

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 29, 2021

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel, under existing law (1) interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes and is not a specific preference item for the purposes of the alternative minimum tax Revenue Code of 1986, as amended (the "Code"), except that the School District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof, and (2) 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). See the caption "TAX MATTERS" herein.

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

\$4,531,379

**OPPENHEIM-EPHRATAH-ST. JOHNSVILLE SCHOOL DISTRICT
FULTON, HERKIMER AND MONTGOMERY COUNTIES, NEW YORK**

\$4,531,379 Bond Anticipation Notes, 2021

Dated: July 20, 2021

Due: June 28, 2022

The Notes are general obligations of the Oppenheim-Ephratah-St. Johnsville Central School District, Fulton, Herkimer and Montgomery Counties, 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. The faith and credit of the Oppenheim-Ephratah-St. Johnsville Central School District are irrevocably pledged for the payment of the Notes and the interest thereon. 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 will be issued in registered form payable to the purchaser; provided, however, if the Notes are eligible for issuance through the book-entry-only system for note issues through the Depository Trust Company ("DTC") in New York, New York, the successful bidder may request with its bid that the Notes be issued in "book-entry-only" form, in which case the Notes will be registered and payable to "Cede & Co." as nominee of DTC.

If the Notes are registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the offices of the School District, or, at the option of the purchaser(s), such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder(s). Paying agent fees, if any, shall be the responsibility of the purchaser(s). In such case, one fully registered note certificate will be issued for each Note bearing interest at the same interest rate with the same CUSIP numbers. If the Notes are issued in book-entry-only form, Noteholders will not receive certificates representing their ownership interest in the Notes and payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of such DTC Direct or Indirect Participants, subject to any statutory and regulatory requirements as may be in effect from time to time.

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 Barclay Damon LLP Albany, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey or Albany or St. Johnsville, New York on or about July 20, 2021.

Facsimile or telephone bids will be received on THURSDAY, July 8, 2021 until 11:00 a.m. Prevailing Time, pursuant to the terms of the Notice of Sale.

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

DATED: June 29, 2021

**OPPENHEIM-EPHRATH-ST. JOHNSVILLE CENTRAL SCHOOL DISTRICT
FULTON, HERKIMER AND MONTGOMERY COUNTIES, NEW YORK**

School District Officials

2020-21 BOARD OF EDUCATION

Neil Clark. - President
Dean Handy - Vice President

Sarah Barnes
Chad Barnes
Jeremy Brundage
Suzanne Sammons
Shellie Walwrath

.....

Adam Heroth - Superintendent of Schools
Billi Jo Stallman - Treasurer
Stephanie Bonk – Clerk

.....

School District Attorney

Girvan & Ferlazzo, PC

BOND COUNSEL

Barclay Damon LLP

MUNICIPAL ADVISOR



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

TABLE OF CONTENTS

	<u>Page</u>		
DESCRIPTION OF THE NOTES	4	TAX LEVY LIMITATION LAW	28
Nature of the Obligation	5	STATUS OF INDEBTEDNESS	29
Purpose & Authorization	6	Constitutional Requirements	29
Book-Entry-Only System	6	Statutory Procedure	30
Certificated Notes	8	Debt Outstanding End of Fiscal Year	31
THE SCHOOL DISTRICT	9	Status of Outstanding Bond Issues	31
General Information	9	Total Annual Bond Principal and Interest Due	32
District Population	9	Status of Short-Term Indebtedness	33
Selected Wealth and Income Indicators	10	Cash Flow Borrowings	33
District Facilities	11	Capital Project Plans	33
District Employees	11	Building Aid Estimate	33
Historical and Projected Enrollment	11	Debt Statement Summary	34
Employee Pension Benefits	12	Estimated Overlapping Indebtedness	35
Other Post-Employment Benefits	14	Debt Ratios	36
Major Employers	16	SPECIAL PROVISIONS AFFECTING	
Unemployment Rate Statistics	17	REMEDIES UPON DEFAULT	36
Investment Policy	17	MARKET AND RISK FACTORS	38
Form of School Government	18	TAX MATTERS	39
Budgetary Procedures	18	APPROVAL OF LEGAL	
State Aid	19	PROCEEDINGS	40
Fiscal Stress Monitoring	23	CONTINUING DISCLOSURE	
New York State Comptroller		COMPLIANCE	40
Report of Examination	24	LITIGATION	40
Other Information	24	COVID-19	40
Financial Statements	25	CYBERSECURITY	41
TAX INFORMATION	25	RATING	41
Assessed and Full Valuations	25	MUNICIPAL ADVISOR	41
Tax Rate Per \$1,000 (Assessed Value)	26	MISCELLANEOUS	42
Tax Collection Procedure	26	APPENDIX – A- Financial Information	
Tax Collection Record	26	APPENDIX – B – Audited Financial Statements	
Real Property Tax Revenues	27	For the Fiscal Year Ended June 30, 2020	
Major Taxpayers 2020 for 2020-21 Tax Roll	27	APPENDIX – C – Form of Legal Opinion	
General Fund Operations	28	APPENDIX – D – Material Event Notices	
STAR- School Tax Exemption	28		

PREPARED WITH THE ASSISTANCE OF:

R. G. Timbs, Inc
 11 Meadowbrook Road
 Whitesboro, NY 13492
 877-315-0100
Expert@rgtimbsinc.net

OFFICIAL STATEMENT

of the

**OPPENHEIM-EPHRATAH-ST. JOHNSVILLE CENTRAL SCHOOL
DISTRICT**

FULTON, HERKIMER AND MONTGOMERY COUNTIES, NEW YORK

Relating To

\$4,531,379 Bond Anticipation Notes, 2021

This Official Statement, which includes the cover page, has been prepared by the Oppenheim-Ephratah-St. Johnsville Central School District, Fulton, Herkimer and Montgomery Counties, New York (the “District”, “County” and “State,” respectively) in connection with the sale by the School District of \$4,531,379 Bond Anticipation Notes, 2021 (the “Notes”).

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

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 July 20, 2021 and mature, without option of prior redemption, on June 28, 2022. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form payable to the purchaser(s); provided, however, if the Notes are eligible for issuance through the book-entry-only system for note issues through the Depository Trust Company (“DTC”) in New York, New York, the successful bidder(s) may request with its bid that the Notes be issued in “book-entry-only” form, in which case the Notes will be registered and payable to “Cede & Co.” as nominee of DTC.

If the Notes are 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(s), principal of and interest on the Notes will be payable in Federal Funds by the District at the District offices or, at the option of the purchaser(s), at a corporate trust office of a bank or trust company located and authorized to do business in the State of New York. The purchaser(s) shall be responsible for the cost of such corporate trust office or bank.

Nature of the Obligation

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

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

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, ensuring 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 being issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to a bond resolution that was duly adopted by the District's Board of Education on March 4, 2020 authorizing the issuance of up to \$5,831,379 to finance the cost of reconstruction of various district buildings and facilities, including the replacement of doors and windows and the acquisition and installation of technology infrastructure and equipment.

This will be the first borrowing against such authorization and will provide \$4,531,379 in new money for the aforementioned purpose.

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 a 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(s) in denominations of \$5,000 each or integral multiples thereof, except for one odd denomination. Principal of and interest on the Notes will be payable at the offices of the School District or at the option of the noteholder(s), 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. Paying agent fees, if any, will be paid by the noteholder(s). The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The School District is located in Upstate New York, approximately 10 miles north of the New York State Thruway (I #90) and midway between the Cities of Utica and Amsterdam. It is approximately 10 miles northeast of the City of Little Falls and 5 miles east of the Village of Dolgeville. It is also approximately 10 miles west of the Cities of Gloversville and Johnstown.

Major highways within, and in close proximity to, the School District include State highways #5, #10, #29 and #331, as well as Interstate #90.

The School District is primarily residential in character with some farming activity to a lesser degree. Many of the residents are employed in, and in close proximity to, the Cities of Little Falls, Gloversville and Johnstown and the Village of Dolgeville. All commercial and professional services are afforded the residents within the School District, as well as within the aforementioned Cities and Village.

Merger

Residents of the Oppenheim-Ephratah and St. Johnsville school districts approved an advisory referendum on November 1, 2011, asking whether the Oppenheim-Ephratah Central School District and St. Johnsville Central School District should be joined together as a single district by centralization.

The District conducted a merger study with Oppenheim-Ephratah CSD in May of 2011. The merger was voted on by residents of both school districts and approved in the Fall of 2011. The final count was Oppenheim-Ephratah 391 yes, 326 no; St. Johnsville 493 yes, 85 no. Four votes were voided in Oppenheim-Ephratah. Those results were submitted to the New York Department of Education who established the framework for a final referendum that took place on December 7, 2011. The District went through a second study and another vote was held on December 11, 2012.

On December 11, 2012, residents of the Oppenheim-Ephratah Central School District voted in favor of a binding referendum approving a merger with the St. Johnsville Central School District. As the merger vote has passed in both communities – St. Johnsville voters approved the merger in December of 2011. As of July 1, 2013, the process is now underway to transition the two districts into a single entity – the Oppenheim-Ephratah-St. Johnsville Central School District.

The newly merged District voted on March 19, 2013 to elect a new seven-member board of education. The newly merged school district officially began operation July 1, 2013.

District Population

The 2019 population of the School District is estimated to be 5,834. (Source: 2019 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

Per capital income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District are the Towns and Counties listed below. The figures set below with respect to such 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 Towns, Counties or State are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>
Towns Of:						
St. Johnsville	\$15,116	\$16,767	\$21,258	\$39,830	\$41,453	\$46,111
Palatine	17,416	19,146	23,515	40,284	52,321	66,397
Minden	15,099	20,320	20,471	33,654	42,500	55,431
Danube	13,572	17,714	27,236	32,500	40,000	73,967
Oppenheim	13,504	18,034	25,476	34,306	45,484	63,889
Ephratah	14,656	21,511	26,981	36,324	58,068	67,656
Stratford	13,120	18,666	28,805	33,125	39,432	46,875
Johnstown	17,910	27,382	32,316	44,167	62,076	74,963
Manheim	15,429	23,860	24,133	39,032	53,724	64,278
County Of:						
Fulton	16,844	23,147	27,443	39,801	50,425	61,152
Herkimer	16,141	21,908	27,850	40,570	53,288	70,028
Montgomery	17,005	22,347	26,521	40,688	53,476	60,621
State Of:						
New York	23,389	30,948	39,326	51,691	67,405	84,835

Note: 2016-2020 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 2015-2019 American Survey data.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Year Built</u>	<u>Current Maximum Capacity</u>	<u>Date of Last Addition or Alteration</u>
OESJ Elementary School Building	PK-6	1948	700	2019
DHR Building	K-6	1949	280	2003
OESJ Junior/Senior High School	7-12	1925	239	2019
Agricultural & Industry Arts Building	7-12	1945	50	2019

Source: District Officials

District Employees

The District employs a total of 141 full-time and 14 part-time employees with representation by the various bargaining units listed below:

<u>Bargaining Unit</u>	<u>Employees</u>	<u>Expiration Date</u>
Teachers	86	6/30/2024
CSEA	57	6/30/2022
Administration	4	6/30/2021*
Employees not in a bargaining unit	8	N/A

*Contract Under Negotiation

Source: District Officials

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2016-17	747	2021-22	735
2017-18	721	2022-23	741
2018-19	753	2023-24	747
2019-20	724	2024-25	753
2020-21	729	2025-26	759

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 2020-21 and 2021-22 fiscal years are as follows:

2015-2016	\$284,945	\$742,990
2016-2017	224,313	667,404
2017-2018	234,663	532,259
2018-2019	232,096	590,695
2019-2020	219,963	488,890
2020-2021 (Budgeted)	287,567	701,782
2021-2022 (Budgeted)	287,567	701,782

Source: Audited financial statements for the 2015-2016 fiscal year through the 2019-2020 fiscal year and the adopted budget of the District for the 2020-2021 and 2021-2022 fiscal years. This table is not audited.

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 (2017 to 2021) is show below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2016-2017	15.5%	11.72%
2017-2018	15.3	9.80
2018-2019	14.9	10.62
2019-2020	14.6	8.86
2020-2021	14.6	9.53

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS

when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period; but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by 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 included a provision that allows 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 Board of Education approved the creation of the TRS reserve during the 2018-19 year. Currently the District deposited \$112,141 into the reserve.

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 - 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 July 1, 2019 and financial data as of June 30, 2020, the School District's beginning year total OPEB liability was \$24,417,265, the net change for the year was \$2,144,464 resulting in a total OPEB liability of \$26,561,729 for a fiscal year ending June 30, 2020. 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.

Major Employers

<u>Name</u>	<u>Nature of Business</u>	<u>Estimated Number of Employees</u>
Lexington Center (Fulton Co. ARC)	Residential & Day Treatment	1350
St. Mary's Hospital	Health Care	1124
Nathan Littauer Hospital	Health Care	880
Liberty Enterprises	Food Processing, Cleaning Agents	850
Kasson & Keller/ Keymark Corporation	Aluminum Extrusions	831
Gloversville School District	Education	650
Amsterdam Printing & Litho (Holland USA)	Printing Adv. Specialties	600
Montgomery County	Government	600
Target	Retail Warehouse	551
Greater Amsterdam School District	Education	545
Frontier	Phone Company	481
Beech Nut Nutrition	Candy, Baby Food Cereal	473
HFM BOCES	Education	419
Amsterdam Memorial Hospital	Hospital	410
Taylor Made Custom Products	Manufacturing	400
Canajoharie Central School District	Education	246
Noteworthy Corporation	Paper Products	216
Fulton-Montgomery Community College	Education	215

Source: District Officials

Unemployment Rate Statistics

Unemployment statistics are not available for the School District as such. The smallest area for which such statistics are available (which includes the School District) are the Counties. 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 School District is necessarily representative of the Counties or vice versa.

Year	Fulton County Unemployment Rate	Herkimer County Unemployment Rate	Montgomery County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2016	5.8%	5.6%	5.8%	4.9%	4.9%
2017	5.7%	5.7%	5.7%	4.6%	4.4%
2018	5.1%	4.9%	5.1%	4.1%	3.7%
2019	4.8%	4.7%	4.9%	3.8%	3.9%
2020	8.6%	8.2%	8.8%	10.0%	N/A

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

2020-2021 Monthly Figures

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fulton County	11.0%	11.8%	9.3%	6.2%	6.0%	6.1%	6.7%	7.5%	8.3%	7.5%	6.7%	N/A
Herkimer County	9.7%	10.0%	8.2%	5.3%	6.0%	6.6%	7.6%	8.5%	8.9%	8.2%	6.7%	N/A
Montgomery County	11.2%	12.2%	9.4%	6.7%	6.2%	6.4%	7.1%	7.8%	8.4%	7.8%	6.8%	N/A
New York State	14.8%	14.8%	11.6%	9.9%	8.3%	8.3%	8.5%	9.4%	9.7%	8.4%	7.8%	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 Bond 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) Savings Accounts, Now Accounts or Money Market Accounts of designated banks, (2) Certificates of Deposit issued by a bank or trust company located and authorized to do business in New York State, (3) Demand Deposit Accounts in a bank or trust company authorized to do business in New York State, (4) Obligations of New York State, (5) Obligations of the United States Government (U.S. Treasury Bills and Notes), (6) Repurchase Agreements involving the purchase and sale of direct obligations of the United States.

Form of School Government

The Board of Education which is the policy-making body of the School District consists of seven members. In order to stagger the number of seats up for election each year on the new board, only three candidates (those elected with the most votes during the district's first board of education election) were awarded full three-year terms. Based on the number of votes received, three members received three-year terms, two members received two-year terms and two members received one-year terms. Winners in all subsequent elections will receive full three-year terms. Each Board member must be a qualified voter of the School District and no Board member may hold certain other District offices or position while serving on the Board of Education. The President and Vice President are selected by the Board members.

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 198 to 204. 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 272 to 120. The School District's 2019-20 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2020-21 fiscal year was adopted by the qualified voters by a vote of 573 to 251. Due to COVID-19 and pursuant to an Executive Order issued by Governor Andrew Cuomo, voting was done by absentee ballots and all ballots were counted as of June 16, 2020. The School District's 2020-21 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2021-22 fiscal year was adopted by the qualified voters on May 18, 2021 by a vote of 176 to 34. The School District's 2021-22 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.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2020-21 fiscal year, approximately 43.74% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The amount of State aid to school districts is dependent in part upon the financial condition of the State.

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

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

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

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, the District is authorized by the Local Finance Law to provide

operating funds by borrowing in anticipation of the receipt of uncollected State aid. In the event a mid-year reduction in State aid, a deficiency note may be issued in a restricted amount.

Federal Aid Received by the State

President Biden has signed into law the American Rescue Plan, a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The State receives a substantial amount of federal aid for other health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, 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 to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

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

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

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

The 2016-17 State budget included a school aid increase of \$991 million over 2015-16, \$863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids (\$408 million), the budget also includes a \$266 million increase in Foundation Aid and an \$189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included \$100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District received \$0 in State aid (in the form of Foundation aid) to be used on community schools activities. The District is not a part of the Community Schools Grant Initiative (CSGI).

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

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

The State's 2019-2020 Enacted Budget included a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6 percent and provided 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 increased the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-2020 Enacted Budget increased 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 anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these federal funds, 20 State aid in the school district fiscal year 2020-2021 was expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health 11 program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflected current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "State Aid" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State is expected to release all of the withheld funds prior to June 30, 2021.

The State's 2021-22 Budget included \$29.5 billion in state aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget includes the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which includes, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds are to be allocated to expand full-day kindergarten programs. Under the budget, school districts are

to be reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year.

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 21 adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date.

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

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

The following table illustrates the percentage of total revenue of the District for each of the five completed fiscal years and budgeted figures for the 2020-2021 and 2021-2022 fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2015-2016	\$18,491,589	\$13,348,317	72.19%
2016-2017	18,928,585	13,530,296	71.48%
2017-2018	19,106,796	13,466,998	70.48%
2018-2019	19,634,538	13,663,777	69.59%
2019-2020	19,558,706	13,787,977	70.50%
2020-2021 (Budgeted)	20,697,061	15,361,404	74.22%
2021-2022 (Budgeted)	20,097,061	14,846,404	73.87%

Source: Audited financial statements for the 2015-2016 fiscal year through the 2019-2020 fiscal year and the adopted budget of the District for the 2020-2021 and 2021-2022 fiscal years. 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 five fiscal years if the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2020	No Designation	10.0
2019	No Designation	13.3
2018	No Designation	13.3
2017	Susceptible	26.7
2016	Susceptible	26.7

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.

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 Oppenheim-Ephratah Central School District on March 2, 2018. The purpose of the audit was to determine whether the Board adequately managed District finances by adopting realistic budgets and developing and implementing a long-term financial plan, and whether District officials adequately safeguarded fuel inventories and maintained accurate and complete records for the period July 1, 2016 through July 31, 2017.

Key Findings

- The 2014-15 through 2016-17 budgets did not contain realistic estimates of appropriations.
- The District maintained a fund balance in excess of the 4 percent statutory limit.
- The District used 973 more gallons of unleaded fuel and 341 more gallons of diesel fuel than it accounted for.

Key Recommendations

- District officials should ensure that all budget estimates are reasonable.
- Reduce unrestricted fund balance to an amount permitted by law.
- The Transportation Supervisor should maintain accurate and complete fuel inventory records and should thoroughly investigate variances between fuel records and tank readings.

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

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, 2020 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:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Valuations:					
St. Johnsville	\$ 31,717,338	\$ 31,526,565	\$ 31,946,638	\$ 31,818,925	\$ 31,895,995
Palatine	3,533,957	3,429,583	3,502,695	3,502,195	3,491,972
Minden	9,111,057	9,031,849	9,214,088	9,144,397	9,196,873
Danube	10,717,024	10,694,152	10,662,419	10,666,656	10,860,532
Manheim	18,654,461	18,630,949	18,700,858	18,655,565	18,714,059
Ephratah	37,797,166	38,285,801	39,272,284	39,819,995	40,387,996
Johnstown	6,273,966	6,259,122	6,261,569	6,245,032	6,236,288
Oppenheim	50,264,041	50,496,796	50,956,192	51,705,362	51,930,804
Stratford	<u>850,462</u>	<u>821,384</u>	<u>792,725</u>	<u>771,395</u>	<u>771,395</u>
Total	\$ 168,919,472	\$ 169,176,201	\$ 171,309,468	\$ 172,329,522	\$ 173,485,914
Equalization Rates:					
St. Johnsville	30.26%	34.00%	33.00%	32.00%	32.00%
Palatine	51.75%	58.00%	55.00%	55.00%	55.00%
Minden	100.00%	100.00%	100.00%	100.00%	100.00%
Danube	83.00%	81.30%	79.20%	78.00%	76.00%
Manheim	68.00%	70.00%	67.00%	67.00%	66.00%
Ephratah	80.00%	74.00%	69.00%	69.00%	69.00%
Johnstown	75.00%	70.00%	67.00%	66.00%	65.00%
Oppenheim	55.20%	55.20%	51.42%	51.42%	52.00%
Stratford	100.00%	105.95%	100.00%	97.00%	97.00%
Full Valuations:					
St. Johnsville	\$ 104,816,054	\$ 92,725,191	\$ 96,807,994	\$ 99,434,141	\$ 99,674,984
Palatine	6,828,902	5,913,074	6,368,536	6,367,627	6,349,040
Minden	9,111,057	9,031,849	9,214,088	9,144,397	9,196,873
Danube	12,912,077	13,153,939	13,462,650	13,675,200	14,290,174
Manheim	27,433,031	26,615,641	27,911,728	27,844,127	28,354,635
Ephratah	47,246,458	51,737,569	56,916,354	57,710,138	58,533,328
Johnstown	8,365,288	8,941,603	9,345,625	9,462,170	9,594,289
Oppenheim	91,058,045	91,479,703	99,098,001	100,554,963	99,866,931
Stratford	<u>850,462</u>	<u>775,256</u>	<u>792,725</u>	<u>795,253</u>	<u>795,253</u>
Total	\$ 308,621,374	\$ 300,373,825	\$ 319,917,702	\$ 324,988,015	\$ 326,655,506

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:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
St. Johnsville	\$ 51.20	\$ 46.82	\$ 45.75	\$ 47.63	\$ 47.76
Palatine	29.94	27.45	27.45	27.83	27.79
Minden	15.49	15.92	15.10	15.31	15.28
Danube	18.66	19.58	19.06	19.62	20.11
Manheim	22.78	22.74	22.53	22.85	23.16
Ephratah	19.36	21.51	21.88	22.18	22.15
Johnstown	20.65	22.74	22.53	23.92	23.52
Oppenheim	28.06	28.84	29.36	29.77	29.39
Stratford	15.49	15.03	15.10	15.78	15.76

Tax Collection Procedure

Tax payments are due September 1st. Taxes are collected during the period September 1st to November 4th. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged if paid by the end of October. On or about November 4th, uncollected taxes are returnable to the Counties for collection. The School District receives this amount of uncollected taxes from the Counties the first week of April in each year, thereby assuring 100% tax collection annually.

Tax Collection Record

Fiscal Year Ended June 30:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Tax Levy	\$4,781,849	\$4,781,840	\$4,829,668	\$4,974,588	\$4,992,857
Library Levy	70,000	70,000	70,000	70,000	70,000
Total Tax Levy	\$4,851,849	\$4,851,840	\$4,899,668	\$5,044,588	\$5,062,857
Star Program	\$966,009	\$966,009	\$905,691	\$870,736	\$854,056
Amount Uncollected	449,785	446,785	473,635	503,999	405,007
% Uncollected	9.00%	9.27%	9.76%	10.00%	8.00%

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below fiscal years and budgeted amounts for the 2020-2021 and 2021-2022 fiscal years comprised of Real Property Taxes.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2015-2016	\$18,491,589	\$3,790,804	20.50%
2016-2017	18,928,585	3,815,840	20.16%
2017-2018	19,106,796	3,876,158	20.29%
2018-2019	19,634,538	3,932,215	20.03%
2019-2020	19,558,706	4,095,877	20.94%
2020-2021 (Budgeted)	20,697,061	4,001,812	19.34%
2021-2022 (Budgeted)	20,097,061	4,001,812	19.91%

Source: Audited financial statements for the 2015-16 fiscal year through 2019-20 fiscal year and the adopted budget of the District for the 2020-2021 and 2021-2022 fiscal years. This table is not audited.

Major Taxpayers 2020

For 2020-21 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Value</u>
Erie Blvd Hydropower LLC	Utilities	\$10,885,800
Niagara Mohawk Power Corp	Utilities	9,975,205
National Grid	Utilities	4,509,702
Erie Blvd Hydropower LLC	Utilities	2,404,693
Iroquois Gas Company	Utilities	2,246,123
St. Johnsville Reality LLC	Real Estate	2,000,700
New York Central Line Inc.	Railroad	1,982,185
State of New York	Government	1,981,387
City of Johnstown	Government	1,976,026
Niagara Mohawk	Utilities	1,638,914
Total		\$39,600,735

1. The above taxpayers represent 22.83% of the School District's 2020-21 Assessed value of \$173,485,914.

As of the date of this Preliminary Official Statement, the District does not currently have any pending or outstanding tax certioraris that, if decided adversely to the District, would have a material adverse impact on the District.

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, 2020 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 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A new homeowner may receive a new personal income tax credit in the form of a check. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

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

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.

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 may be more than fifty percent in excess of the smallest prior installment. The

District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit the District has the power to contract indebtedness for any school district purpose so long as the principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions. The constitutional method for determining full valuation by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

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:	2016	2017	2018	2019	2020
Serial Bonds	\$5,365,000	\$3,920,000	\$3,030,000	\$2,360,000	\$21,744,806
Bond Anticipation Notes	-	-	-	\$15,000,000	\$0
Total Debt Outstanding	\$5,365,000	\$3,920,000	\$3,030,000	\$17,360,000	\$21,744,806

Status of Outstanding Bond Issues¹

Year of Issue:	2005		2017	
Amount Issued:	\$2,450,000		\$3,720,000	
Purpose/Instrument:	Construction/Serial Bond		Refunding/DASNY Bond	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 25,000 *	\$ 3,706	\$ 425,000 *	\$ 85,250
2022	25,000	2,769	450,000	67,250
2023	25,000	1,800	465,000	47,750
2024	<u>20,000</u>	<u>800</u>	<u>490,000</u>	<u>24,500</u>
Totals:	\$ 95,000	\$ 9,075	\$ 1,830,000	\$ 224,750

Note: 1 Combines debt outstanding for each of the Districts which were merged.

Year of Issue: 2020
Amount Issued: \$19,819,806
Purpose/Instrument: Construction/Serial Bond

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,414,806 *	\$ 395,295
2022	1,255,000	368,100
2023	1,285,000	343,000
2024	1,315,000	317,300
2025	1,350,000	291,000
2026	1,385,000	264,000
2027	1,430,000	236,300
2028	1,450,000	207,700
2029	1,300,000	178,700
2030	1,200,000	152,700
2031	1,235,000	128,700
2032	1,260,000	104,000
2033	1,285,000	78,800
2034	1,315,000	53,100
2035	<u>1,340,000</u>	<u>26,800</u>
Total:	19,819,806.00	3,145,495.02

*Principal payments made prior to Debt Statement.

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>%Paid</u>
2021	\$ 1,864,806	\$ 484,251	\$ 2,349,057	9.35%
2022	1,730,000	438,119	2,168,119	17.98%
2023	1,775,000	392,550	2,167,550	26.61%
2024	1,825,000	342,600	2,167,600	35.23%
2025	1,350,000	291,000	1,641,000	41.77%
2026	1,385,000	264,000	1,649,000	48.33%
2027	1,430,000	236,300	1,666,300	54.96%
2028	1,450,000	207,700	1,657,700	61.56%
2029	1,300,000	178,700	1,478,700	67.45%
2030	1,200,000	152,700	1,352,700	72.83%
2031	1,235,000	128,700	1,363,700	78.26%
2032	1,260,000	104,000	1,364,000	83.69%
2033	1,285,000	78,800	1,363,800	89.11%
2034	1,315,000	53,100	1,368,100	94.56%
2035	1,340,000	26,800	1,366,800	100.00%
Totals:	\$ 21,744,806	\$ 3,379,320	\$ 25,124,126	

Status of Short-Term Indebtedness

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

Cash Flow Borrowings

The School District does not anticipate issuing tax anticipation notes and/or revenue anticipation notes.

Capital Project Plans

On February 4, 2020, District voters approved a \$9,416,000 capital project with use of \$3,584,621 of capital reserve funds. The project consists of the reconstruction of various District buildings and facilities, including site work, and acquisition of original furnishings, equipment, machinery or apparatus required for the purpose for which such buildings or facilities are used. The project received SED approval November 23, 2020. This is the first issuance against said authorization.

Building Aid Estimate

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. The District has not applied for such estimate; but anticipates that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 98.0%.

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 June 18, 2021

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization</u> <u>Rate</u>	<u>Taxable Full Valuation</u>
St. Johnsville	\$ 31,895,995	32.00%	\$ 99,674,984
Palatine	3,491,972	55.00%	6,349,040
Minden	9,196,873	100.00%	9,196,873
Danube	10,860,532	76.00%	14,290,174
Manheim	18,714,059	66.00%	28,354,635
Ephratah	40,387,996	69.00%	58,533,328
Johnstown	6,236,288	65.00%	9,594,289
Oppenheim	51,930,804	52.00%	99,866,931
Stratford	771,395	97.00%	795,253
Total:			<u>\$ 326,655,506</u>
Debt Limit: 10% of Full Valuation			<u>\$ 32,665,551</u>
Inclusions:			
Serial Bonds			<u>\$ 19,880,000</u>
Bond Anticipation Notes			-
Total Inclusions:			<u>\$ 19,880,000</u>
Exclusions:			
Building Aid Estimate			<u>\$0</u>
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 19,880,000
New Monies This Issue:			<u>4,531,379</u>
Total Net Indebtedness			\$ 24,411,379
Net Debt Contracting Margin			\$ 8,254,172
Percentage of Debt-Contracting Power Exhausted			74.73%

Estimated Overlapping Indebtedness

<u>Overlapping Unit</u>	<u>Applicable Equalized Value</u>	<u>Percent</u>	<u>Gross Indebtedness</u> ¹	<u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>
Fulton County	\$ 168,789,800 \$ 3,499,095,065	4.82%	\$ 1,084,021	N/A	\$ 1,084,021	\$ 52,291
Herkimer County	\$ 42,644,809 \$ 4,806,810,944	0.89%	\$ 22,455,000	N/A	\$ 22,455,000	\$ 199,215
Montgomery County	\$ 115,220,897 \$ 2,386,260,270	4.829%	\$ 38,138,000	N/A	\$ 38,138,000	\$ 1,841,498
Town of St. Johnsville	\$ 99,674,984 \$ 99,674,984	100.00%	\$ -	N/A	\$ -	\$ -
Town of Palatine	\$ 6,349,040 \$ 166,643,627	3.81%	\$ -	N/A	\$ -	\$ -
Town of Minden	\$ 9,196,873 \$ 221,343,732	4.16%	\$ -	N/A	\$ -	\$ -
Town of Danube	\$ 14,290,174 \$ 63,011,533	22.68%	\$ 148,070	N/A	\$ 148,070	\$ 33,580
Town of Oppenheim	\$ 99,866,931 \$ 104,336,208	95.72%	\$ 135,000	N/A	\$ 135,000	\$ 129,217
Town of Ephratah	\$ 58,533,328 \$ 93,960,300	62.30%	\$ -	N/A	\$ -	\$ -
Town of Stratford	\$ 795,253 \$ 109,388,550	0.73%	\$ -	N/A	\$ -	\$ -
Town of Johnstown	\$ 9,594,289 \$ 472,701,490	2.03%	\$ 341,192	N/A	\$ 341,192	\$ 6,925
Town of Manheim	\$ 28,354,635 \$ 179,897,376	15.76%	\$ 220,000	N/A	\$ 220,000	\$ 34,675
Total						<u>\$ 2,297,403</u>

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2019

Notes: Bonds and Bond Anticipation notes as of 2019 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 June 28, 2021:

	Amount	Per Capita ^(a)	Percentage of Full Value ^(b)
Net Indebtedness	\$ 24,411,379	\$ 4,184.33	7.473%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 26,708,782	\$ 4,578.13	8.176%

(a) The District's estimated population is 5,834 (Source: 2019 U.S. Census Bureau estimate)

(b) The District's 2020-21 full value of taxable real estate is \$326,655,506

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 EFFECTING 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 enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgement or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgement, although judicial mandates have been issued to officials to appropriate and pay judgements out 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 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

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

The financial 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 Bonds. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State 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.

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

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

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 declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency.

The State also declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The state of emergency ended effective June 24, 2021. The outbreak of COVID-19 and the dramatic steps taken by the State to address it may 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. 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 MATTERS

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel, under existing law, (1) interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes and is not an "item of tax preference" for purposes of the individual alternative minimum tax imposed by the Code, except that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to Federal income taxation from the date of issuance thereof, and (2) 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).

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Notes from gross income for Federal income tax purposes is dependent, among other things, on compliance with the applicable requirements of the Code that must be met subsequent to the issuance and delivery of the Notes for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Non-compliance with such requirements could cause the interest on the Notes to be included in gross income retroactive to the date of issuance of the Notes. Those requirements include, but are not limited to, provisions that prescribe yield and other limits within which the proceeds of the Notes are to be invested and require, under certain circumstances, that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States of America. The District will covenant in the Tax Certificates as to Arbitrage and Use of Proceeds and Instructions as to Compliance with Provisions of Section 103(a) of the Code, that, to maintain the exclusion of interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code, and for no other purpose, the District shall comply with each applicable provision of the Code.

The Tax Increase Prevention and Reconciliation Act of 2005, enacted on May 17, 2006, contains a provision under which interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although the new reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Notes to be subject to backup withholding if such interest is paid to registered owners who either (a) fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner or (b) have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Bond Counsel also has advised that (1) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, the Code provides that such insurance company's deduction for loss is reduced by 15% of the sum of certain items, including interest on the Notes; (2) interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (3) passive investment income, including interest on the Notes, may be subject to Federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; (4) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Notes; and (5) under Section 32 (i) of the Code, receipt of investment income, including interest on the Notes, may disqualify the recipient thereof from obtaining the earned income credit.

A Noteholder's federal, state and local tax liability may otherwise be affected by the ownership or disposition of the Notes. The nature and extent of these other consequences will depend upon the Noteholder's other items of

income or deduction. Bond Counsel has expressed no opinion regarding any such other tax consequences. Each purchaser of the Notes should consult its tax advisor regarding the impact of the foregoing and other provisions of the Code on its individual tax position.

The Notes will be deemed designated by the District as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinion of Bond Counsel set forth above with respect to the Federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law and could affect the market price for, or the marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisers regarding the foregoing matters. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, 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

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the School District. The School District currently has one pending claim from a student who believes he has suffered personal injuries due to negligence by the School District.

COVID-19

COVID-19. The outbreak of COVID-19 has affected education, travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. Pursuant to Executive Order, the District suspended on-site instruction effective March 16, 2020, which suspension was extended for the balance of the academic year.

The District commenced the first semester of the 2020-2021 school year with students engaging in a hybrid learning model. Students in grades K – 12 attend in-person instruction twice weekly in a hybrid learning model, with approximately half of the students attending in-person on Monday and Tuesday and the other half attending in-person on Thursday and Friday. When the students are not attending in-person, they participate virtually in the remote learning model. For those who opted in, a full remote learning option is also available. All students, whether in the hybrid or fully remote model, attend school in the remote learning model on Wednesday's. The only exception is the

Pre-K program, which runs four days a week with half of the group attending the a.m. session and the other attending the p.m. session.

More recently, in the Elementary School, the District has brought students in Kindergarten and First Grade back four days per week, with the only exception being Wednesdays which are still a remote-only day for all students. Also, the District has done the same for all Special Education students in grades K-12 in the District, whereas, they have returned to four days of in-person instruction while continuing to be remote on Wednesdays. The District continues to provide a remote-only option for any students or families that opt-in.

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 cyberattacks, the District invests in various forms of cybersecurity and operation 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.

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 a material 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., was an A+ rating, which was assigned in connection with the issuance by the School District of \$19,819,806 School District (Serial) Bonds dated June 16, 2020.

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.

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

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: Billi Jo Stallman, Treasurer, phone: (518) 568-9990; email: billijo.stallman@oesj.org.

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 x5 or at www.RGTimbsInc.net.

**Oppenheim-Ephratah-St. Johnsville Central
School District**

**Dated: June 28, 2021
St. Johnsville, New York**

President, Board of Education
And Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Budget 2021</u>
Beginning Fund Balance - July 1	\$10,091,424	\$11,058,840	\$8,882,626	\$9,847,477	\$11,757,707	\$14,335,982 ¹
<u>Revenues:</u>						
Real Property Taxes	\$3,790,804	\$3,815,840	\$3,876,158	\$3,932,215	\$4,095,877	\$4,001,812
Appropriated Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0
Other Tax Items	999,460	982,279	922,936	920,917	887,310	998,845
Charges for Services	0	0	17,789	10,241	6,642	37,500
Use of Money & Property	7,626	10,728	190,814	240,506	169,591	0
Sale of Property/Comp. for Loss	0	0	0	0	0	0
Miscellaneous	289,744	541,009	481,865	647,727	425,647	205,000
State Aid	13,348,317	13,530,296	13,466,998	13,663,777	13,787,977	15,361,404
Federal Aid	55,638	48,433	150,236	219,155	185,662	92,500
Interfund Transfer	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$18,491,589	\$18,928,585	\$19,106,796	\$19,634,538	\$19,558,706	\$20,697,061
<u>Expenditures:</u>						
General Support	\$2,358,430	\$2,521,037	\$2,410,394	\$2,623,673	\$2,705,339	\$2,962,366
Instruction	8,563,992	8,413,581	8,542,649	8,513,713	7,913,189	9,479,831
Transportation	969,076	1,053,023	1,204,084	1,386,093	1,118,050	1,279,148
Community Services	0	0	0	0	0	0
Employee Benefits	3,852,354	3,195,650	4,254,654	4,391,059	4,327,905	5,029,130
Debt Service	1,680,321	1,679,314	1,040,164	809,770	915,948	2,546,585
Interfund Transfer	<u>100,000</u>	<u>4,242,194</u>	<u>690,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$17,524,173	\$21,104,799	\$18,141,945	\$17,724,308	\$16,980,431	\$21,297,060
Adjustments	0	0	0	0	0	0
Year End Fund Balance	\$11,058,840	\$8,882,626	\$9,847,477	\$11,757,707	\$14,335,982	\$13,735,983 ^E
Excess (Deficit) Revenues Over Expenditures	\$967,416	(\$2,176,214)	\$964,851	\$1,910,230	\$2,578,275	(\$599,999) ¹

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

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

General Fund – Budget Summary

2021-22 Adopted Budget

Revenues:

Real Property Taxes	\$4,001,812
PILOT	2,800
STAR	991,045
Interest & Penalties	5,000
Use of Money & Property	5,000
Miscellaneous	205,000
State Aid	14,846,404
Medicaid Reimbursement	<u>40,000</u>
Total Revenues	<u><u>\$20,097,061</u></u>

Expenditures:

General Support	\$3,061,715
Instruction	9,696,363
Transportation	1,184,974
Employee Benefits	5,035,890
Debt Service	<u>2,318,119</u>
Total Expenditures	<u><u>\$21,297,061</u></u>

Source: Adopted Budget of the School District. This table is NOT audited

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assets:					
Unrestricted Cash	\$147,629	\$374,072	\$566,121	\$580,392	\$540,715
Restricted Cash	9,463,494	7,254,082	8,577,271	9,815,227	12,674,726
Other Receivables	0	0	0	118	315
Due from Other Funds	597,253	652,279	598,526	622,844	871,678
Due from State & Federal	1,481,056	1,309,058	1,478,627	1,726,012	831,428
Due from Fiduciary Funds	<u>323,184</u>	<u>323,191</u>	<u>73,137</u>	<u>1,179</u>	<u>41,010</u>
Total Assets	<u>\$12,012,616</u>	<u>\$9,912,682</u>	<u>\$11,293,682</u>	<u>\$12,745,772</u>	<u>\$14,959,872</u>
Liabilities:					
Accounts Payable	\$66,034	\$238,462	\$151,649	\$195,447	\$28,661
Accrued Liabilities	0	0	0	0	0
Bond Anticipation Notes	0	0	0	0	0
Due to Other Funds	0	0	650,000	104,339	0
Due to Other Governments	0	0	0	0	0
Due Retirement System	<u>887,742</u>	<u>791,594</u>	<u>644,556</u>	<u>688,279</u>	<u>595,229</u>
Total Liabilities:	<u>\$953,776</u>	<u>\$1,030,056</u>	<u>\$1,446,205</u>	<u>\$988,065</u>	<u>\$623,890</u>
Fund Balances:					
Restricted	\$9,463,494	\$7,254,082	\$8,577,271	\$9,815,227	\$12,674,726
Assigned	85,871	159,000	408,084	1,144,302	809,374
Unassigned	<u>1,509,475</u>	<u>1,469,544</u>	<u>862,122</u>	<u>798,178</u>	<u>851,882</u>
Total Fund Balance	<u>\$11,058,840</u>	<u>\$8,882,626</u>	<u>\$9,847,477</u>	<u>\$11,757,707</u>	<u>\$14,335,982</u>
Total Liabilities and Fund Balance	<u>\$12,012,616</u>	<u>\$9,912,682</u>	<u>\$11,293,682</u>	<u>\$12,745,772</u>	<u>\$14,959,872</u>

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

APPENDIX B

Audited Financial Statements For The Fiscal Year Ended June 30, 2020

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

APPENDIX C
Form of Legal Opinion

July __, 2021

Board of Education of the
Oppenheim-Ephratah-St. Johnsville Central School District
Fulton, Herkimer and Montgomery Counties, New York

Re: Oppenheim-Ephratah-St. Johnsville Central School District
\$4,531,379 Bond Anticipation Notes, 2021

Dear Board Members:

We have acted as bond counsel to the Oppenheim-Ephratah-St. Johnsville Central School District, a school district of the State of New York, situate in the Counties of Fulton, Herkimer and Montgomery (the "Issuer") in connection with the issuance of \$4,531,379 Bond Anticipation Notes, 2021, dated July 20, 2021 (the "Notes"). In such capacity, we have examined such law and such proceedings and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that under existing law:

1. The Notes are valid and binding general obligations of the Issuer.
2. All taxable property in the territory of the Issuer is subject to ad valorem taxation, without limitation as to rate or amount to pay the Notes. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent the necessary funds are not provided from other sources.
3. Interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.
4. In our opinion, interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York.

Except as expressly stated above, we express no opinion as to any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Notes. Owners of the

Notes should consult their tax advisors as to the applicability of any collateral tax consequences of ownership of the Notes, which may include original issuance discount, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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 Note holders, if material: and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

For the purpose 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.

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.

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 aforescribed 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.