951	$4,598,954	$3,723,538	$7,601,768
Restricted Cash	4,052	4,055	4,059	0	150,189
Taxes Receivable	1,838,901	1,812,887	1,835,132	2,050,253	2,026,297
Other Receivables	991,901	196,779	180,493	382,605	345,469
Due from Other Funds	7,060,711	5,695,890	5,174,337	5,905,779	6,170,801
Due from State & Federal	3,705,821	3,800,342	3,823,479	3,880,255	3,928,646
Inventories	0	0	0	0	0
Total Assets	$16,518,567	$15,479,904	$15,616,454	$15,942,430	$20,223,170
Liabilities:					
Accounts Payable	$416,220	$269,551	$191,052	$444,016	$2,651,428
Accrued Liabilities	2,432,581	2,495,009	2,320,944	2,467,093	2,587,972
Due to Other Funds	0	0	0	0	261
Due Retirement System	5,038,480	3,976,380	3,753,290	3,089,646	3,271,138
Compensated Absences	9,289	0	13,944	0	0
Deferred Revenues	20,011	28,424	0	0	16,305
Total Liabilities:	$7,916,581	$6,769,364	$6,279,230	$6,000,755	$8,527,104
Fund Balances:					
Nonspendable:	$0	$0	$0	$0	$0
Restricted	3,961,010	4,255,654	4,407,485	5,019,001	6,290,437
Assigned					
Encumbrances	346,830	360,299	328,902	546,000	235,487
Appropriated Fund Balance	1,405,000	1,160,000	1,590,000	1,320,000	2,015,000
Unassigned	2,889,146	2,934,587	3,010,837	3,056,674	3,155,142
Total Fund Balance	$8,601,986	$8,710,540	$9,337,224	$9,941,675	$11,696,066
Total Liabilities and Fund Balance	$16,518,567	$15,479,904	$15,616,454	$15,942,430	$20,223,170

Source: Audited Financial Reports. This table is NOT audited.

<u>APPENDIX B</u>

Audited Financial Statements

For The Fiscal Year Ended June 30, 2019

Note: Such Financial Reports and opinions were prepared as of the date thereof and have not been reviewed and/or updated by the District's Auditors in connection with the preparation and dissemination of this official statement. Consent of the Auditors for inclusion of the Audited Financial Reports in this Official Statement has neither been requested nor obtained

AUBURN ENLARGED CITY SCHOOL DISTRICT

Financial Statements as of and for the year ended June 30, 2019 Together with Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

AUBURN ENLARGED CITY SCHOOL DISTRICT

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AUBURN ENLARGED CITY SCHOOL DISTRICT

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

October 8, 2019

To the Board of Directors of the
Auburn Enlarged City School District

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

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

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

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

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

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Pittsford, New York 14534
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www.bonadio.com

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, 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.

Other Matters

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

Report on Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as required by the New York State Education Department, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* , and is also not a required part of the basic financial statements.

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

The supplemental information as described in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2019, on our consideration of the 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 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 District's internal control over financial reporting and compliance.

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

FINANCIAL HIGHLIGHTS

- At June 30, 2019 total liabilities (what the District owes) exceeded its total assets (what the District owns) by $145,980,581 (net position) and at June 30, 2018 total liabilities exceeded total assets by $115,972,700, a decrease of $30,007,881 from 2018 to 2019. This decrease in net position is primarily due to an increase in postemployment benefit obligations.

- Capital asset additions during fiscal 2019 amounted to approximately $3.3 million, primarily due to $3.1 million of capital project expenditures related to ongoing capital projects, a $79,000 addition to buildings, and approximately $94,000 of furniture and equipment purchases.

- General revenue, which includes State aid, and property taxes accounted for $75,495,005 (or 86%) of all revenue. Program specific revenue in the form of Charges for Services and Operating Grants and Contributions accounted for $11,856,087 (or 14%) of total revenue.

- Total expenses in the district-wide financial statements totaled $117,358,973 and $94,673,061 in 2019 and 2018, respectively.

- As of the close of the fiscal year, The District's governmental funds reported a combined fund balance of $12,514,771 in 2019, an increase of $2,713,783 from 2018 to 2019.

OVERVFIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are Governmental fund financial statements that focus on individual activities of the District, reporting the operation in more detail than the District-wide statements.

    - The Governmental fund statements tell how basic services, such as instruction and support functions, were financed in the short-term, as well as what remains for future spending.

    - Fiduciary fund statements provide information about financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1 Organization of the District's Annual Financial Report

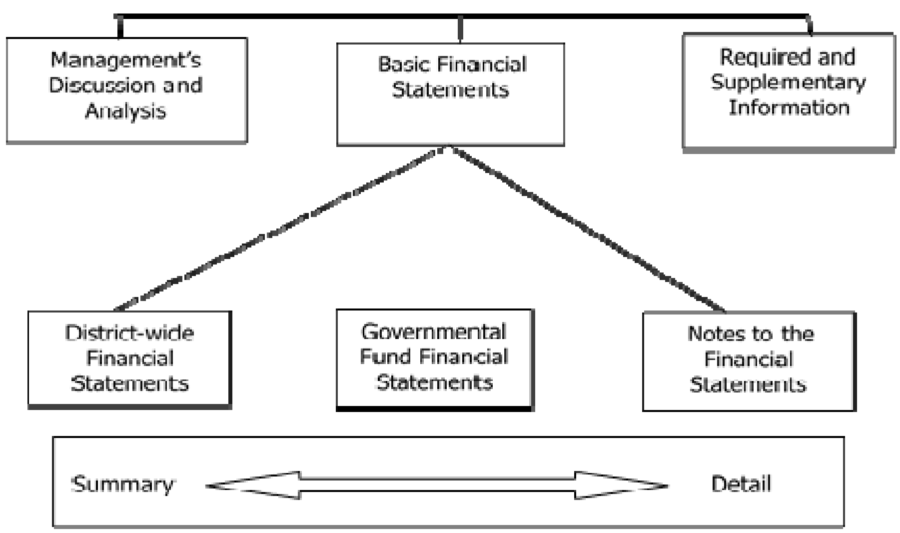


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-2 Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Statements

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

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

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

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

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect fund balances.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
  - Net investment in capital assets.
  - Restricted net position includes resources with constraints placed on use by external sources or imposed by law.
  - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- Governmental Funds: Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out of the District and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information in the reconciliation of the governmental fund statements explain the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General fund, Special Aid fund, School Lunch fund, Debt Service fund and the Capital Projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The 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 District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

Financial Analysis of the District as a Whole
Our analysis below focuses on the net position (Table A-3) and the change in net position (Table A-4) of the District-wide governmental activities.

Table A-3 Condensed Statements of Net Position - Governmental Activities

	Fiscal Year 2019	Fiscal Year 2018	Percent Change
Current and other assets	$ 21,454,426	$ 16,148,634	32.9%
Non-current assets	68,502,326	66,854,430	2.5%
Total assets	89,956,752	83,003,064	8.4%
Deferred outflows of resources	82,079,739	46,634,009	76.0%
Current liabilities	9,003,399	6,416,963	40.3%
Long-term liabilities	294,638,462	222,208,735	32.6%
Total liabilities	303,641,861	228,625,698	32.8%
Deferred inflows of resources	14,375,211	16,984,075	-15.4%
Net position:			
Net investment in capital assets	32,556,559	29,589,714	10.0%
Restricted	6,292,972	5,499,624	14.4%
Unrestricted	(184,830,112)	(151,062,038)	22.4%
Total net position	$ (145,980,581)	$ (115,972,700)	25.9%

In Table A-3, total assets at June 30, 2019 were approximately $6.9 million higher than at June 30, 2018. Non-current assets increased approximately $1.6 million, due primarily to the fact that the actuarially determined pension amount for TRS decreased approximately $1.7 million and remained a net pension asset in 2019. The remainder of the increase is due to the increase in capital assets of approximately $3.3 million as the final phase of the most recent capital project has been wrapping up. Current assets increased approximately $5.3 million, due to an increase in cash at June 30, 2019 arising from current year activities of the District.

Deferred outflows of resources at June 30, 2019 were approximately $35.4 million higher than at June 30, 2019, due to an increase in the other postemployment benefit related deferred outflows of resources.

Total liabilities increased by approximately $75 million, due primarily to an increase in long-term liabilities of approximately $72.4 million, as well as an increase in current liabilities of $2.6 million. The increase in current liabilities is due to an increase in the liability to the teacher's retirement system. The increase in long-term liabilities is due primarily to the increase of $75.5 million in other postemployment obligations, offset by a decrease of $2.9 million in long-term debt and decreases in TRS and ERS actuarially determined pension amounts.

Deferred inflows of resources at June 30, 2019 were approximately $2.6 million lower than at June 30, 2018, due primarily to a decrease in the pension related deferred inflows of resources, as well as a decrease in the other postemployment benefit related inflows of resources.

Table A-4 Changes in Net Position from Operating Results - Governmental Activities (in thousands)

	Fiscal Year 2019	Fiscal Year 2018	Percent Change
Revenue:			
Program revenue -			
Charges for services	$ 1,016,505	$ 1,506,010	-32.5%
Operating grants and contributions	10,839,582	8,813,192	23.0%
General revenue -			
Taxes	31,878,376	31,381,896	1.6%
State sources	41,413,344	39,700,778	4.3%
Use of money and property	144,969	90,470	60.2%
Miscellaneous	2,058,316	1,982,277	3.8%
Total revenue	87,351,092	83,474,623	4.6%
Expenses:			
General support	15,175,604	12,913,665	17.5%
Instruction	96,422,302	75,865,870	27.1%
Transportation	2,608,259	2,900,044	-10.1%
Debt service - interest	1,201,251	1,238,735	-3.0%
School lunch program	1,951,557	1,754,747	11.2%
Total expenses	117,358,973	94,673,061	24.0%
Increase (Decrease) in net position	$ (30,007,881)	$ (11,198,438)	168.0%

Changes in Net Position

The District's fiscal year 2019 revenues totaled $87,351,092. (See Table A-4). Property taxes (including other tax items) and state sources accounted for most of the District's revenue by contributing $0.84 and $0.85 of every dollar raised in 2019 and 2018, respectively. (See Table A-5). The remainder of revenue came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled $117,358,973 for fiscal year 2019. These expenses are predominately related to general instruction, which account for 82% of the District expenses (See Table A-6). The District's general support activities accounted for 13% of total costs.

Table A-5 Sources of Revenue for Fiscal Year 2019

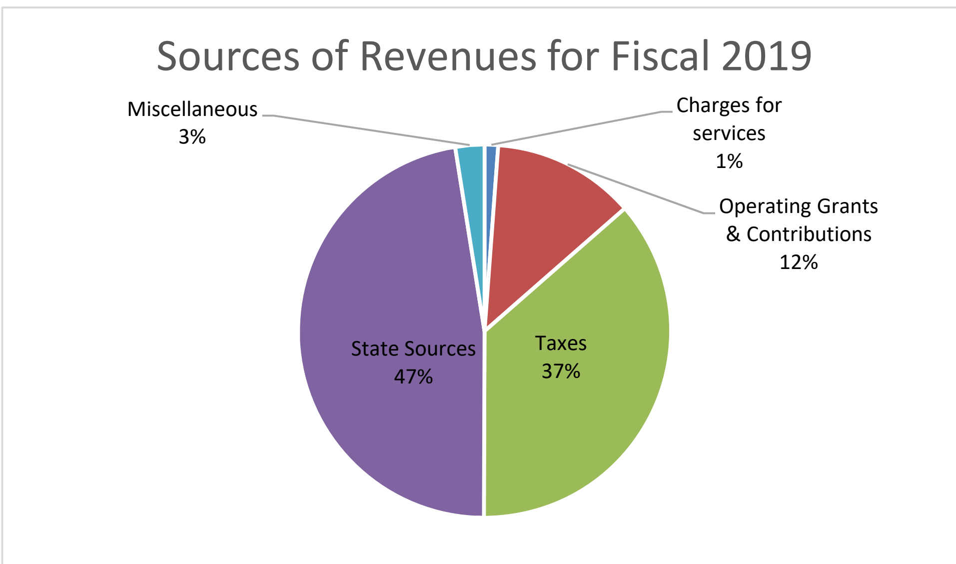
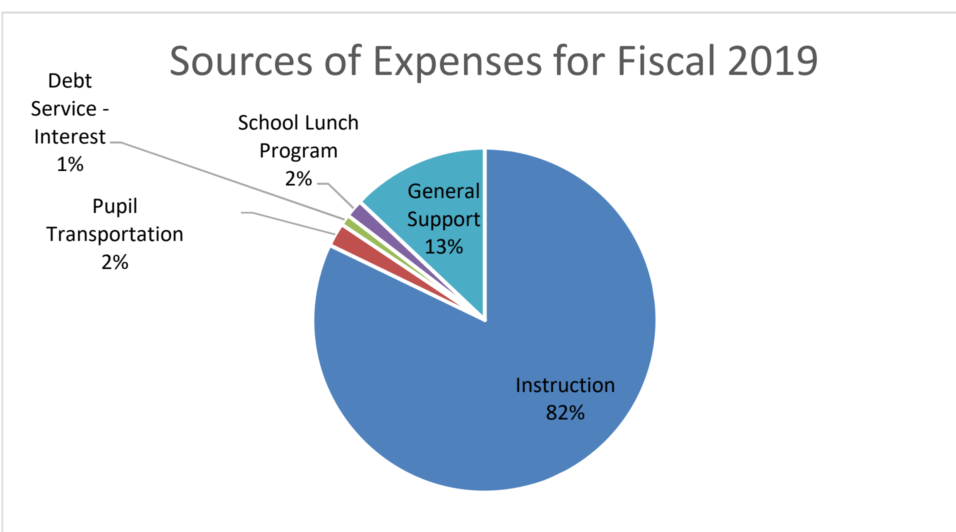


Table A-6 Expenses for Fiscal Year 2019



Financial Analysis of the District's Funds

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt, liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At June 30, 2019, the District, in its governmental funds, reported combined fund balances of $12.5 million, an increase of $2.7 million from the prior year. All of the District's governmental funds operated at a surplus in 2018-2019.

General Fund Budgetary Highlights

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

Table A-7 Results vs. Budget

	Original Budget	Final Budget	Actual	Encumbrances	Variance (Actual/ Budget)
Revenues:					
Local sources	$ 33,503,953	$ 33,570,115	$ 33,812,253	$ -	$ 242,138
State sources	41,348,303	41,348,303	41,413,344	-	65,041
Medicaid reimbursement	250,000	250,000	504,475	-	254,475
Appropriations	1,320,000	2,872,529	-	-	(2,872,529)
Total	76,422,256	78,040,947	75,730,072	-	(2,310,875)
Expenditures:					
General support	8,036,175	8,195,094	7,712,130	92,780	390,184
Instruction	39,616,586	40,058,308	39,350,017	142,707	565,584
Pupil transportation	2,799,677	2,799,677	2,498,110	-	301,567
Employee benefits	21,152,596	21,073,430	18,502,127	-	2,571,303
Debt service	4,707,222	4,707,222	4,706,176	-	1,046
Transfers out	110,000	1,207,216	1,207,121	-	95
Total	76,422,256	78,040,947	73,975,681	235,487	3,829,779
Revenues over (under) expenditures	$ -	$ -	$ 1,754,391	$ (235,487)	$ 1,518,904

- The General fund is the only fund for which a budget is legally adopted.
- Total revenues came in within 1% of budget.
- Total expenditures came in within 4% of budget.

Capital Assets

As of June 30, 2019, the District had a net investment of $65.4 million in a broad range of capital assets including land, buildings, athletic facilities, computers and other educational equipment.

Table A-8 Capital Assets

Category	Fiscal Year 2019	Fiscal Year 2018	Percent Change
Land	$ 866,980	$ 866,980	0.0%
Construction in progress	4,083,335	1,071,054	281.2%
Site improvements	10,616,773	10,537,903	0.7%
Buildings	101,017,107	100,917,107	0.1%
Furniture and equipment	8,682,610	8,684,001	0.0%
Total	125,266,805	122,077,045	2.6%
Less: Accumulated depreciation	(59,839,843)	(56,595,972)	5.7%
Net capital assets	$ 65,426,962	$ 65,481,073	-0.1%

Long-Term Debt

At year-end, the District had $33.6 million in general obligation bonds outstanding and $137 thousand in other long-term liabilities. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Table A-9 Outstanding Long-Term Liabilities

Category	2019	2018
General obligation bonds (financed with property taxes)	$ 33,557,682	$ 37,144,619
Other long-term liabilities	137,428	103,680
Total	$ 33,695,110	$ 37,248,299

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

The District relies heavily on state aid to finance its operations; approximately 50-55% of the District's General Fund revenues are from state aid. Foundation aid is still not fully funded and there is no guarantee that it ever will be. The District has been hit hard by state economic woes in the past and any future uncertainties could negatively impact the amount of state aid the District receives. The District is continuing its advocacy campaign to fix the foundation aid formula and to phase-in full funding, but the outcome of that campaign is unknown at this time.

In addition, the state has enacted a tax levy limit for all municipalities and school districts which is tied to the rate of inflation. This limits the District's ability to increase the tax levy by more than 2% per year, thus serving to further increase the District's reliance on state aid increases.

Health insurance costs are one of the largest expenses in the District's annual budget. The District provides postemployment health insurance coverage to retirees in accordance with various employment contracts. The cost of this coverage is recognized by the District annually as payments are made (pay-as-you-go basis); however, the true actuarially calculated liability for this coverage is estimated at approximately $260 million. The District has not made current provisions to fund this obligation and going forward the size of this liability may impact the District's ability to fund other programs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact: Auburn Enlarged City School District, 78 Thornton Ave., Auburn, New York 13021.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Statement of Net Position
June 30, 2019

ASSETS	
CURRENT ASSETS:	
Cash	$ 9,044,350
Cash - restricted	153,262
Taxes receivable	2,026,297
State and federal aid receivable	8,683,272
Due from other funds	362,555
Other receivables	1,169,585
Inventory	15,105
Total current assets	21,454,426
NON-CURRENT ASSETS:	
Net pension asset - TRS	3,075,364
Capital assets, net	65,426,962
Total non-current assets	68,502,326
Total assets	89,956,752
DEFERRED OUTFLOWS OF RESOURCES	
Pension related-TRS	16,672,531
Pension related-ERS	1,009,689
Other postemployment benefits	63,710,240
Deferred amount on refunding	687,279
Total deferred outflows of resources	82,079,739
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	3,060,761
Accrued liabilities	2,587,972
Accrued interest	63,744
Due to other funds	3,479
Due to teachers' retirement system	3,067,938
Due to employees' retirement system	203,200
Unearned revenue	16,305
Total current liabilities	9,003,399
LONG-TERM LIABILITIES:	
Due and payable within one year -	
Current portion of bonds payable, net of premium	2,610,000
Current portion of installment debt	707,955
Due and payable after one year -	
Net pension liability - ERS	1,404,400
Compensated absences	137,428
Bonds payable, net of premium	25,458,285
Installment debt	4,781,442
Total other postemployment benefits liability	259,538,952
Total long-term liabilities	294,638,462
Total liabilities	303,641,861
DEFERRED INFLOWS OF RESOURCES	
Pension related-TRS	4,342,061
Pension related-ERS	471,454
Other postemployment benefits	9,561,696
Total deferred inflows of resources	14,375,211
NET POSITION	
Net investment in capital assets	32,556,559
Restricted	6,292,972
Unrestricted	(184,830,112)
Total net position	$ (145,980,581)

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2019

		Program Revenue		
	Expenses	Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS:				
General support	$ 15,175,604	$ 235,490	$ 2,870,342	$ (12,069,772)
Instruction	96,422,302	632,304	6,434,770	(89,355,228)
Pupil transportation	2,608,259	-	-	(2,608,259)
Debt service - interest	1,201,251	-	-	(1,201,251)
School lunch program	1,951,557	148,711	1,534,470	(268,376)
TOTAL FUNCTIONS/PROGRAMS	$ 117,358,973	$ 1,016,505	$ 10,839,582	(105,502,886)
GENERAL REVENUE:				
Real property taxes				26,821,596
Other tax items				5,056,780
Use of money and property				144,969
Sale of property and compensation for loss				38,409
Medicaid reimbursement				504,475
State sources				41,413,344
Miscellaneous				1,515,432
TOTAL GENERAL REVENUE				75,495,005
CHANGE IN NET POSITION				(30,007,881)
NET POSITION - beginning of year				(115,972,700)
NET POSITION - end of year				$ (145,980,581)

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Balance Sheet - Governmental Funds
June 30, 2019

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total
ASSETS						
Cash	$ 7,601,768	$ 1,258,651	$ -	$ 183,931	$ -	$ 9,044,350
Cash - restricted	150,189	-	-	-	3,073	153,262
Taxes receivable	2,026,297	-	-	-	-	2,026,297
State and federal aid receivable	3,928,646	4,636,243	118,383	-	-	8,683,272
Due from other funds	6,170,801	-	-	990,816	-	7,161,617
Other receivables	345,469	3,997	1,056	819,063	-	1,169,585
Inventory	-	-	15,105	-	-	15,105
TOTAL ASSETS	$ 20,223,170	$ 5,898,891	$ 134,544	$ 1,993,810	$ 3,073	$ 28,253,488
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
Accounts payable	$ 2,651,428	$ 24,916	$ -	$ 384,417	$ -	$ 3,060,761
Accrued liabilities	2,587,972	-	-	-	-	2,587,972
Due to other funds	261	5,874,175	51,841	875,726	538	6,802,541
Due to teachers' retirement system	3,067,938	-	-	-	-	3,067,938
Due to employees' retirement system	203,200	-	-	-	-	203,200
Unearned revenue	16,305	-	-	-	-	16,305
TOTAL LIABILITIES	8,527,104	5,899,091	51,841	1,260,143	538	15,738,717
FUND BALANCE:						
Nonspendable -						
Inventory	-	-	15,105	-	-	15,105
Restricted -						
Retirement	2,018,353	-	-	-	-	2,018,353
Unemployment insurance	151,330	-	-	-	-	151,330
Debt service	-	-	-	-	2,535	2,535
Capital	950,189	-	-	-	-	950,189
Tax certiorari	1,950,075	-	-	-	-	1,950,075
Insurance	456,570	-	-	-	-	456,570
Liability	499,142	-	-	-	-	499,142
Employee benefits accrued liability	264,778	-	-	-	-	264,778
Total restricted fund balance	6,290,437	-	-	-	2,535	6,292,972
Assigned -						
Other appropriations	235,487	-	67,598	-	-	303,085
Appropriated for subsequent year's expenditures	2,015,000	-	-	-	-	2,015,000
Total assigned fund balance	2,250,487	-	67,598	-	-	2,318,085
Unassigned	3,155,142	(200)	-	733,667	-	3,888,609
TOTAL FUND BALANCE	11,696,066	(200)	82,703	733,667	2,535	12,514,771
TOTAL LIABILITIES AND FUND BALANCE	$ 20,223,170	$ 5,898,891	$ 134,544	$ 1,993,810	$ 3,073	$ 28,253,488

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - total governmental funds	$	12,514,771
Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds.		65,426,962
Deferred outflows/inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows - ERS/TRS		17,682,220
Deferred inflows - ERS/TRS		(4,813,515)
Deferred outflows - Refunding		687,279
Deferred outflows - OPEB		63,710,240
Deferred inflows - OPEB		(9,561,696)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds.		
Net pension asset - TRS		3,075,364
Net pension liability - ERS		(1,404,400)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.		
Bonds payable, net of bond premium		(28,068,285)
Installment purchase debt		(5,489,397)
Other postemployment benefits obligation		(259,538,952)
Compensated absences		(137,428)
Accrued interest		(63,744)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(145,980,581)

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2019

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total
REVENUE:						
Real property taxes	$ 26,821,596	$ -	$ -	$ -	$ -	$ 26,821,596
Other tax items	5,056,780	-	-	-	-	5,056,780
Charges for services	235,490	632,304	-	-	-	867,794
Use of money and property	144,546	-	115	-	308	144,969
Sale of property and compensation for loss	38,409	-	-	-	-	38,409
Miscellaneous	1,515,432	-	-	-	-	1,515,432
State sources	41,413,344	3,267,811	39,776	2,870,342	-	47,591,273
Federal sources	-	3,166,959	1,494,694	-	-	4,661,653
Medicaid reimbursement	504,475	-	-	-	-	504,475
Sales - school lunch	-	-	148,711	-	-	148,711
Total revenue	75,730,072	7,067,074	1,683,296	2,870,342	308	87,351,092
EXPENDITURES:						
General support	7,712,130	48	-	-	-	7,712,178
Instruction	39,350,017	7,037,899	-	-	-	46,387,916
Pupil transportation	2,498,110	29,127	-	-	-	2,527,237
Employee benefits	18,502,127	-	44,669	-	-	18,546,796
Debt service - principal	3,414,569	-	-	-	-	3,414,569
Debt service - interest	1,291,607	-	-	-	-	1,291,607
Cost of sales	-	-	1,644,725	-	-	1,644,725
Capital outlay	-	-	-	3,112,281	-	3,112,281
Total expenditures	72,768,560	7,067,074	1,689,394	3,112,281	-	84,637,309
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	2,961,512	-	(6,098)	(241,939)	308	2,713,783
OTHER SOURCES AND (USES):						
Operating transfers in	-	-	16,305	1,190,816	-	1,207,121
Operating transfers out	(1,207,121)	-	-	-	-	(1,207,121)
Total other sources (uses)	(1,207,121)	-	16,305	1,190,816	-	-
CHANGE IN FUND BALANCE	1,754,391	-	10,207	948,877	308	2,713,783
FUND BALANCE - beginning of year	9,941,675	(200)	72,496	(215,210)	2,227	9,800,988
FUND BALANCE - end of year	$ 11,696,066	$ (200)	$ 82,703	$ 733,667	$ 2,535	$ 12,514,771

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Net changes in fund balance - Total governmental funds	$ 2,713,783
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	3,285,048
Depreciation is not recorded as a expenditure in the governmental funds, but is recorded in the statement of activities.	(3,339,159)
Repayments of installment purchase debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	684,569
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	2,730,000
Amortization of premiums associated with long-term debt is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	172,368
Amortization of the deferred amount on refunding is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(87,585)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense.	
District pension contributions	3,887,440
Cost of benefits earned, net of employee contributions	(3,598,473)
Governmental funds report district other postemployment contributions as expenditures. However, in the statement of activities, the cost of other postemployment benefits earned, net of employer contributions is reported as other postemployment benefits.	38,752,837
Certain expenses in the statement of activities do not require the use of current resources and are, therefore, not reported as expenditures in the governmental funds:	
Change in accrued interest	5,573
Change in compensated absences	(33,748)
Change in total other postemployment liability	(75,180,534)
Change in net position - governmental activities	$ (30,007,881)

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Statement of Fiduciary Net Position
June 30, 2019

	Private Purpose Trusts	Agency
ASSETS		
Cash-restricted	$ 140,560	$ 225,403
Investment in securities	294,357	-
Total assets	434,917	225,403
LIABILITIES		
Extraclassroom activity balances	-	105,764
Due to other funds	239,437	119,639
Total liabilities	239,437	$ 225,403
NET POSITION		
Reserved for scholarships	$ 195,480	

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

	Private Purpose Trusts
ADDITIONS:	
Gifts and contributions	$ 2,225
Investment earnings	6,121
Total additions	8,346
DEDUCTIONS:	
Scholarships and awards	17,719
CHANGE IN NET POSITION	(9,373)
NET POSITION - beginning of year	204,853
NET POSITION - end of year	$ 195,480

The accompanying notes are an integral part of these statements.

1. NATURE OF OPERATIONS

Auburn Enlarged City School District (the District) provides free K-12 public education to students living within its geographic borders.

Reporting Entity

The District is governed by the Laws of New York State. The District is an independent entity governed by an elected Board of Education (BOE) consisting of 7 members. The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

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

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

Extraclassroom Activity Funds

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

Joint Venture

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

BOCES are organized under §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.

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 the New York State Education Law, §1950(4)(b)(7). In addition, component school districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed $11,106,726 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $979,596.

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Presentation
The District's financial statements consist of district-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

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

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

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

The District reports the following major governmental funds:

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

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

- Special Aid Fund: Used to account for proceeds from State and Federal grants that are restricted for specific educational programs.
- School Lunch Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
- Miscellaneous Special Revenue: Used to account for and report those revenues that are restricted and committed to expenditures for specified purposes.

Capital Projects Fund - This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

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

Fiduciary Funds

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

There are two classes of fiduciary funds:

- Private purpose trust funds - These funds are used to account for trust arrangements in which principal and income are used to fund annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

- Agency funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District solely as an agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The district considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year.

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

Cash and Cash Equivalents
The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and Its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

Restricted Cash
Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets include amounts required by statute to be reserved for various purposes.

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

Property Taxes

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31. Taxes not collected by October 31 are turned over to the County who assumes all responsibility for collection. Uncollected real property taxes are subsequently enforced by the County(ies) in which the District is located. The County(ies) pay an amount representing uncollected real property taxes transmitted to the County(ies) for enforcement to the District no later than the following April 1.

Uncollected real property taxes are subsequently enforced by the City of Auburn (City) and the County of Cayuga (County) in which the District is located. The City and County pay an amount representing uncollected real property taxes transmitted to them for enforcement to the District no later than the following April 1.

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

Inventory and Prepaid Items

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

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

Interfund Transactions

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

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

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

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

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

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

Vested Employee Benefits
Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

The liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. (If applicable "The cost of providing post-retirement benefits is shared between the District and the retired employee.") The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

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

Short Term Debt

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

The District may issue 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.

Accrued Liabilities and Long-Term Obligations

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

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

Restricted Resources

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

District-wide Statements - Equity Classifications

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

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

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

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

Governmental Fund Financial Statements - Equity classifications

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

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has available the following restricted fund balances:

Capital reserve

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

Reserve for Debt Service

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

Repair

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, that are of a type not recurring annually. The BOE, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

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

Insurance Reserve

According to General Municipal Law §6-n, this reserve must be 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 appropriation, 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.

Liability Reserve

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

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the funds without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgements 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.

Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund.

Workers' Compensation

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

Unemployment Insurance Reserve

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

Reserve for Tax Reduction

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

Reserve for Insurance Recoveries

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

Encumbrances

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

Restricted fund balance includes the following:

General Fund		
Employee benefits accrued liability	$	264,778
Unemployment insurance		151,330
Liability reserve		499,142
Capital reserve		700,000
Tax certiorari reserve		1,950,075
Retirement reserve		2,018,353
Insurance reserve		706,759
Total restricted fund balance	$	6,290,437
Debt Service Fund	$	2,535

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, the BOE. The District has no committed fund balances as of June 30, 2019.

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

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year's budget and encumbrances are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenue 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.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

- Long Term Revenue and Expense Differences

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

- Capital Related Differences

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

- Long Term Debt Transaction Differences

  Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

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

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

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the BOE as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the year.

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2019.

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

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

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include reducing future tax levies and committing funds for capital asset projects and purchases.

Fund Balance
The District's unrestricted fund balance in its General fund was not in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

Portions of the fund balances are restricted and are not available for current expenditures or expenses, as reported in the governmental funds balance sheet.

5. CASH

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

The District's aggregate bank balances of $3,417,679 not covered by depository insurance at year-end, were fully collateralized.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $153,262 within the governmental funds and $365,963 in the fiduciary funds.

6. INVESTMENTS

The District's investments consisted of Nationwide Annuity obligations totaling $294,397 in the Private Purpose Trust Fund as of June 30, 2019.

The District categorizes its investments using 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 in observable inputs; Level 3 inputs are significant unobservable inputs.

United States Treasury obligations are valued using quoted market prices and considered Level 1 investments.

7. CAPITAL ASSETS

Capital asset balances and activity were as follows:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Governmental activities:				
Capital assets that are not depreciated:				
Land	866,980	$ -	$ -	$ 866,980
Construction in progress	1,071,054	3,112,281	(100,000)	4,083,335
Total nondepreciable cost	1,938,034	3,112,281	(100,000)	4,950,315
Capital assets that are depreciated:				
Buildings	100,917,107	-	100,000	101,017,107
Buildings/site improvements	10,537,903	78,870	-	10,616,773
Furniture and equipment	8,684,001	93,897	(95,288)	8,682,610
Total depreciable historical cost	120,139,011	172,767	4,712	120,316,490
Less accumulated depreciation:				
Buildings	(44,202,314)	(2,761,688)	-	(46,964,002)
Buildings/site improvements	(4,162,195)	(393,236)	-	(4,555,431)
Furniture and equipment	(8,231,463)	(184,235)	95,288	(8,320,410)
Total accumulated depreciation	(56,595,972)	(3,339,159)	95,288	(59,839,843)
Total depreciable cost - net	63,543,039	(3,166,392)	100,000	60,476,647
Total capital assets, net	$ 65,481,073	$ (54,111)	$ -	$ 65,426,962

Depreciation expense was allocated to specific functions as follows:

General support	$ 3,154,924
Instruction	154,897
Pupil transportation	29,338
Total depreciation	$ 3,339,159

For the year ended June 30, 2019, the District changed the useful life estimate for certain furniture and equipment and construction in progress assets. The change is being applied prospectively, beginning July 1, 2019. The effect of this change in the current period is an decrease of $477,276 in governmental activities general government support expenses and a corresponding increase in changes in net position for governmental activities.

8. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	Receivable	Payable	In	Out
General	$ 6,170,801	$ 261	$ -	$ 1,207,121
Special Grant	-	5,874,175	-	-
Capital Projects	990,816	875,726	1,190,816	-
School Lunch	-	51,841	16,305	-
Debt Service	-	538	-	-
Fiduciary	-	359,076	-	-
Total	$ 7,161,617	$ 7,161,617	$ 1,207,121	$ 1,207,121

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

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

9. LONG-TERM OBLIGATIONS

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

	Balance 6/30/2018	Additions	Deletions {a}	Balance 6/30/2019	Due Within One Year
Bonds:					
General obligation bonds	$ 29,070,000	$ -	$ (2,730,000)	$ 26,340,000	$ 2,610,000
Installment purchase debt	6,173,966	-	(684,569)	5,489,397	707,955
Premium on bonds payable	1,900,653	-	(172,368)	1,728,285	-
Serial bonds payable	$ 37,144,619	$ -	$ (3,586,937)	$ 33,557,682	$ 3,317,955
Other liabilities:					
Compensated absences	$ 103,680	$ 33,748	$ -	$ 137,428	$ -

{a} Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately.

Interest on all debt for the year was composed of:

Interest paid	$ 1,291,607
Less: Interest accrued in the prior year	(69,317)
Plus: Interest accrued in the current year	63,744
Total interest expense	$ 1,286,034

Issue dates, maturities, and interest rates on outstanding debt are as follows:

Bond Issue	Issued	Maturity	Interest Rate	6/30/19 Balance
Capital Project	2009	2024	2.50-4.75%	$ 7,305,000
Refunding	2013	2029	2.75-3.50%	590,000
Refunding	2014	2029	2.00-5.00%	2,570,000
Refunding	2015	2032	2.00-3.50%	6,425,000
Refunding	2016	2024	1.84%	3,780,000
Serial Bond	2017	2033	2.00-3.00%	4,025,000
Serial Bond	2018	2033	2.99%	1,645,000
Total bond issue				$ 26,340,000
Installment purchase debt:				
Energy performance contracts	2007-2016	2021-2032	3.306-3.97%	$ 5,489,397

The following is a summary of the maturity of long-term indebtedness as of June 30, 2019:

	Principal	Interest	Total
2020	$ 3,317,955	$ 1,180,200	$ 4,498,155
2021	3,377,209	1,066,383	4,443,592
2022	3,428,262	939,678	4,367,940
2023	3,499,124	809,589	4,308,713
2024	2,991,041	681,627	3,672,668
2025-2029	11,439,979	1,883,190	13,323,169
2030-2032	3,775,827	250,952	4,026,779
Totals	$ 31,829,397	$ 6,811,619	$ 38,641,016

10. PENSION PLANS

New York State Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. 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 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, and the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer 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, NY 12244.

The system is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier 6 vary based on a sliding salary scale. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS
2019	$ 819,502
2018	$ 791,400
2017	$ 779,115

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

At June 30, 2019, the District reported a net pension liability of $1,404,400 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2019, the District's proportionate share was .0198213% percent, which was an increase of .0011682% from its proportionate share measured at June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of $323,385. At June 30, 2019, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 276,556	$ 94,275
Changes of assumptions	353,009	-
Net difference between projected and actual earnings on pension plan investments	-	360,447
Changes in proportion and differences between the District's contributions and proportionate share of contributions	175,248	16,732
Contributions subsequent to the measurement date	204,876	-
Total	$ 1,009,689	$ 471,454

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

Plan's Year Ended June 30:	
2020	$ 347,441
2021	(231,694)
2022	10,204
2023	207,408
	$ 333,359

The District recognized $204,876 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2019 which will be recognized on a reduction of the net pension liability in the year ended June 30, 2020.

Actuarial Assumptions

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.8% indexed by service
Projected COLAs	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

The long-term expected 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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36.0	4.55
International Equity	14.0	6.35
Private Equity	10.0	7.50
Real Estate	10.0	5.55
Absolute Return	2.0	3.75
Opportunistic Portfolio	3.0	5.68
Real Asset	3.0	5.29
Bonds, Cash & Mortgages	17.0	1.31
Cash	1.0	-0.25
Inflation Indexed Bonds	4.0	1.25
	100%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's 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.

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

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

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

	1% Lower 6%	Current Discount 7%	1% Higher 8%
Proportionate Share of Net Pension liability (asset)	$ 6,140,262	$ 1,404,400	$ (2,754,060)

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2018, were as follows:

Total pension liability	$189,803,429
Net position	182,718,124
Net pension liability (asset)	$ 7,085,305
ERS net position as a percentage of total pension liability	96.27%

New York State Teachers' Retirement System

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

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

	TRS
2019	$ 3,067,938
2018	$ 2,893,946
2017	$ 3,555,381

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

At June 30, 2019, the District reported net pension asset of $3,075,364 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as that date. The District's proportion of the net pension asset was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2019 the District's proportionate share was 0.170073%, which was a decrease of 0.010608% from its proportionate share measured at June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of $2,413,728. At June 30, 2019 the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,298,195	$ 416,293
Changes of assumptions	10,750,416	-
Net difference between projected and actual earnings on pension plan investments	-	3,413,888
Changes in proportion and differences between the District's contributions and proportionate share of contributions	745,877	511,880
Contributions subsequent to the measurement date	2,878,043	-
Total	$ 16,672,531	$ 4,342,061

The District recognized $2,878,043 as a deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2018 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

Plan's Year Ended March 31:	
2019	$ 3,109,489
2020	2,119,815
2021	247,663
2022	2,112,569
2023	1,428,026
Thereafter	434,865
Total	$ 9,452,427

Actuarial Assumptions

The total pension liability at the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. These actuarial valuations used the following actuarial assumptions:

Inflation	2.50%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.5% compounded annually
Investment Rate of Return	7.25% compounded annually, net of pension plan investment expense, including inflation.

Annuitant morality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period of July 1, 2009 to June 30, 2014.

The 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 expect 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.

The long-term expected rate of return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2018 are summarized in the following table:

Asset Type	Target Allocations in %	Long-term expected real rate of return in %
Domestic equities	33.0	5.8
International equities	16.0	7.3
Global equities	4.0	6.7
Real estate equities	11.0	4.9
Private equities	8.0	8.9
Domestic fixed income securities	16.0	1.3
Global fixed income securities	2.0	0.9
Private debt	1.0	6.8
Real estate debt	7.0	2.8
High-yield fixed income securities	1.0	3.5
Short-term	1.0	0.3
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability (asset) of the school districts calculated using the discount rate of 7.25 percent, as well as what the school districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.25 percent) or 1% higher (8.25 percent) than the current rate:

	1% Lower 6.25%	Current Discount 7.25%	1% Higher 8.25%
Proportionate Share of Net Pension Liability (asset)	$ 21,128,255	$ (3,075,364)	$(23,351,271)

Pension Plan Fiduciary Net Position (in 000's)

The components of the current year net pension liability of the employers as of June 30, 2018, were as follows:

Total pension liability	$ 118,107,253
Net position	119,915,518
Net pension liability (asset)	$ (1,808,265)
NYSTRS net position as a percentage of total pension liability	101.53%

Payables to the Pension Plans

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

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, represent the projected employer contribution for the period of April 1, through June 30, based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

	June 30, 2019
ERS Liability	$ 203,200
TRS Liability	$ 3,067,938

11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District's defined benefit OPEB plan, provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits.

The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

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

Employees Covered by Benefit Terms

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

Active not eligible to retire	522
Actives eligible to retire	103
Retired and surviving spouses	586
Retiree spouses covered	271
Total participants	1,482

Total OPEB Liability

The District's total OPEB liability of $259,538,952 was measured as of March 1, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2019 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.36 percent per year
Payroll Growth	3.31 percent as of July 1, 2018, 3.36 percent as of July 1, 2019
Discount Rate	3.61 percent as of July 1, 2018, 3.44 percent as of July 1, 2019
Healthcare Cost Trend Rates	5.2 percent for 2019, decreasing between 0.9 percent per year and 0.2 percent a year to an ultimate rate of 4.3 percent for 2070 and later years
Share of Benefit-Related Costs	25 percent share of GDP above which cost growth is assumed to meet resistance
Cost Method	Entry Age Normal Level % of Salary method

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were ROG-2015 Dataset Mortality Table fully generational as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the March 1, 2019 valuation were based on large scale retirement plan population data. The plan's estimated termination and retirement experience is then analyzed and the base table is adjusted accordingly. There is no formal experience study done for the plan.

Changes in the Total OPEB Liability

Balance at June 30, 2018	$ 184,358,418
Changes for the Year-	
Service cost	6,288,929
Interest	6,778,370
Changes of benefit terms	(812,990)
Changes in assumptions or other inputs	21,050,364
Differences between expected and actual experience	44,756,720
Benefit payments	(2,880,859)
Net changes	75,180,534
Balance at June 30, 2019	$259,538,952

Changes of assumptions and other inputs reflect a change in the discount rate from 3.61% in 2018 to 3.44% in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current discount rate:

	1% Decrease 2.44%	Current Discount 3.44%	1% Increase 4.44%
Total OPEB Liability	$ 310,349,084	$ 259,538,952	$ 219,950,236

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.50%) or 1 percentage point higher (9.50%) than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease (4.20% to 3.32%)	Current Discount (5.20% to 4.32%)	1% Increase (6.20% to 5.32%)
Total OPEB Liability	$ 206,955,172	$ 259,538,952	$ 328,855,524

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2019, the District recognized OPEB expense of $35,577,346. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 28,820,244	$ -
Changes of assumptions	33,058,386	9,561,696
Contributions after measurement date	1,831,610	-
Total	$ 63,710,240	$ 9,561,696

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	Amount
2020	$ 23,323,037
2021	22,371,780
2022	4,493,120
2023	380,178
2024	380,178
Thereafter	1,368,641
	$ 52,316,934

The District recognized $1,831,610 as a deferred outflow of resources resulting from the benefit payments made subsequent to the measurement date of July 1, 2018 which will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019.

12. RISK MANAGEMENT

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

Worker's Compensation

The District is a member of the Onondaga-Cortland-Madison Counties BOCES Consortium Workers' Compensation Self-Insurance Plan (the Plan). Current membership of the Plan includes various municipal entities. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Plan participants are charged an annual assessment which is allocated in light of comparative experience and relative exposure based on the estimated total liability of the participating members actuarially computed each year.

The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claim liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. During the year ended June 30, 2019, the District incurred premiums or contribution expenditures totaling $400,576.

Health Insurance Plan

The District has a District-wide self-insured Health Insurance Plan administered through a third party insurance carrier. Claims incurred but not reported (IBNR) was approximately $2,588,000 at June 30, 2019 and was recorded in the General Fund in accrued liabilities.

Unemployment

Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar for dollar reimbursement to the fund for the benefits paid from the fund to former employees. The expenditures of this program for the 2018-19 fiscal year totaled $24,439. In addition, as of June 30, 2019, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

13. CONTINGENCIES AND COMMITMENTS

Litigation

The District has been named as defendant in several tax certiorari cases. A review by the District and the District's attorneys indicate these actions are not substantial enough to materially affect the financial position of the District.

The District has also been named as a defendant in certain other actions. The District intends to defend itself vigorously in each of these cases. Accordingly, no loss contingency has been accrued.

Other Contingencies

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

14. TAX ABATEMENT

The following information summarizes the PILOT agreements entered into by Cayuga County IDA relating to the District:

Year Began	Agreement / Property	Total Assessed Value	Abatement Rate	Pilot Taxable Value	School Tax Rate / 1000	Regular Taxable Amount	Pilot Payment Received	Taxes Abated
2012	Auburn Community Hotel	10,000,000	Set Payment	819,000	18.114437	$ 181,144	$ 14,836	$ 166,309
2001	Bluefield Manor	5,693,100	Set Payment	94,133	18.114437	$ 103,127	$ 43,772	$ 59,355
2014	Calamar (RM11)	8,800,000	40%	3,520,000	18.114437	$ 159,407	$ 63,763	$ 95,644
2016	Carovail*	388,800	20%	277,760	18.114437	$ 19,600	$ 5,031	$ 14,568
2000	Central Building	3,500,000	Set Payment	45,000	18.114437	$ 63,400	$ 20,925	$ 42,475
2003	Community Computer	1,800,000	Varies	707,290	18.114437	$ 32,606	$ 12,812	$ 19,794
2013	Currier/ Gen West	3,180,000	35%	1,113,000	18.114437	$ 57,604	$ 20,161	$ 37,442
1995	FLRR	765,250	Sale Based Fee	44,992	18.114437	$ 14,358	$ 6,088	$ 8,269
2013	JBJ	4,824,197	Set Payment	3,018,191	18.114437	$ 87,388	$ 60,988	$ 26,399
2010	Logan Lofts	2,078,000	24%	1,352,919	18.114437	$ 37,642	$ 5,882	$ 31,760
2015	Mack Studios	1,025,000	21%	900,000	18.114437	$ 18,567	$ 3,424	$ 15,144
2003	McQuay/Tessy	13,000,000	Set Payment	8,000,000	18.114437	$ 235,488	$ 144,916	$ 90,572
2012	NUCOR	31,000,999	Set Payment	179,480	18.114437	$ 561,566	$ 83,488	$ 478,078
2012	PBMM	1,718,200	60%	546,480	18.114437	$ 31,124	$ 18,675	$ 12,450
2012	Seminary Commons	1,601,000	Set Payment	700,000	18.114437	$ 29,001	$ 12,680	$ 16,321
2014	WST33	2,740,000	Set Value	472,900	18.114437	$ 49,634	$ 9,256	$ 40,378
						$ 1,681,656	$ 526,697	$ 1,154,958

REQUIRED SUPPLEMENTARY INFORMATION

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
REVENUE					
Local sources:					
Real property taxes	$ 31,274,768	$ 26,829,667	$ 26,821,596	$ -	$ (8,071)
Other tax items	607,735	5,052,836	5,056,780	-	3,944
Charges for services	84,450	84,450	235,490	-	151,040
Use of money and property	91,000	91,000	144,546	-	53,546
Sale of property and compensation for loss	6,000	29,328	38,409	-	9,081
Miscellaneous	1,440,000	1,482,834	1,515,432	-	32,598
Total local sources	33,503,953	33,570,115	33,812,253	-	242,138
State sources	41,348,303	41,348,303	41,413,344	-	65,041
Medicaid reimbursement	250,000	250,000	504,475	-	254,475
Total revenue	75,102,256	75,168,418	75,730,072	-	561,654
EXPENDITURES					
General support					
Board of education	39,250	50,450	44,153	-	6,297
Central administration	247,008	256,543	251,571	42	4,930
Finance	481,513	513,313	477,789	1,200	34,324
Staff	869,605	920,520	835,443	35,059	50,018
Central services	5,304,299	5,362,365	5,045,722	54,729	261,914
Special items	1,094,500	1,091,903	1,057,452	1,750	32,701
Total general support	8,036,175	8,195,094	7,712,130	92,780	390,184
Instruction					
Instruction, administration & improvement	2,227,414	2,132,997	2,052,626	9,565	70,806
Teaching - regular school	19,364,116	19,588,084	19,386,397	75,925	125,762
Programs for students with disabilities	10,977,608	11,249,852	11,092,722	1,044	156,086
Occupational education	1,891,365	1,892,436	1,793,768	-	98,668
Teaching - special schools	297,250	297,800	282,370	-	15,430
Instructional media	2,731,285	2,681,255	2,609,633	39,527	32,095
Pupil services	2,127,548	2,215,884	2,132,501	16,646	66,737
Total instruction	39,616,586	40,058,308	39,350,017	142,707	565,584
Pupil transportation	2,799,677	2,799,677	2,498,110	-	301,567
Employee benefits	21,152,596	21,073,430	18,502,127	-	2,571,303
Debt service - Principal	3,404,573	3,414,573	3,414,569	-	4
Debt service - Interest	1,302,649	1,292,649	1,291,607	-	1,042
Total expenditures	76,312,256	76,833,731	72,768,560	235,487	3,829,684
Excess (deficiency) of revenue over expenditures	(1,210,000)	(1,665,313)	2,961,512	(235,487)	4,391,338
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(110,000)	(1,207,216)	(1,207,121)	-	95
Appropriations	1,320,000	2,872,529	-	-	(2,872,529)
Total other financing sources (uses)	1,210,000	1,665,313	(1,207,121)	-	(2,872,434)
NET CHANGE IN FUND BALANCE	$ -	$ -	1,754,391	$ (235,487)	$ 1,518,904
FUND BALANCE - beginning of year			9,941,675		
FUND BALANCE - end of year			$ 11,696,066		

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
For the Year Ended June 30, 2019

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB Liability										
Service cost	$ 6,289	$ 6,057	$ 5,723	Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.						
Interest	6,779	6,433	5,232							
Changes of benefit terms	(813)	72	-							
Differences between expected and actual experience	21,050	3,413	17,307							
Changes in assumptions	44,757	5,148	(12,897)							
Benefit payments	(2,881)	(2,595)	(2,403)							
Total change in total OPEB liability	75,181	18,528	12,962							
Total OPEB liability - beginning	184,358	165,830	152,868							
Total OPEB liability - ending (a)	$ 259,539	$ 184,358	$ 165,830							
Covered-employee payroll	$ 31,759	$ 30,741	$ 30,741							
Total OPEB liability as a percentage of covered-employee payroll	817.2%	599.7%	539.4%							

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	3.44%	3.61%	3.80%	Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The actuarial cost method has been updated from Projected Unit Credit to Entry Age Normal, which caused a decrease in liabilities.

The healthcare trend cost rates have been reset to an initial rate of 5.2% decreasing to an ultimate rate of 4.32% in 2070.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)
For the Year Ended June 30, 2019

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of the net pension liability (asset)	0.02%	0.02%	0.02%	0.02%	0.02%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.				
Proportionate share of the net pension liability (asset)	$ 1,404	$ 602	$ 1,645	$ 2,975	$ 612					
Covered-employee payroll	$ 6,033	$ 5,564	$ 5,468	$ 5,262	$ 4,915					
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.27%	10.82%	30.08%	56.54%	12.45%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.27%	98.24%	94.70%	90.70%	97.90%					

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of the net pension liability (asset)	0.2%	0.2%	0.2%	0.2%	0.2%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.				
Proportionate share of the net pension liability (asset)	$ (3,075)	$ (1,373)	$ 1,848	$ (18,195)	$ (19,108)					
Covered-employee payroll	$ 29,368	$ 27,703	$ 28,632	$ 26,624	$ 37,432					
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.47%	-4.96%	6.45%	-68.34%	-51.05%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	100.66%	99.01%	110.46%	111.48%					

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Contributions - Pension Plans (Unaudited)
For the Year Ended June 30, 2019

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 813	$ 776	$ 791	$ 779	$ 924					
Contributions in relation to the contractually required contribution	813	776	791	779	924					
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -					
Covered-employee payroll	$ 6,033	$ 5,564	$ 5,468	$ 5,262	$ 4,915					
Contributions as a percentage of covered-employee payroll	13.48%	13.95%	14.47%	14.80%	18.80%					

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 3,068	$ 2,894	$ 3,555	$ 3,722	$ 4,808					
Contributions in relation to the contractually required contribution	3,068	2,894	3,555	3,722	4,808					
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -					
Covered-employee payroll	$ 29,368	$ 27,703	$ 28,632	$ 26,624	$ 37,432					
Contributions as a percentage of covered-employee payroll	10.45%	10.45%	12.42%	13.98%	12.84%					

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SUPPLEMENTARY INFORMATION
(UNAUDITED)

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Change from Original Budget to Revised Budget and Schedule of Section 1318 of Real Property Tax Law Limit Calculation - General Fund (Unaudited)
For the Year Ended June 30, 2019

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET		
Adopted budget		$ 76,422,256
Add: Prior year's encumbrances		546,000
Original budget		76,968,256
Budget revisions:		
General support		(15,623)
Instruction		192,090
Employee benefits		(200,992)
Transfer to other funds		1,097,216
Total budget revisions		1,072,691
Final budget		$ 78,040,947
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION		
2019-20 voter-approved expenditure budget	$ 78,930,561	
Maximum allowed (4% of 2019-20 subsequent year's budget):		$ 3,157,222
General Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	2,250,487	
Unassigned fund balance	3,155,142	
Total unrestricted fund balance	5,405,629	
Less:		
Appropriated fund balance	2,015,000	
Encumbrances included in assigned fund balance	235,487	
Total adjustments	2,250,487	
General Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 3,155,142
Actual percentage		4.00%

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Project Expenditures - Capital Projects Fund (Unaudited)
For the Year Ended June 30, 2019

	Authorization		Expenditures			
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Available Balance
Smart School Bond	$ 3,626,117	$ 3,626,117	$ 1,018,491	$ 2,569,034	$ 3,587,525	$ 38,592
Pre-Referendum	43,700,000	43,700,000	63,347	400,647	463,994	43,236,006
Emergency AJHS Gym (new contract)	990,816	990,816	-	42,600	42,600	948,216
Energy Performance Contract	100,000	100,000	-	100,000	100,000	-
	$ 48,416,933	$ 48,416,933	$ 1,081,838	$ 3,112,281	$ 4,194,119	$ 44,222,814

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Net Investment in Capital Assets (Unaudited)
June 30, 2019

Capital assets, net	$ 65,426,962
Add:	
Deferred amounts on refunding	687,279
Deduct:	
Short-term portion of bonds payable	(2,610,000)
Long-term portion of bonds payable	(25,458,285)
Short-term portion of installment debt payable	(707,955)
Long-term portion of installment debt payable	(4,781,442)
Net investment in capital assets	$ 32,556,559

UNIFORM GUIDANCE

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S 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*

October 8, 2019

To the Board of Directors of
Auburn Enlarged City School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Auburn Enlarged City School District (the District) as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 8, 2019.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Bonadio & Co., LLP
Certified Public Accountants

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

October 8, 2019

To the Board of Directors of
Auburn Enlarged City School District

Report on Compliance for Each Major Federal Program

We have audited the Auburn Enlarged City School District's (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2019. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grant Number	Expenditures
U.S. Department of Agriculture:			
Child Nutrition Cluster:			
National school lunch program	10.555	N/A	$ 120,677
Passed through New York State Dept. of Education:			
School breakfast program	10.553	N/A	379,900
National school lunch program	10.555	N/A	994,117
Total Passed through New York State Department of Education			1,374,017
Subtotal Child Nutrition Cluster			1,494,694
Total U.S. Department of Agriculture			1,494,694
U.S. Department of Education			
Passed through New York State Dept. of Education:			
Title I Grants to Local Educational Agencies	84.010	0021-19-0280	1,283,766
Title I Grants to Local Educational Agencies	84.010	0011-19-2016	307,251
Subtotal Tile I Grants to Local Educational Agencies			1,591,017
School Safety National Activities	84.184	N/A	139,454
Special Education Cluster			
Special Education Grants to States	84.027	0032-19-0087	1,056,295
Special Education Preschool Grants	84.173	0033-19-0087	38,757
Subtotal Special Education Cluster			1,095,052
Rural Education	84.358	0006-19-0280	47,804
Supporting Effective Instruction State Grants	84.367	0147-1890280	189,759
Support and Academic Enrichment	84.424	0196-19-3045	243,347
Total Passed through New York State Education Department			3,306,433
Total U.S. Department of Education			3,306,433
Total expenditures of federal awards			$ 4,801,127
Total Program Expenditures by CFDA Number			
National School Lunch Program	10.555	N/A	$ 1,114,794

The accompanying notes are an integral part of this schedule.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Auburn Enlarged City School District (District), under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the District's general ledger.

3. PASS-THROUGH PROGRAMS

Where the District receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA numbers, which may be assigned by pass-through grantors are not maintained in the District's financial management system. The District has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

The District did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

Matching costs, i.e., the District's share of certain program costs, are not included in the reported expenditures.

6. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal financial award program that does not result in cash receipts or disbursements termed a "non-monetary" program. During the year ended June 30, 2019, the District received food commodities, the fair value of which amounted to $120,677, is presented in the Schedule as National School Lunch Program (Division of Donated Foods, CFDA#10.555) and was considered in the District's single audit.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of independent auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? __ yes _X_ no

Significant deficiency(ies) identified not considered to be material weaknesses? __ yes _X_ none reported

Noncompliance material to financial statements noted? __ yes _X_ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? __ yes _X_ no

Significant deficiency(ies) identified not considered to be material weaknesses? __ yes _X_ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? __ yes _X_ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? _X_ yes __ no

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None

APPENDIX C

Form of Legal Opinion

LAW OFFICES

OF

Timothy R. McGill

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June 23, 2020

Board of Education of the
City School District of the City of Auburn
Cayuga County, New York

Re: ***City School District of the City of Auburn, New York***
$9,000,000 Bond Anticipation Note, 2020 (New Issue)

Dear Board Members:

I have examined a record of proceedings relating to the issuance of a $9,000,000 principal amount Bond Anticipation Note, 2020 (New Issue) of the City School District of the City of Auburn, a school district of the State of New York. The Note is [registered to ____________ / in book-entry-only form registered to "Cede & Co.,"] is dated June 23, 2020, is numbered 2020A-1, bears interest at the rate of _____________________ per centum (____%) per annum payable at maturity, matures June 23, 2021, and is issued pursuant to the Local Finance Law of the State of New York and a bond resolution adopted October 23, 2018. The proposition approving the matters set forth in the bond resolution was approved by the voters of the School District on January 8, 2019. The Note is not subject to redemption prior to maturity. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

In my opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights, the Note is a valid and legally binding obligation of the City School District of the City of Auburn, New York, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the School District without limitation as to rate or amount.

The School District has covenanted to comply with any requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Note in order that interest thereon be and remain excludable from gross income under the Code. In my opinion, under the existing statute, regulations and court decisions, interest on the Note is excludable from gross income for Federal income tax purposes under Section 103 of the Code and will continue to be so excluded if the School District continuously complies with such covenant; and under the Code, interest on the

Note is not a specific preference item for purposes of the federal alternative minimum tax. I express no opinion regarding other Federal income tax consequences caused by the receipt or accrual of interest on the Note. Further, in my opinion, interest on the Note is exempt from New York State and New York City personal income taxes under existing statutes.

In rendering the opinions expressed herein, I have assumed the accuracy and truthfulness of all public records, documents and proceedings examined by me which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and I also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings, and such certifications. The scope of my engagement in relation to the issuance of the Note has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the School District, together with other legally available sources of revenue, if any, will be sufficient to enable the School District to pay the principal of and interest on the Note as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the School District in relation to the Note for factual information which, in the judgment of the School District, could materially affect the ability of the School District to pay such principal and interest. While I have participated in the preparation of such Official Statement, I have not verified the accuracy, sufficiency, completeness or fairness of the Official Statement or any factual information contained therein or any additional proceedings, reports, correspondence, financial statements or other documents containing financial or other information relative to the School District or the financed project and, accordingly, I express no opinion as to whether the School District, in connection with the sale of the Note, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading. In particular, no opinion is expressed, or may be inferred, with respect to the direct or indirect effect of the COVID-19 pandemic and the federal, state and local government and private industry responses thereto (i) on the financial condition of the School District, or (ii) on the market price and fair market value of the Note at initial issuance or at any time thereafter.

Very truly yours,

Timothy R. McGill, Esq.

TRM:

APPENDIX D

Material Event Notices

Material Event Notices

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

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

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

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

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

(h) note calls, if material and tender offers

(i) Defeasances

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

(k) rating changes

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

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

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

(o) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material: and

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

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

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

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

For the purposes of the event identified in paragraph (1) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

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

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